

**BUDGETARY PROCESS AND BUDGET VARIANCE IN PUBLIC SECONDARY
SCHOOLS IN RONGO CONSTITUENCY, MIGORI COUNTY, KENYA**

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DECLARATION

This research project is my original work and has not been presented for a degree course in any other university.

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DEDICATION

I dedicate this work to my late parents Hezron Mogeni Mogoi and Dorika Kwamboka Mogeni.

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First and foremost, I am grateful and thankful to the Almighty God for the opportunity, strength and resources to undertake this study throughout the entire course. I wish to express my gratitude to my siblings and to all those who contributed to the completion of this study. I am particularly grateful to my supervisor Dr. Lucy Wamugo for her patience, cooperation and insightful comments. My sincere gratitude will also go to the respondents who took their time to fill in the questionnaires and provided relevant information to meet the research objectives.

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OPERATIONAL DEFINITION OF TERMS

Budget	A quantitative statement for a defined period of time which may include planned revenues, expenses, liabilities and cash flows.
Budgetary process	The whole budget cycle which entails the philosophies adopted to guide preparation of a budget and the mandate of implementation.
Budget implementation	Is transformation of the budget into actual delivery.
Budget variance	Is the difference between actual amount and budgeted amount
Completion of project	refers to output of a project that meets the initial planned intention
School projects	are all activities carried out in schools
Board of management	this is a managerial body in public secondary schools provided by education Act Cap 211.
Public secondary school	are post primary schools developed, equipped and staffed by public funds
Budget committee	Is a body entrusted with project planning and implementation.

ABBREVIATIONS AND ACRONYMS

BOM	-	Board of management
EFA	-	Education for all
GNP	-	Gross national product
IEA	-	Institute of economic affairs
KEMI	-	Kenya education management institute
MOE	-	Ministry of education
MOEST-		Ministry of education science and technology
SPSS	-	Structured programme for social sciences
ZBB	-	Zero based budgeting

ABSTRACT

Budgetary process was a key activity in public secondary schools in Kenya as it guided activities of the schools. If not properly addressed, administrations of the schools were to find it difficult to consistently provide timely and quality learning services. The main objective of this study was to examine budgetary process and budget variance in public secondary schools in Rongo Constituency, Migori County, Kenya. The study was guided by the following specific objectives: To determine effect of budget preparation on budget variance in public secondary schools in Rongo Constituency, Migori County, to determine effect of budget implementation on budget variance in public secondary schools in Rongo Constituency, Migori County and to establish the effect of budgetary control on budget variance in public secondary schools in Rongo Constituency, Migori County. This study adopted descriptive research design. The target population of the study were the twenty four public secondary schools in Rongo Constituency, Migori County. Data was collected using self administered questionnaires. Simple random sampling was used to choose a sample of fourteen public secondary schools for this study. Quantitative data from questionnaires was analyzed using weighted mean, standard deviation, percentages, correlation and regression analysis. Data was presented by use of frequency tables and charts. The study findings established that to a very large extent the budget was prepared in consultation with the board of management, parents association and teachers. It was also established that to a very large extent budgets were prepared with reference to the school annual plan, strategic plan and the school overall goal. It was further established that to very large extent board of management authorized expenditures on school projects through board minutes as well as that funds received from various sources were recorded immediately for accountability purposes. It was also established that to very large extent while striving to implement the budget, stakeholders considered how their actions affected achievement of set school targets. According to the findings of the study, there was a significant effect of budget preparation on budget variance; there was a significant effect of budget implementation on budget variance and budgetary control had a significant effect on budget variance. The study concluded that; budgetary process affects budget variance in public secondary schools. To a large extent, budget preparation, budget implementation and budgetary control affect budget variance. The study recommended that the management of public secondary schools should be sensitized on importance of budget preparation as it affects budget variance, management of public secondary schools should involve teachers, students and other stakeholders in budget implementation and public secondary schools management should carry out budgetary control to improve budget variance.

CHAPTER ONE

INTRODUCTION

1.1: Background of the Study

Efficient management of school resources was crucial because education was viewed in terms of developing the natural environment in addition to understanding and controlling it. (Akinkugbe & Kunene, 2001). This resulted to high expenditure on education throughout the world. From this perspective it was regrettable that finances set aside to meeting educational goals and objectives were mismanaged. (Amuseghan, 2010). For checks and balances judicious spending public high schools engaged in preparing and planning budgets. Therefore, because of this undeniable case, budgets for public high schools became mandatory in order to reduce the mismanagement of funds and hence increase their efficiency in their operations.

The role of budgeting therefore, became a fundamental one for accountability and efficiency in managing the resources allocated to the public high schools, and consequently impact them in delivering timely and quality decision making hence, fostering their credibility(Suberu,2010). the role of Budgeting was also to benchmark performance, improve communication and facilitate good relationship between top management concerning goals and objectives of their institution. (Suberu, 2010). for the above reason, a budget became a platform for planning and managing the utilization of the limited resources available with the objective of accomplishing organisational goals and objectives. An effective budgetary ought to be effectively executed through preliminary planning, final authorization and successive monitoring and implementation (Weetman, 2006).

Budgetary practices consisted of provision of services, assets, plan evaluation and implementation (Druly, 2000). Efficient budgetary practices incorporated established organizational objectives, focused budgetary decisions, promoted efficient stakeholder communication and created a chance for involvement of subordinates in planning and measurement of performance (Gacheru, 2012). Amounts budgeted for projects were revised annually while yearly budgets were divided into quarters or months (Muleri, 2001).

Budgetary process consisted of activities that encompassed the development, implementation and evaluation of a plan for the provision of services and assets (Drury, 2000). A good budgetary process incorporated a long term perspective, established linkages to organizational goals, focused budget decision on results and outcomes and promoted effective communication with stakeholders. The process created opportunity for subordinates to become involved in planning and performance measurement a process that was perceived to be the role of top management or senior and experienced staff of the organisation (Gacheru, 2012). Budgeting was strategic in nature and not a matter of balancing revenues and expenditures every year. The annual budget was often sub divided by months or quarters. The budgeted amounts for these projects year were frequently revised as the year unfolded (Muleri, 2001).

Education system in Kenya had been criticized concerning the use of financial resources in meeting educational requirements, education provision and on curriculum relevance (Glennerstar, 2011). To enhance performance of secondary schools there was a government requirement on budget system controls to be availed in ensuring proper use of school resources (Muricho and Chang'ach, 2013). In the 2012/2013, expenditure on education sector was 21% of government (Price water coopers, 2012). Inappropriate budget preparation made it hard for

principals to efficiently manage schools which lead to overspending or under spending on vote heads thus resulted to misappropriation and mismanagement of school finances.

The problem of school budget deficits and delayed school budgets implementation was a worldwide problem. Demography and education needs of students in USA had changed greatly; furthermore facilities in public schools had deteriorated. Researches done revealed that in many countries learning took place in environments no friendly to learning as basic materials were lacking which hindered achievement of educational objectives (Ahmed, 2003). In Pakistan, schools had challenges like inadequate learning facilities while in Nigeria there was infrastructural breakdown due to improper implementation of development plans for schools.

Table 1.1: Public spending on education by region and income level 1999 to 2010

	% of GNP		Real annual growth rate	Per Capita (constant 2009 US \$)	
	1999	2010	%	1999	2010
World	4.5	4.9	2.7	528	644
Low income countries	3.1	4.6	7.2	25	22
Lower income countries	4.3	4.8	3.1	83	105
Upper middle income countries	4.6	4.7	5.3	250	332
High income countries	5.0	5.4	2.3	1489	1792
Sub Saharan Africa	3.5	4.7	5.0	77	91
Arab States	5.5	5.5	1.4	305	266
Central Asia	4.0	3.5	7.6	48	103
East Asia and the Pacific	4.1	4.2	2.4	503	570
South and west Asia	2.9	4.4	2.3	74	122
Latin America and the Caribbean	5.0	4.9	5.3	255	306
Central and Eastern Europe	4.6	5.1	5.6	357	544
North America and western Europe	5.5	5.7	2.3	2086	2532

Source: EFA Global monitoring report team calculations (2012)

As shown in table 1.1 between 1999 to 2010 spending on public education increased by 2.7% globally. In low income countries the increase was 7.2% and 5% in Sub Saharan Africa. Public spending on education by low and middle income countries was 63%. It was 2.3% in Carribean countries, 5.3% in Latin America compared to Western Europe with a per capita income of \$2532 and North America with a per capita income of \$122 in 2010. Per capita income in Sub Saharan Africa was \$91 with 5% being spent on education. In conclusion, low income countries spent more of their GNP on education.

1.1.1: Budget Preparation

Principals, bursars and the BOM was responsible for budgeting, planning money allocation and managing of school accounts in addition to procuring, expending and managing stores in their schools (Asugu and Eacott, 2012, Kasoa, 2012, Okumbe J. A 2001, TSC, 2007). The school managed the disbursed funds whereas budget preparation and school resources mobilisation was closely monitored by the stake holders. The schools also did costing, sourced human resources and allocated time lines to their budgets.

A principal in public secondary schools was in charge of school finances and played various roles like teaching, bookkeeping and as a member of BOM. Chetambe and Sakwa (2012) argued that principals faced challenges in managing school finances. Majority lacked relevant skills for efficient resource and financial management. Its against this background the government initiated capacity building to improve budget preparing and managing of school finances through KEMI. (MOE, 2005, KESI, 2011).

Insufficient opportunities for training had been provided while majority of the principals were given their responsibilities without skills of managing school finances (Ngwacho and Kasoa, 2012). According to the MOE (2012) principals were not trained on school budget preparation

and little was done to ensure principals adopted to policy environment changes. Secondary schools in Kenya faced management of school finances and regulations on management of school funds were not well implemented (MOE, 2012).

Budget management for schools was meant to ensure stakeholder involvement and planning resulted to accurate forecasts of revenue and expenditure (Hartman, 2007). Involvement of stakeholders in budgeting process was meant to give empowerment to school employees and teachers so as to enable achievement of required performance level. Budgeting involved stakeholders and incorporated a sense of belonging which maintained good relations with teachers and students in management of schools (MOE, 2005).

Management of schools engaged school departments in budget formulation studies suggested that when responsibility was delegated to an individual, it encouraged innovativeness as people prefer being identified with successful results (Thomas, 2000). Thus, encouraged those in authority to strive towards organizational objectives as attention was directed to non performers. Druly (2006) argued that increased individual participation when preparing a budget was a strong motivation.

In schools, a budget committee was constituted to manage budget preparation and implementation (Weetman, 2006). Responsibilities of the committee included coordination and development of the budgets (Lucey, 2004). For successful budget implementation, members of the budget committee were to have competencies like knowledge on procurement and ability to identify projects. Poor budget implementation and acquisition of resources was majorly caused by budget committee members who were incompetent (Mulwa, 2008).

Forecasting was an important component of budgetary practices in schools. It was essential to forecast a range of variables to prepare accurate budgets instead of adding forecasts to previous years' budgets expecting to produce accurate results (Lucey, 2004). Experience had shown assumption of similarity between the current and next budget produced good forecasts (Horngren et al, 2005).

1.1.2: Budget Implementation

There was increase in financial responsibilities of principals upon introduction of free day secondary education where money for the students was disbursed to public schools. The principals faced problems with regard to procuring services and goods despite availability of guidelines on procurement for schools (PPPA, 2009). As a result they employed a variety of mechanisms to overcome budget implementation problems. The mechanisms they employed included controlling the inventory and seeking for additional funds. Among the mechanisms, going for a course on managing finances was not among them because courses on financial management were voluntary.

Disbursement of funds to the schools depended on enrolment and individual characteristics of each school. Disbursed funds were credited to two accounts namely operational and samba account. Planning and authorizing expenditure of the funds was done by BOM upon consulting the county director of education. Principals were also consulted with regard to procedures of public procurements (MOE, 2005).

There were increased responsibilities for principals because schools were allowed to plan on utilization of the disbursed funds (KESI, 2011). Once disbursed, each school was free to use its funds as authority to spend was vested on principals (secondary schools heads manual, 2005). This duty required principals to be trained on concepts of managing school finances.

1.1.3: Budgetary Control

School funds needed accountability and control through an accounting system. Aim of the accounting system was provision of accurate and correct disclosure of school financial status. Maintenance of accounting records was the responsibility of BOM. This was enabled by keeping financial records like ledgers and journals. School transactions were recorded by bursars while principals monitored the transactions. (Langat, 2008). This was done according to guidelines from the ministry of education. (Republic of Kenya, 2003).

Majority of the principals did not possess financial skills for proper management of school finance (Langat, 2008). Thus there was need for frequent in service training courses to equip with accounting and bookkeeping procedure (secondary schools heads manual, 2005). Increased funding to schools, unaccountability for the funds led to discontentment among stakeholders like parents. Secondary schools had an annual turnover of ksh 10 million which was controlled by bursars and principals with insufficient financial management skills. This raised concern if accounting procedures were effective in providing financial information for making decisions (KIPRA, 2007).

Budgetary control encompassed using budget reports in ensuring achievement of organizational objectives and operations (Waygandt and Kieso, 2009). Heads of department prepared reports analyzing differences between planned and actual performance levels for the school management. Effective budgetary control could have led schools to achieve their budget objectives by providing timely relevant information (Kung, 2013).

Budget control ensured was of funds was according to determined objectives and their achievement effectively. This suggested budgetary control provided management of schools with a way of achieving standards of performance (Hildreth, 2003). They emphasized achievement of

organizational objectives thus, assisted schools to improve performance. Breul et al (2007), argued that control of budgets facilitated implementation of strategies.

Common organizational goals were set then each department was given a target thus, effort was then made to achieve specific departmental goals. Hence, without an overall organizational goal, resources may be wasted towards irrelevant goals. As a performance control tool, budget controls provided means of comparing deviations and budget targets (Warren, 2003).

1.1.4: Budget Variance

Reviewing of financial statements in a school with regard to expenditure and revenue was done BOM. Tracing of expenditure on individual items was enabled by financial records of a school. Because of high school resources accountability, government policy on evaluation of schools had gradually changed (Clarke, 2007).

In secondary schools budget control followed a classical cycle of control where on a termly basis budgeted expenditures were contrasted with actual expenditures. Using feedback from budget control reports, the deviations were investigated. Nzekwe (2009) argued that budgeting involved determining goals, planning achievement of the goals and regularly comparing the goals with actual results.

1.1.5 Public Secondary Schools in Rongo

A few of the sampled public secondary schools in Rongo constituency experienced budget deficits within the intended budget period as shown in table I the Appendices. Major problem regarded development projects in schools that were started but remained uncompleted within the budgeted periods. There were problems related to budget distortion of projects schools wanted to implement and escalation of costs. This was caused by significant change of cost estimates and failure to capture all needs during budget preparation hence, review of the budget

was essential in identifying budgetary deviations. Onyike (2009) regretted that budgeting had accounted for the seeming neglect and dilapidation of buildings and infrastructure in public secondary schools.

1.2: Statement of the Problem

Over the years public secondary schools in Rongo Constituency have operated on a budget deficit forcing the schools to reduce allocation of funds to some departments and vote heads. This made budgetary process and implementation to be a challenge to the public secondary schools. The other concern regarded budgetary allocations that were made with little or no consultations between the school management and school stakeholders like parents and teachers (Rongo Sub- County Education Office, 2015).

The current research literature has unfilled gaps about budgetary process and budget variance in public secondary schools. Junge Harrison et al (2014) studied assessment of budgetary practices and performance of public government secondary schools in Nakuru municipality, Asembo (2012) surveyed budgetary practices in secondary schools in Kisumu East Sub County, Gacheru (2012) studied influence of budgetary process on budget variance in non governmental organisations, Kuria (2007) researched on budgetary process and management of finance in Thika Sub County and Obulemire (2006) surveyed budgetary practices in Nairobi public secondary schools. The researcher is not aware of any study done on budgeting process and budget variance in public secondary schools in Rongo Constituency, Migori County. This study therefore contributes towards filling the research gap. It was against this background that this study sought to investigate budgetary process and budget variance in public secondary schools in Rongo Constituency.

1.3: Objectives of the study

1.3.1: General objective of the study

The major aim of the research was to investigate budgetary process and budget variance in public secondary schools in Rongo constituency, Migori County, Kenya.

1.3.2: Specific objectives

The study investigated the following particular objectives:

- i. To determine the outcome of the preparation of budgets on budget variation in public high schools in Rongo constituency, Migori County, Kenya.
- ii. To determine the outcome of implementing the budget on budget variation in public high schools in Rongo constituency, Migori county, Kenya.
- iii. To establish the outcome of budgetary control on budget variation in Rongo's constituency's public high schools.

1.4: Research hypotheses

The research required to investigate the following hypotheses:

H₀₁: There isn't any major outcome of budget preparation on budget variation in Rongo

Constituency public high schools.

H₀₂: There isn't any major outcome of budget implementation on budget variation in Rongo

Constituency public high schools

H₀₃: There isn't any major outcome of budgetary control on budget variation in Rongo

Constituency public high schools

1.5: Significance of the study

Suggestions of this study benefited different educational institutions such as high schools, the county's and the sub-county's educational offices and persons in charge of policy implementation and decision through the creation knowledge on budget preparation and how it is connected to the implementation of development plans of in Rongo's public high schools. The study's outcome also helped school managers to advance on their implementation of the development plan of school. The study findings added to the contemporary literature on budgetary processes in public high Schools and its consequences on budget variations. It was anticipated as well to provide the needed information concerning achievement of budgetary set goals.

1.6: Scope of the study

The research was focused on budgetary process and budget variance in public secondary schools in Rongo constituency, Migori County. Target population of the study was public secondary schools in Rongo Constituency. Variables of the study were; preparation of the budget, implementation of the budget, budget control and budget variance. The study covered a period of at least five years from October 2011 to September 2016.

1.7: Limitation of the study

There were twenty four public high schools in Rongo Constituency. The study used simple random sampling to obtain a sample of fourteen public secondary schools in the constituency for the study. Limited information was given by accounts clerks and principals for being afraid that the information would be used against them. Consequently, they were assured of confidentiality with a promise of being given a copy of the research paper and purpose of the study was explained to them as that of purely academic reasons. Budget preparation and

budget variation records were not current as anticipated hence, the study used information given which was compared with information given by Ministry of Education.

1.8: Organization of the study

This study project was arranged in the follows manner: the preceding chapter 1 presented the background of the research, its objectives, its significance, its scope and its limitations. The second Chapter includes literature review based on effect of the budget procedures on budget variation in public high schools as well as the theoretical framework. The third Chapter discussed the methodology used in this study. The fourth chapter discusses the research findings and their interpretation whereas the chapter five outlines the research recommendation and conclusions as well as its proposition on policy.

CHAPTER TWO

LITERATURE REVIEW

2.1: INTRODUCTION

This chapter discussed literature related to effect of budgetary process and budget variance in public high schools in Rongo Constituency, Migori County, Kenya. The chapter particularly focused on the following objectives; determining effect of budget preparation on budget variation in public high schools, determining effect of budget implementation on budget variation in public high schools and establishing effect of budget control on budget variation in public high schools. This chapter focused on establishing research gaps on previous researches. A summary of the literature review was given. This chapter concluded with a conceptual framework which related independent variables and the dependent variable

2.2: Theoretical literature review

2.2.1: Agency theory

Agency was viewed as a relationship where one party acted on behalf of the other party. The theory was based on the concept of contractual relationship between two groups namely principals and agents who had conflicting interests. According to Dirk-Jan Kraan (2007) the main objective of the theory was to restructure the contractual relationship such that agents could take actions to maximize the principals' welfare. Basic idea of the agency theory was that success of an organization depended on how the organization managed the relationship with stakeholders with regard to its ability to attain the organizational goals. It became a manager's responsibility to maintain all stakeholders through balancing their welfare while creating the

institution a place to maximize the stakeholders' interests over time (Freeman & Philips, 2002). Stakeholders are persons affected by an organization's dealings (Post et al, 2002).

The principal was perceived to be the Education ministry by reason that they were expected to generate a quality performance in trade for their budget appropriation. The principal and the management board of public high schools were the agents acting on behalf of the education ministry in the management of school resources and the implementation of the school curriculum. The education ministry as an agent gave budgeting instructions to be observed by public high schools on computation of school budgets which had to be aligned with national objectives of the education ministry.

2.2.2: Institutional theory

This theory had its origin from other theorists several of thousands of years ago. The institutionalization of behavior was considered to be an outcome and as a method of reflecting the supremacy of organized interests and the actors that organized those interests (Covaleski et al, 2003). The theory considered procedures whereby structures such as rules, norms, schemes, and routines became recognized as authoritative procedures for social behavior and enlarged to clarify the economic interactions among various units of analysis. Some elements of institutional theory enlightened on the process that those elements were developed, diffused, approved and adapted over time and space and consequently, causes of their decline and disuse. Budgeting provided a symbolic importance of accounting, negotiation of resources and negotiates, conceal and mobilize power, organizational change, and environmental change and environmental change (Warren Krafchik, 2003). On budgeting in schools, schools were perceived to be institutions requiring resources which they needed to account for. These

revenues were acquired and utilized within laid down rules as authoritative procedures for the school by various stake holders like management boards and the ministry of education.

2.2.3: Stewardship theory

This theory focused on philosophies of leadership adopted by an institution. This theory was created as a model whereby top management of an institution acted as stewards for the interests of their employers. This theory focused on the supposition that the manager would adopt quality decisions focused on the interest of their organization by putting the goals and objects of their organization first before his/hers. The manager as a steward, maximize productivity of his/her organization while operating under the basis that both the principal and the steward benefits from a solid organization (Freeman et al, 2002).

Management boards in public high schools acted as the stewards commissioned by the education ministry to manage public high schools. The school boards managed free day scholar high school fund, constituency development funds (CDF) As well as fee collecting tuition fees from its students parents and guardians on behalf of the education ministry .

2.2.4: Incremental budgeting theory

This theory focused on philosophies of leadership adopted by an institution. This theory was created as a model whereby top management of an institution acted as stewards for the interests of their employers. This theory focused on the supposition that the manager would adopt quality decisions focused on the interest of their organization by putting the goals and objects of their organization first before his/hers. The manager as a steward, maximize productivity of his/her organization while operating under the basis that both the principal and the steward benefits from a solid organization (Freeman et al, 2002).

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high school fund, constituency development funds (CDF) As well as fee collecting tuition fees from its students parents and guardians on behalf of the education ministry .

2.2.5: Zero based budgeting

Lucey (2003) posits ZBB to be a cost benefit method whereby assumptions are made that the cost allowance for anything is zero and would be maintained so until the manager accountable justifies presence of the cost item and the significance of the expenditure to the institution. Lucey (2004) additionally suggested that a questioning attitude was created whereby each cost item significance had to be justified in relation to its contribution to meet objectives and goals of the organization. ZBB budgets were created from ground zero to up where all funds were aptly justified before their inclusion in the budget (Little et al, 2002).

The method expected all preceding period costs reanalyzed before their inclusion in the budget. All support costs that was external were evaluated in terms of their usefulness. ZBB guaranteed that the manager would substantiate planned items to the budget committee because all the items as well as their costs were strictly scrutinized (Prendergast, 2000). Before budgetary allotments were apportioned in public high schools each cost aspect on the vote heads had to be justified prior to its inclusion in the school budget. Cost elements such as staff and student meals had their budgetary allotment determined by the actual school population in year not on previous year because these demographics normally changed normally each year.

2.3: Empirical literature review

2.3.1: Effect of budget preparation on budget variance in public secondary schools

Junge Harrison et al (2014) studied effect of budgeting practices on performance of public secondary schools within Nakuru Municipality. Objective of the study was assessment of

budgetary practices on performance of public secondary schools in the Municipality. The research was done through a survey of two respondents from the twenty two public secondary schools in the municipality. A structured questionnaire was used to collect data according to the research findings, there was a positive relationship between stakeholder involvement, budget planning and performance in public secondary schools. Focus of the research was on assessment of budgeting on performance of secondary schools within Nakuru Municipality which is in an urban setting. Budget variance and budget control were not focused on by the study.

Mbugua (2013) investigated budgetary practices and performance of organizations in the water sector in Kenya. Objective of the research was determining extent water sector organizations have improved budgeting practices and determining performance of water sector organizations in relation to their budgeting practices. The study employed cross sectional research design and target population of the study was seventy five water service providers. A structured questionnaire was used to collect data. Research findings indicated that budgetary practices like participation in budget preparation and budget planning had a positive impact on efficiency in collection of revenue by water service providers. The research did not focus on budgetary practices in public secondary schools and their effect on budget variance in public secondary schools in Kenya.

Gacheru (2012) studied budgeting process and its effect on budget variance in nongovernmental organizations in Kenya. Main objective of the research was determining relationship between budget variance and budgetary practices in nongovernmental organizations. The study used a descriptive research design and a questionnaire was used to collect data. A sample of twenty nongovernmental organizations was chosen for the study from a target population six thousand

and seventy five nongovernmental organizations. The research findings indicated that in nongovernmental organizations budget preparation involved forecasting of income, a documented process was used in budget preparation and senior management approved the budgets before they were executed. Focus of the study was on effect of budgeting process on budget variance in nongovernmental organizations which do not operate like public secondary schools and whereas nongovernmental organizations offered a variety of services, public secondary schools offered educational services.

Mukami (2012), did research on a case study of world vision international: effect of challenges of budget preparation on budget variance in nongovernmental organizations. Objective of the study was determining challenges of budget implementation and preparation on budget variance in world vision international. A case study research design was used. Data was collected by use of a self administered questionnaire from a sample of fifty employees that was selected from a target population of one thousand one hundred and fifty employees. Research findings indicated world vision international used a budget period of twelve months and performance based budgeting. World vision international also used bench marks in investigation of budget variance. The study employed a case study research design and focus was on public secondary schools. A descriptive design was used in the study.

Asembo (2012) surveyed budgeting in government secondary schools in Kisumu East district. The study employed census survey whereas the target population was the thirty eight secondary schools within the district. Collection of data was through a questionnaire. According to the study findings majority of schools used bottom up budgeting approach and they only prepared a master budget. Budget deficit was high and majority of the schools did not involve stakeholders in preparing the budget. The study did not research on budgeting controls and causes of the

budget variances. The research was done in Kisumu East with different geographical and demographic composition from that of Rongo Constituency.

Kuria (2007) studied budgetary process and management of finances in public secondary schools in Thika Sub County. The study objective was investigation of budgetary process and financial management in government secondary schools in Thika Sub County. The study employed descriptive research design. The research had a target population of one thousand, three hundred and forty four BOM members, three thousand nine hundred and twenty teachers, one hundred and twelve principals and one hundred and twelve bursars. The study used a sample size of eleven bursars, twenty two BOM members, thirty three teachers and eleven principals. Collection of data was through self administered questionnaires. According to the study findings, level of participation by stakeholders like teachers and students was insufficient and principals had complete control on school finances. The research was done in Thika Sub County which was different from Rongo Constituency demographically and the research did not cover budget variances and budget controls in government secondary schools.

Mwanzia (2007) investigated budgetary practices in government primary schools in Mbooni division, Makueni Sub County. The research adopted a survey research design while target population was sixty four primary schools from which a sample of thirty two public primary schools was selected. Collection of data was through a self administered questionnaire. According to the research findings, head teachers were not well informed about budget preparation procedures, budgetary practices were not fully utilized in government sponsored primary schools and the practice of budgeting process in government sponsored primary schools was met with challenges. The research focused on primary schools and did not cover budget variance and budget implementation.

Obulemire (2006) surveyed budget practices in government sponsored secondary schools in Nairobi. Purpose of the research was examining budgetary practices in government secondary schools within Nairobi County, assessing benefits of budget preparation in government secondary schools and determining what government secondary schools considered during budget preparation. Survey research design was used and a structured questionnaire was used for data collection. Research findings indicated that the secondary schools had no strategic plans on achievement of short term and long term school objectives. Emphasis of the research was on budgetary practices. The study did not focus on budget variance and budgetary controls.

2.3.2: Effect of budget implementation on budget variance in public secondary schools

Opiyo (2014) studied influence of budget preparation on implementation of development plans in public secondary schools in Uriri Sub County, Migori County. Objective of the research was to examine effect of budget preparation on implementation of secondary school development plans in Uriri Sub County. Target population of the study was nineteen bursars, two hundred and forty seven BOM members, ninety six heads of departments and nineteen principals. A sample of ten secondary schools, seventy six BOM members, thirty heads of departments, eight bursars and ten principals were selected for the study. Data was collected through interviews and self administered questionnaires. According to the research findings, resource allocation was a major determinant in budget implementation and competence of budget committee members determined implementation of school development plans. The research did not cover budget variance and budget controls in public secondary schools.

Musee (2010) researched budget implementation and preparation in government secondary schools in Kitui Central Sub County. Objective of the study was surveying problems of budget implementation and preparation in government sponsored secondary schools in Kitui Central

Sub County. Census survey was employed in the study while target population was forty five secondary schools. Data was collected by use of a questionnaire. The research findings indicated that most government secondary schools in the Sub County had a high number of creditors and experienced a budget deficit. The research was done in Kitui Central which was demographically different from Rongo Constituency and did not focus on budget on budget control.

Muthinji (2009) studied budget implementation challenges facing the commission of higher education. Objective of the research was examining problems encountered during budget implementation by the commission of higher education. Data was collected by use of a self administered questionnaire and descriptive research design was employed during the study. Target population of the research was eighty two members of staff at the commission of higher education. Research findings indicated the commission of higher education faced problems like sudden changes in regulations, delayed external funds and poor coordination the study focused on budgetary implementation at the commission of higher education. The study did not focus on budget variance and budgetary process. In addition budgetary process and financing in public secondary schools is different.

Ototo (2009) surveyed the process of budget implementation in commercial banks in Kenya. Census survey design was used in the study and target population was the forty five commercial bank head offices in Kenya. The research findings established that implemented budgets of commercial banks matched with the proposed budgets. The findings also indicated performance of the budget committee and implementations of the budget were good.

2.3.3: Effect of budgetary control on budget variance in public secondary schools

Okwaro (2013) researched on performance of public benefits organizations in Kisumu County and budgetary controls. Purpose of the study was to examine the relationship between performance of public benefits organizations and budgetary controls in Kisumu County. The study employed a casual research design while stratified random sampling was adopted for selecting respondents. The study had a target population of two hundred and twenty seven public benefits organizations. According to the study findings, there existed a positive relationship between performance of public benefits organizations and budgeting control strategies.

Kipkemboi (2013) studied influence of budgetary control on performance of nongovernmental organizations in Kenya. Objective of the study was examining effect of budgetary control on performance of nongovernmental organizations. Convenience judgmental sampling was used to select thirty nongovernmental organizations from a target population of seven thousand one hundred and twenty seven nongovernmental organizations. Data was collected by use of closed ended questionnaires and a descriptive survey design was employed in the study. Findings of the study indicated existence of a weak positive effect of budget control on nongovernmental organizations performance in Kenya.

Adongo and Jagongo (2013) studied budgetary control and financial performance of state corporations in Kenya. The research objective was investigation of relationship between financial performance of state corporations in Kenya and budgetary controls. A sample of forty two state corporations was selected from a target population of one hundred and thirty eight state corporations. The study employed descriptive survey design while data collection was

done using a questionnaire. Research findings showed that a significant positive relationship existed between financial performance of state corporations and budget control.

Okon et al (2011) investigated enhancement of effectiveness principals in Akwalbom state secondary schools and financial control measures. Focus of the study was to establish relationship between enhancement of principals' administrative effectiveness and financial control measures. A sample of one hundred and ninety two public secondary schools was chosen through stratified random sampling from a target population of two hundred and twenty seven public secondary schools. Data collection was done by use of a questionnaire according to the research findings there was a significant relation between administrative effectiveness of principals and financial control measures. The study findings further indicated that most principals had not employed internal auditing, budget preparation and budget implementation to control their school finances.

2.4: Summary of empirical literature review and research gaps

The section contained an outline reviewed literatures focusing the on outcome of budgetary procedures on budget variation in public high schools in Rongo Constituency, Kenya. The reviewed literature was based on the three research objectives; to determine effects of preparing budgets on budget variation in public high schools in Rongo Constituency, to evaluate the outcome of implementation of budgets on budget variation in public high schools in Rongo Constituency and lastly to ascertain the effects of budgetary control on budget variation in public high schools in Rongo Constituency.

The section also reviewed effect of budgetary practices in public high schools, the budgetary processes effects on productivity of nongovernmental organizations, influence of budget implementation on development plans in public secondary and financial control measures and

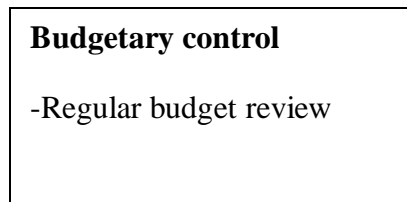
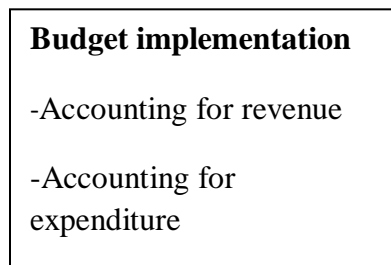
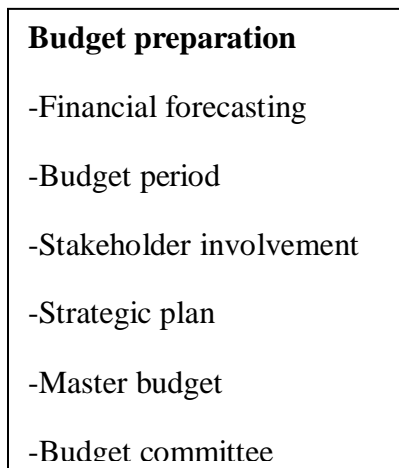
enhancement of principals' effectiveness in secondary schools. The review established that the raising budget allotments and consequently its execution considerably improved productivity of public high schools, capability of budget committee members affected accomplishments of school development plans and secondary school principals had not adopted budget preparation, budget implementation and internal auditing for control of school finances.

In summing up, from a review of current literature, there was no doubt that a range of aspect of budgeting has been investigated nonetheless, there is only insignificant research touching the on the effects of budgetary procedures on budget variation in public high schools in Kenya. It was on the basis of this background that this research was founded in order to ascertain the effects of budgetary procedures on budget variation in public high schools in Rongo Constituency, Migori County, Kenya. Also from the above review's evidence that no study on the attention of the researcher had been conducted based on the outcome of budgetary process on budget variance in Kenya's public high.

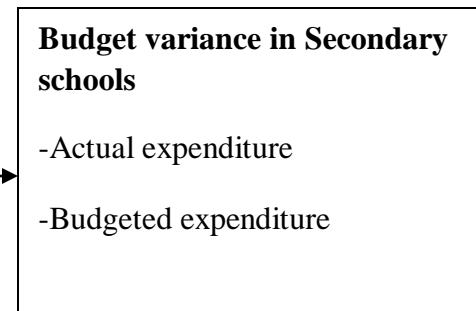
2.5: Conceptual framework

The research sought to ascertain how variations of the independent variables: budget preparation, budget implementation and budgetary control affected the dependent variable, budget variance.

Independent variables



Dependent variable



Ho₁

Ho₂

Ho₃

Figure 2.1: Conceptual framework

Source: Researcher, 2016

As shown in figure 2.1 above, budget variance was a dependent variable. Budget preparation was an independent variable which depended on factors like financial forecasting, budget period and budget committee. Budget implementation was also an independent variable which depended on accounting for revenue and expenditure. Lastly, budgetary control was also an independent variable which depended on regular budget review.

CHAPTER THREE

METHODOLOGY

3.1: Introduction

This chapter presented the research design and empirical model of the study, the target population and the sampling design. It also comprised the data collection instruments, validity and reliability of data collection instruments and data collection procedures. Lastly, the chapter examined the data analysis and presentation procedures as well as ethical considerations.

3.2: Research Design

Descriptive research design was employed by the study as it enabled the study to obtain quantitative and qualitative data from public high schools. This design was suitable to the research as it allowed reporting of conditions, analysis, recording and description of variables as they existed in the field. Descriptive research design allowed presentation, summarizing, gathering and interpretation of information for clarification and drawing conclusions (Kothari and Orodho, 2004). Descriptive research design described population parameters better as they described respondent' feelings better and gave a greater effect on the likert scale (Coopers and Schindler, 2006).

3.2.1: Empirical Model

The research used a model of regression for testing budgetary process and budget variance. Indicators of budgetary process included; preparation of the budget, implementation of the budget and budget control. The regression equation was therefore presented as:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

Whereby-

The dependent variable (Budget variance = Budgeted expenditure - Actual expenditure)

β_0 - Regression coefficients

β_1, β_2 and β_3 = slopes of the regression equation x_1 -Budget preparation

x_2 - Budget implementation

x_3 - Budgetary control

e- Error term

Table3.1: Operationalization and measurement of variables

Variable	Type	Operationalization	Measurement	Hypothesized direction
Budget variance	Dependent -Actual expenditure -Budgeted expenditure	-Authority to incur expenditure -Vote heads	Ratio scale	Positive or negative
Budget preparation	Independent -Financial forecasting -Budget period -Stakeholder involvement -strategic plan -master plan -Budget committee	-Expected income or expenditure -Long term or short term period -Involvement or no involvement -Well constituted or not well constituted	Likert scale 5-1	Positive or negative
Budget implementation	Independent -Accounting for revenue -Accounting for expenditure	-Available or not available -Done or not done	Likert scale 5-1	Positive or negative
Budgetary control	Independent -Budget review	-Regular or not regular	Likert scale 5-1	Positive or negative

3.3: Target Population

Target population referred to the demographic area from which the researcher will generalize the findings from (Mugenda and Mugenda, 2003). This was comprised of 24 public high schools in Rongo Constituency. Respondents of the study were the 24 school principals and 24 bursars or accounting clerks in the 24 public high schools in the sub-county. The respondents were selected by the reason that school principals acts as the school bookkeeping officers, as secretaries to school's boards of management and also as members of parents teacher's associations which were decision makers in public high schools. Bursars or accounting clerks were the major executioners of school budgets.

3.4: Sampling Design

The study used systematic random sampling to offer every member of the population the equal chance of being selected and because it ensured the law of statistical regularity which stated that on average if the sample size chosen, the sample had the composition and characteristics as the target population. According to Borg and Gall (2003), Mugenda and Mugenda (2003), at least 30% of the accessible population was enough for the sample size and was representative of the total population. For purposes of the study a sample size of thirteen principals and thirteen bursars or accounting clerks was selected for the study.

3.5: Data Collection Instruments

The study used systematic random sampling to offer every member of the population the equal chance of being selected and because it ensured the law of statistical regularity which stated that on average if the sample size chosen, the sample had the composition and characteristics as the target population. According to Borg and Gall (2003), Mugenda and Mugenda (2003), at least 30% of the accessible population was enough for the sample size and was representative

of the total population. For purposes of the study a sample size of thirteen principals and thirteen bursars or accounting clerks was selected for the study.

3.6: Validity and Reliability

To ensure validity and reliability of study findings the following measures were taken

3.6.1: Validity

Validity of a test was measurement of how best the test measured what was intended to be measured (Kombo and Tromp, 2006). Design of the questionnaire was done by ensuring items contained by the instruments were accurate in relation to the research topic. Expert analysis was done by giving the research instruments to the supervisor which was in agreement with Mugenda and Mugenda (2003) who asserted a group of experts in a field of study made a better judgement of content validity. Ambiguities were clarified in the final questionnaire by incorporating suggestions and comments of the experts.

3.6.2: Reliability

Reliability was a measure of extent a research instrument yielded results that were constituent upon repeated trials (Mugenda and Mugenda, 2003). In any measurement scale, reliability was a fundamental issue. Devellis (2003) argued reliability was proportion of variation due to true score of latent construct. Extent items were interrelated was given by internal consistency. Cronbach's alpha test was used for building confidence in collected data, determining internal consistency and measuring reliability of the research instrument. Hence, the test allowed measurement of different variables. The reliability cronbach's coefficient obtained for this study was 0.845 which was found appropriate as it was in line with Nachmias and Nachimias (2005) who argued that a coefficient greater than or equal to 0.7 was considered acceptable and a good indication of construct reliability.

3.7: Data Collection Procedures

Before going to the field permission was obtained from the university by the researcher which enabled him to obtain a permit for research from National Commission for Science and Innovation (NACOSTI) under the Ministry of Education Science and Technology (MOEST). After obtaining a permit permission was sought from office of the Sub County director of education's office for data collection from public high schools in Rongo Constituency. Self administered data collection questionnaires were given to high school principals and accounts clerks. Drop and pick was employed in administering the questionnaires by giving respondents time to reply to the questionnaires. Each response was given a quantitative score on a five point likert scale. Total score was obtained by addition of values for each response by adding the value beside each response. On the likert scale the most favourable response scored five and the least favourable one.

3.8: Data Analysis and Presentation

Data evaluation varied from uncomplicated descriptive analysis, more elaborate decreasing and multivariate technique (Kombo and Tromp, 2006). Before processing, the collected data was revised for completeness, accurateness, consistency and arranged for coding and tabulation prior to final analysis (Mugenda and Mugenda, 2003). Descriptive statistics was employed in the analysis and understanding of circumstances prevailing during the research period. Frequencies and percentages were employed for presenting facts from the study because they were appropriate for corresponding research findings to a vast audience. In addition, frequencies easily showed distribution of respondents. To determine frequencies of each response, the number giving similar answers was converted to percentages to illustrate related levels of opinion. Charts, graphs and pie charts were used for presenting the data. Then the collected finding was entered in the computer for statistical evaluation using the SPSS

computer programme. Quantitative data from the questionnaires was analyzed by the use of mean, weighted mean, standard deviation, correlations, percentages and the weakening analysis.

The regression analysis model shown below was used in data evaluation.

$$Y = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \beta_3 x_3 + e.$$

Where:

Y= the dependent variable (Budgeted expenditure-Actual expenditure)

β_0 = regression coefficient

$\beta_1, \beta_2, \beta_3$ = slopes of the regression equation

x_1 = budget preparation

x_2 = budget implementation

x_3 = budgetary control

e = error term

3.8.1: Diagnostic tests

To determine whether independent variables had a high correlation, the research used multicollinearity which was identified by use of a correlation matrix with each of the variables upon the other. Regression coefficient variance was measured by variance inflation factor. Assumptions of multicollinearity were: independence and normal distribution of the error term which had a standard deviation of α and a mean of zero, regardless of value combinations taken by independent variables, standard deviation of α was the same while the e values were independent of each other (Ragsdale, 2007).

$$VIF_j = \frac{1}{1 - R_j^2}$$

$$1 - R_j^2$$

R^2_j =coefficient of determination when predictor j is regressed against all the other predictors

3.9: Ethical considerations

Ethics is the moral study of right or wrong (Dooley, 2007). A number of ethical concerns occurred from the research procedures and in expectation precautions were taken and remedial machinery used to avoid intolerable consequences. The researcher sought authorization from the university to perform a research in public high schools in Rongo Constituency. A permit as well as research authorization letter were gained from the national council for science and technology in the ministry of higher education. Subsequently, the sub county director of education was alerted concerning the research prior to undertaking the research.

An introductory letter looking for the respondents' consent to partake in the study was given to all likely respondents. A copy of the approved permit together with the transmittal letter was attached to the research tool as a proof that the research was lawful. Respondents were informed about the purpose of the research and were provided with written guarantee that data gathered was to be utilized for research purpose only. To guarantee confidentiality, no personal recognition data was required in the questionnaires. Acknowledgement of

A basis of information, concepts, ideas and thoughts through suitable citing and referencing was observed intellectual property rights.

CHAPTER FOUR

RESEARCH FINDINGS

4.1: Introduction

This chapter discussed data findings, data analysis and discussions on effect of budgeting process on budget variance in public secondary schools in Rongo Constituency, Migori County, Kenya. The findings were presented based on objectives of the study. The areas given consideration included; analysis of response rate and descriptive statistics, inferential statistics and hypotheses testing

4.2: Analysis of Response rate and Descriptive Statistics

4.2.1: Response rate

Target population of the study was the 24 public secondary schools in Rongo Constituency. Respondents of the study were the 24 principals and bursars of the public secondary schools. A total of 48 questionnaires were administered to the respondents. The response was as shown in table 4.1:

Table 4.1: Respondents response rate

Respondents	Expected response	Actual response	Response rate
Principal	24	24	100%
Bursars	24	20	83.3%
Total	48	44	91.65%

Source: Survey data, 2016

According to Mugenda and Mugenda (2003), a response rate of 50% is adequate for analysis and reporting; response rate of 60% is good and that of 70% and above is very good. This is in line with the findings of Coopers and Schindler (2010) who asserted that a response rate of at least

70% is adequate for a social science study. This implied that a response rate of 91.65% was adequate for reporting in the study. This rate of response was high because the questionnaires were administered and collected in person. Therefore the study continued as it was within the acceptable range of adequacy. The information was presented in Figure 4.1.

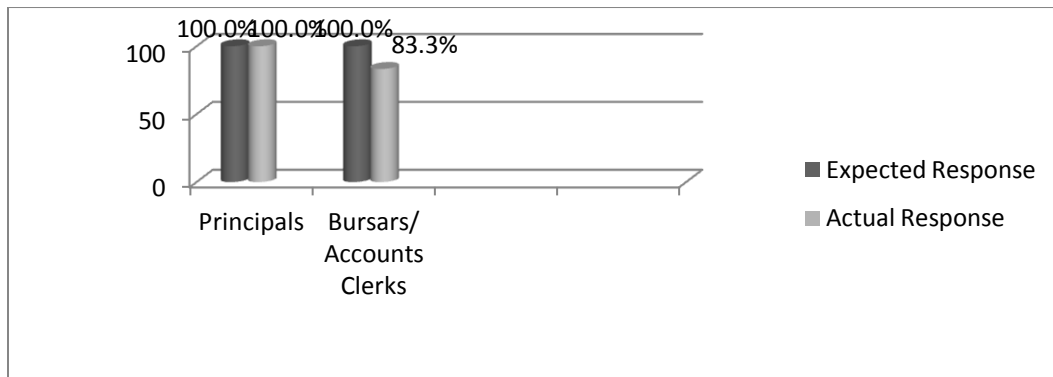


Figure 4.1: Response Rate of the Respondents, 2016

4.2.2: Gender

The study considered gender as an important factor and for this reason the respondents were requested to indicate their gender. The research findings were as indicated in table 4.3.

Table: 4.2: Gender of respondents

	Principals		Bursars	
	F	%	F	%
Gender				
Male	15	62.5	14	70
Female	9	37.5	6	30
Total	24	100	20	100

Source: Survey data, 2016

From Table 4.3, it can be deduced that majority of those involved in management of public secondary schools in the area were male as indicated by 15(62.5%) for male principals and

14(70%) for male bursars while for female it was 9(37.5%) principals and 6(30%) bursars. This is in line with the third rule in the new constitution on gender equity (ROK, 2010). The findings were presented in Figure 4.2.

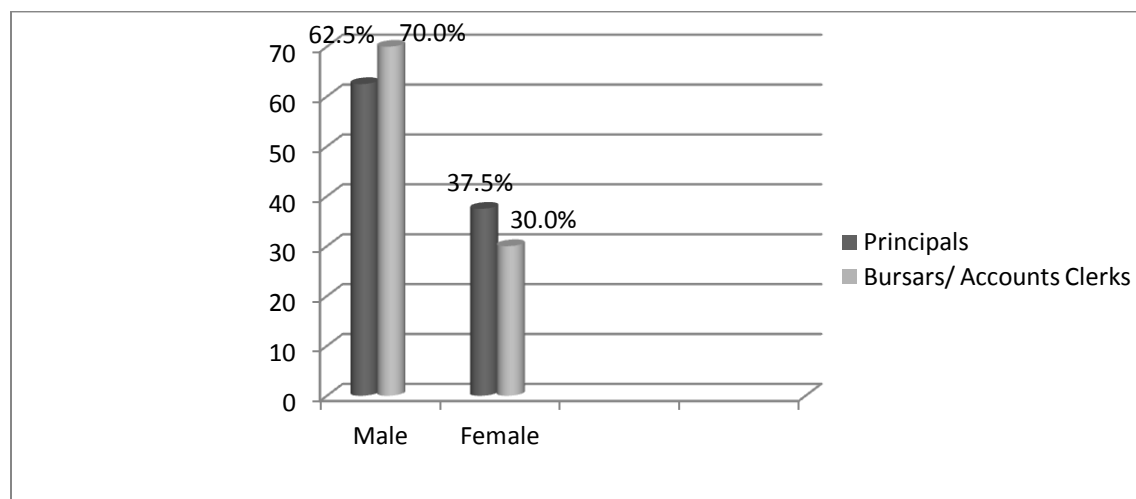


Figure 4.2: Gender of Respondents, 2016

4.2.3: Length of school Existence

Length of school existence was significant because it pointed to maturity of the school. The responses from the principals were presented in Table 4.3.

Table 4.3: Length of School Existence

School Existence	Frequency	%
2-3 years	04	16.7
3- 5 years	06	25.0
More than 5 years	14	58.3
Total	24	100.0

Source: Researcher, 2016

The findings in Table 4.3 showed that more than half 14 (58.3%) of the schools had been in existence for more than 5 years whereas 10 (41.7%) of them had been in existence for 5 years

and below. This was important because old schools had a good track record of budget periods compared to new schools. The findings were presented in 4.2.

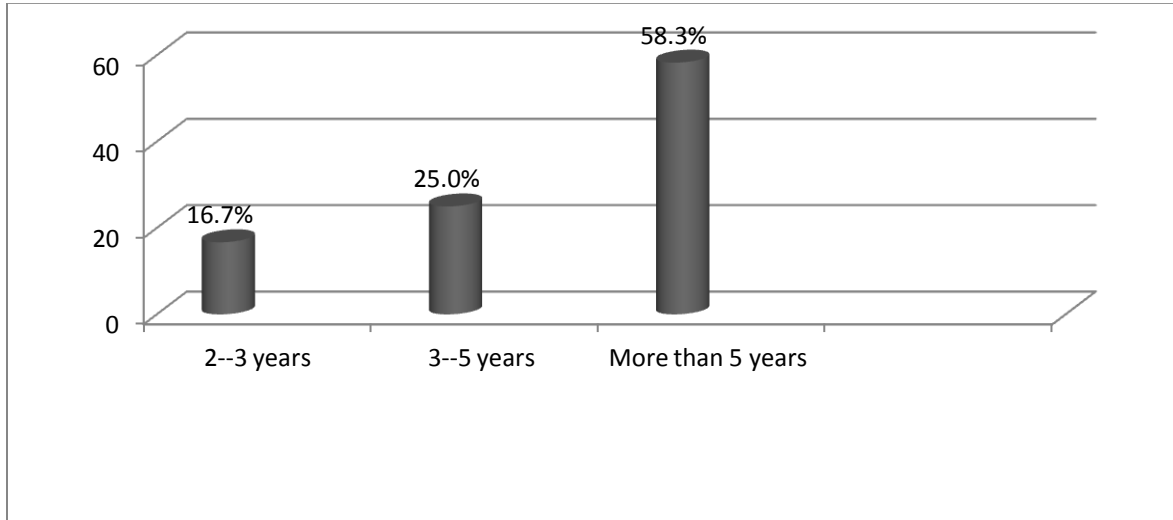


Figure 4.3: Length of School Existence, 2016

4.2.4: Level of school of Respondents

Respondents were asked to indicate the level of their schools. Their responses were as indicated in Table 4.4.

Table 4.4: Level of School of Respondents

Level of school	Principals		Bursars/ Accounts Clerks	
	Frequency	%	Frequency	%
Sub-County	17	70.8	13	65.0
County	06	25.0	06	30.0
National	01	4.2	01	5.0
Total	24	100.0	20	100.0

Source: Researcher, 2016

Findings in Table 4.4 showed that majority 17 (70.8%) of the principals were from sub-county schools, 06 (25.0%) were from county schools and 01 (4.2%) were from national schools.

Majority 13 (65.0%) of the bursars or accounting clerks that participated in the study were from

sub-county schools, 06 (30.0%) were from county schools and 01 (5.0%) were from national schools. This implies that the respondents were drawn from all the levels of public secondary schools in Rongo Sub- County. Therefore, information obtained concerning the budget process and variance cut across all the school levels. The findings were presented in Figure 4.4.

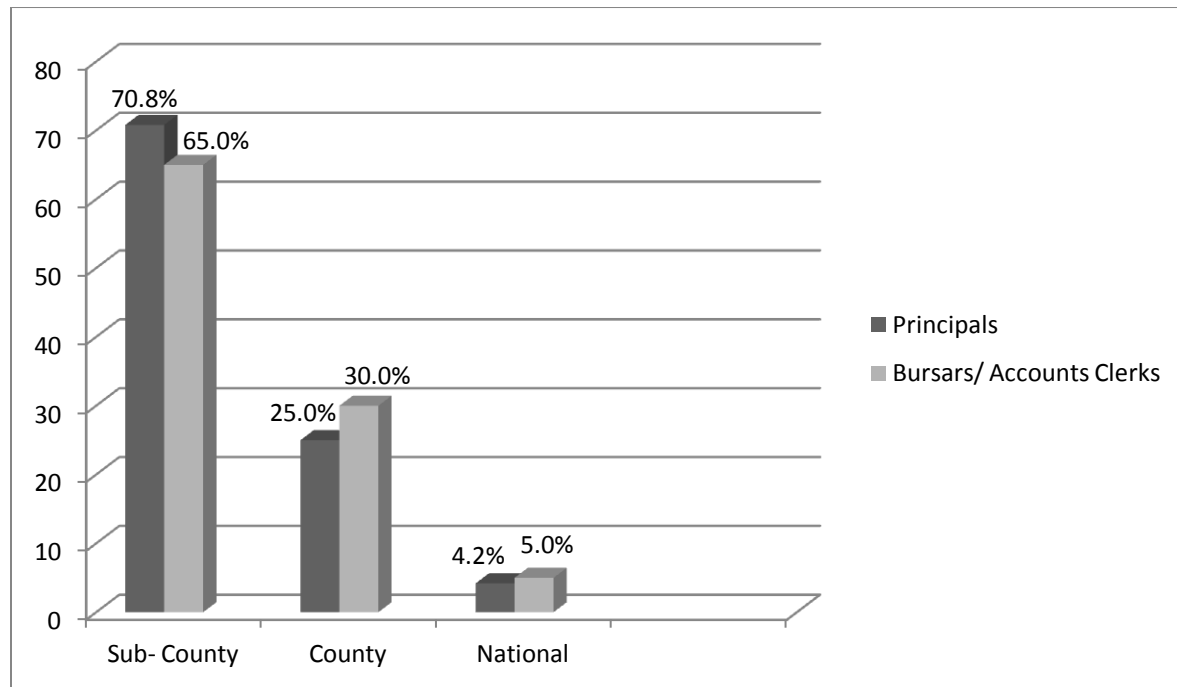


Figure 4.4: Level of School of Respondents, 2016

4.2.5: Budget period

The research sought to establish the budget period of the public secondary schools from the respondents. The responses from the principals were as shown in Table 4.5.

Table 4.5: Budget Period

Budget Period	Frequency	%
3 Months	02	8.3
1 Year	22	91.7
Total	24	100.0

Source: Researcher, 2016

Information from Table 4.5 showed that majority 22 (91.7%) of the principals indicated that the budget period covers 1 year while only 02 (8.3%) of them indicated that the budget period covers 3 months. This implies that most of the schools' budget period covers 1 year and therefore, it was able to establish the relationship between the budget process and budget variance. The findings were presented in Figure 4.5.

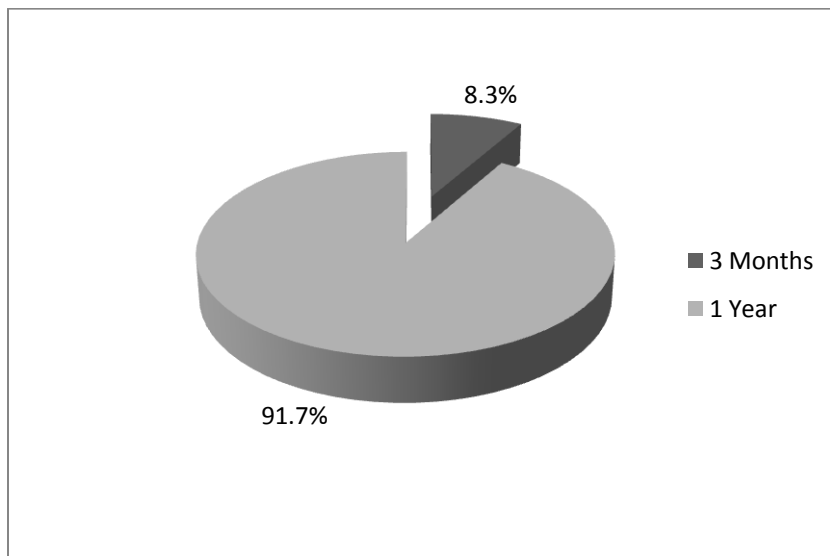


Figure 4.5: Budget Period of schools, 2016

4.2.6: School Budget Review

Respondents were also required to indicate how often the school budgets are reviewed. The responses from the principals were as shown in Table 4.6:

Table 4.6: School budget review

Budget review	Principals		Bursars		Total
	F	%	F	%	
3 months	6	25.0	8	40	14
6 months	3	12.5	2	10	5
1 year	10	41.7	7	35	17
No revisions	5	20.8	3	15	8
Total	24	100	20	100	44

Source: Survey data, 2016

Data in Table 4.6 showed that 06 (25.0%) of the principals and 8(40%) bursars indicated that school budgets were reviewed every 3 months while 03 (12.5%) principals and 2(10%) bursars indicated that budgets were reviewed every 6 months. Further, 10 (41.7%) principals and 7(35%) bursars indicated that their school budgets were being reviewed annually whereas 05 (20.8%) principals and 3(15%) bursars indicated that their schools made no revisions at all. This implies that most of the schools reviewed their budgets and this enabled establishing the relationship between budget process and budget variance. The findings were presented in Figure 4.6.

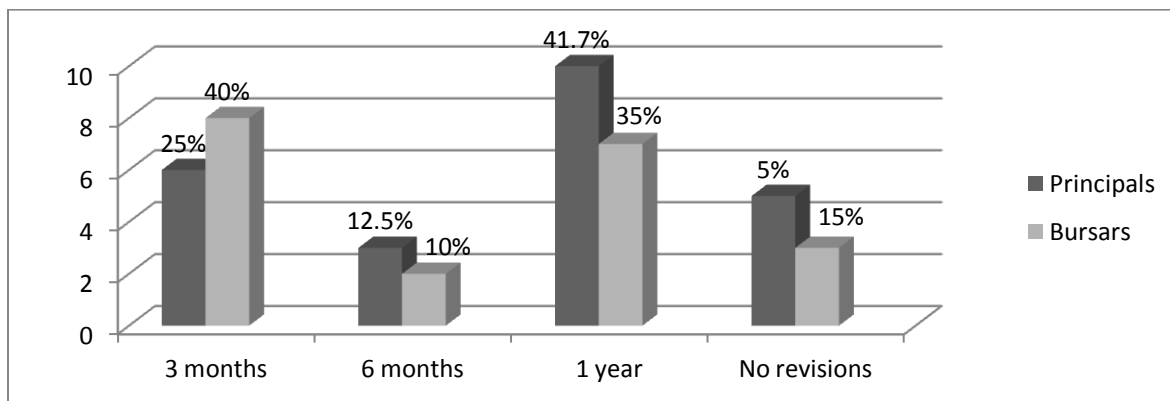


Figure 4.6: School Budget Review, 2016

4.2.7: School Development Plan

The respondents were asked to indicate whether their schools had development plans. The responses from the principals were presented Table 4.6.

Table 4.7: School development plan

	Principals		Bursars		Total
	F	%	F	%	
Yes	19	79.2	20	100	39
No	5	20.8	0	0	5
Total	24	100	20	100	44

Source: Survey data, 2016

Information in Table 4.6 showed that majority 19 (79.2%) of the principals and 20(100%) bursars indicated that their secondary schools had development plans while 05 (20.8%) of them indicated that their schools had no development plans. This implies that most schools in Rongo Sub- County had development plans from which they based their budgets. The findings were presented in Figure 4.7 below.

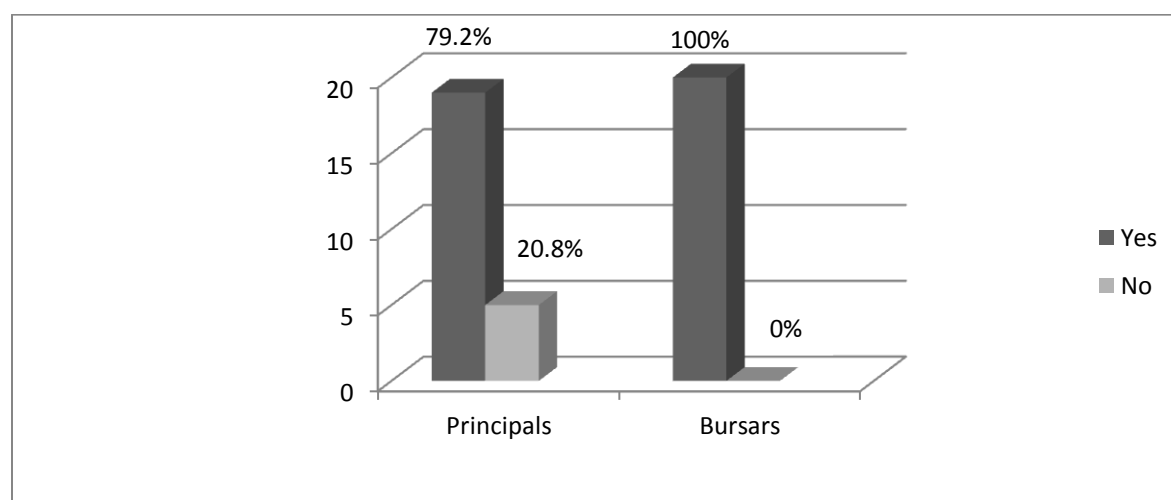


Figure 4.7: School development plan, 2016

4.2.8: Time of preparing development plans

The respondents were requested to indicate at which time of the year the school development plans were prepared. The study findings were as indicated in Table 4.8.

Table 4.8: Time of development plan preparation

	Principals		Bursars		Total
	F	%	F	%	
Beginning of the year	9	37.5	8	40.0	17
End of the year	15	62.5	12	60.0	27
Total	24	100.0	20	100.0	44

Source: Survey data, 2016

According to Table 4.8, most of the respondents indicated that school development plans were prepared at the end of the year as indicated by 15(62.5%) principals and 12(60%) bursars. While 9(37.5%) principals and 8(40%) bursars indicated that school development plans were prepared at the beginning of the year. This implied that majority of the public secondary schools in the area prepared their development plans at the end of the year. This is possibly to enable the school committees to have a proper budget since auditing could have been done. In addition, lessons learnt from the monitoring and evaluation reports may be incorporated in the development plan. The findings also implied that majority of the schools prepared development plans after considering challenges of the previous year's budgets.

4.2.9: Approval of final budget proposals

The study required respondents to indicate who approves the final budget proposals. The research findings were as indicated in Table 4.9.

Table 4.9: Approval of final school budget proposals

	Principals		Bursars		Total
	F	%	F	%	
Board of management	22	91.7	19	95.0	41
Parents association	0	0.0	1	5.0	1
School principal	0	0.0	0	0.0	0
Ministry of education	2	8.3	0	0.0	2
Total	24	100.0	20	100.0	44

Source: Survey data, 2016

According to Table 4.9, majority of the respondents indicated that final budget proposals are approved by boards of management as indicated by 22 (91.7%) respondent principals and 19(95%) bursars while 1(5%) bursars indicated that budget proposals are approved by parents association and 2(8.3%) principals indicated that they are approved by the ministry of education. Thus, majority of public secondary schools in the region had their budgets approved by school boards of management which is in line with guide lines from the ministry of education. The findings implied to some extent stakeholders were involved in budget approval because boards of management have representatives of parents, students, teachers and the local community.

4.2.10: Budget deficit or budget surplus

The respondents were requested to indicate whether their schools experienced budget deficits or budget surpluses in the years 2011 to 2015. The research findings are shown in Table 5.0.

Table 5.10: Budget deficit or budget surplus

	Principals				Bursars			
	D	%	S	%	D	%	S	%
2011	18	75.0	3	12.5	15	75.0	4	20.0
2012	17	70.8	4	16.7	15	75.0	5	25.0
2013	19	79.2	2	8.3	14	70.0	6	30.0
2014	21	87.5	3	12.5	14	70.0	6	30.0
2015	18	75.0	6	25.0	15	75.0	5	25.0

Source: Survey data, 2016

According to the research findings in table 5.10 above, majority of the respondents indicated that most of the public secondary schools had a budget deficit between the years 2011 and 2015. In 2011, 18(75%) principals and 15(75%) bursars indicated a budget deficit while 3(12.5%) principals and 4(20%) bursars indicated a budget surplus. In 2012, 17(70.8%) principals and 15(75%) bursars indicated a budget surplus while 4(16.7%) principals and 5(25%) bursars indicated a budget surplus. In 2013, 19(79.2%) principals and 14(70%) bursars indicated a budget deficit while 2(8.3%) principals and 6(30%) bursars indicated a budget surplus. In 2014, 21(87.5%) principals and 14(70%) bursars indicated a budget deficit whereas 3(12.5%) principals and 6(30%) bursars indicated a budget surplus. In 2015, 18(75%) principals and 15(75%) bursars indicated a budget deficit while 6(25%) principals and 5(25%) bursars indicated a budget surplus. As indicated by the research findings, majority of the schools experienced budget deficits between the years 2011 to 2015. This implied that there were many challenges facing the budgetary process in public secondary schools in the area. The findings further indicated that most public secondary schools experienced financial difficulties before completion

of the school calendar year which may have resulted to early breaking for holidays of some schools and unpaid salaries for the support staff.

4.2.11: School Population

The study requested respondents to indicate school population in their respective schools. The study findings were as indicated in table 5.11.

Table 5.11: School population

School population	Principals		Bursars		Total
	F	%	F	%	
Less 100	1	4.2	0	0	1
100-150	7	29.2	3	15	10
150-200	3	12.5	2	10	5
200-250	2	8.3	3	15	5
Over 250	11	45.8	12	60	23
Total	24	100	20	100	44

Source: Survey data, 2016

According to the research findings in table 5.11, 1(4.2%) schools had less than 100 students according to respondent principals. As indicated in the table, 7(29.2%) schools according to principals and 3(15%) schools to bursars had a population of 100-150. According to respondent principals, 3(12.5%) schools had a population of 150-200 and 2(10%) schools had a similar population according to respondent bursars. The findings indicated that 2(8.3%) schools had a population of 200-250 according to principals and 12(60%) had the same population according to bursars. The findings further indicated that 11(45.8%) secondary schools had a population of over 250 according to principals and 12(60%) schools had the same population according to

bursars. This meant that enrolment in schools the area was good hence, school resources like teaching staff were well utilized. The findings implied transition from primary to secondary schools was possibly high and majority of the schools had a high school population. The findings further implied that schools resources like laboratories were strained by the high population. The findings are also presented in figure 4.8.

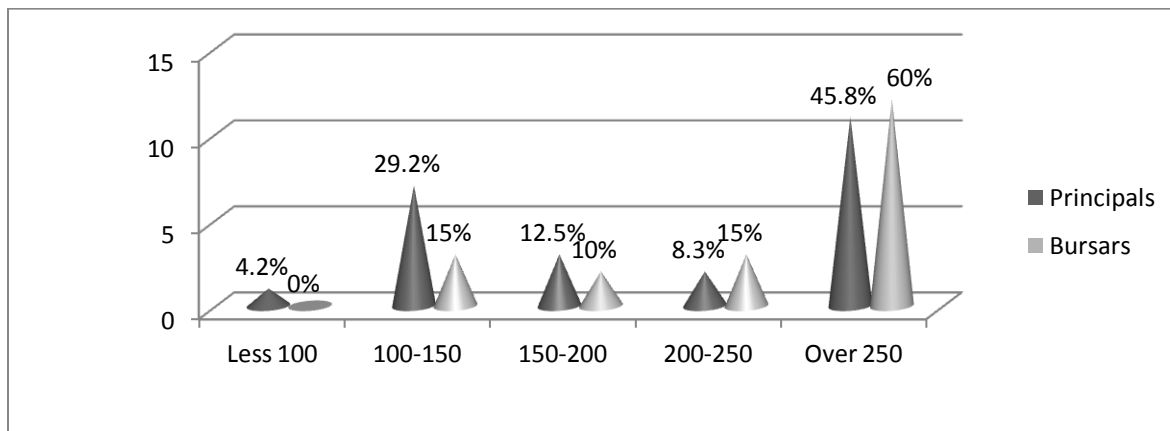


Figure 4.8: School population, 2016

4.2.12: Financial management course attendance

Respondents were requested to indicate whether they had attended any course on financial management. The research findings were as indicated in table 5.12.

Table 5.12: Financial management course attended

	Principals		Bursars		Total
	F	%	F	%	
Attended	21	87.5	20	100	41
Not attended	3	12.5	0	0	3
Total	24	100	20	100	44

Source: Survey data, 2016

As indicated in Table 5.12, most of the respondents 21(87.5%) principals and 20(100%) bursars had attended a course on financial management while 3(12.5%) had not attended a course on financial management. This indicates that majority of the principals and bursars in the area had attended a financial management course. The findings are presented in figure 4.9.

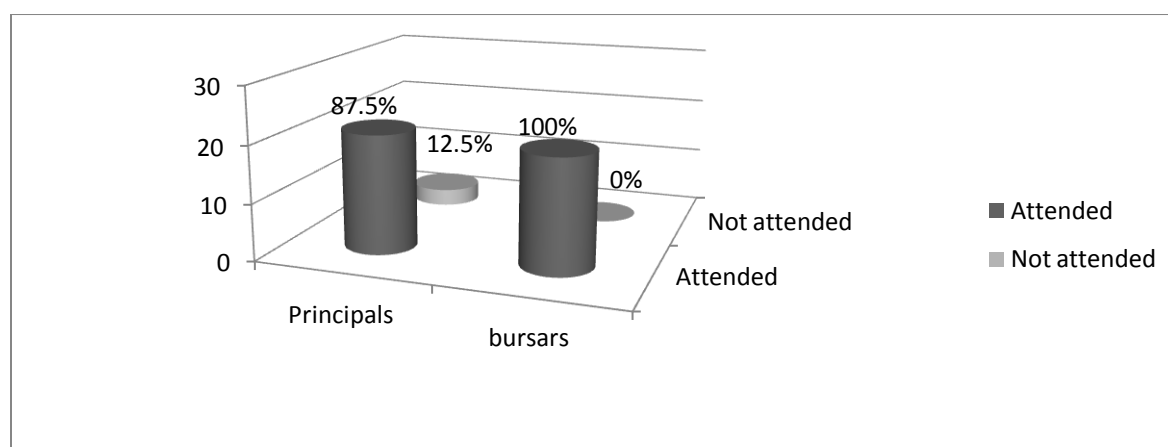


Figure 4.9: Financial management course attended, 2016

4.2.13: Level of financial management course attended

Respondents were requested by the study to indicate level of financial management course they had attended. The responses were as indicated in table 5.13.

Table 5.13: Level of financial management course attended

	Principals		Bursars		Total
	F	%	F	%	
Workshop	7	33	3	15	10
Seminar	5	24	1	5	6
Workshop and seminar	7	33	16	80	23
Formal training	2	10	0	0	2
Total	21	100	20	100	41

Source: Survey data, 2016

According to the research findings in Table 5.13, 7(33%) principals and 3(15%) bursars had attended workshops, 5(24%) principals and 1(5%) bursars had attended seminars, 7(33%) principals and 16(80%) bursars had attended workshops and seminars while 2(10%) principals had attended formal training. The research findings further indicated that 3 principals had not attended any financial management course. The findings were indicated in Figure 5.10.

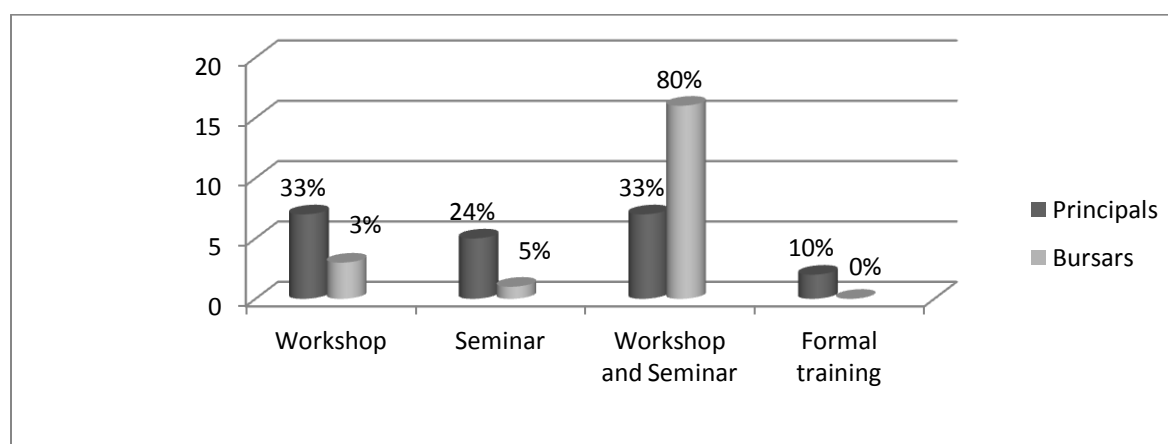


Figure 5.10: Level of financial management course attended, 2016

4.2.14: Adequacy of school facilities

The research requested respondents to indicate whether school facilities were adequate or inadequate. The research findings were as indicated in Table 5.14

Table 5.14: Adequacy of school facilities

School facility	Principals				Bursars			
	Adequate		Inadequate		Adequate		Inadequate	
	F	%	F	%	F	%	F	%
School furniture and equipment	9	37.5	15	62.5	9	45	11	55
School buildings like classrooms	6	25.0	18	75.0	9	45	11	55
Laboratories and laboratory equipment	2	8.3	22	91.7	5	25	15	75
Library	5	20.8	19	79.2	4	20	16	80
Textbooks	8	33.3	16	66.7	11	55	9	45

Source: Survey data, 2016

The research findings in Table 5.14 indicated that according to majority of the respondents public secondary schools in the area had inadequate facilities. According to respondent principals school facilities were inadequate by the following percentages; school furniture and equipment (62.5%), school buildings like classrooms (75%), laboratories and laboratory equipment (91.7%), library (79.2%), and textbooks (66.7%). According to respondent bursars school facilities were inadequate by the following percentages; school furniture and equipment (55%), school buildings like classrooms (55%), laboratories and laboratory equipment (75%), library (80%) and textbooks (45%). The research findings imply that most of the public secondary schools in the area do not have adequate facilities. The findings concurred with Ahmed (2003) who stated that learning took place under unconducive environments lacking basic materials like furniture, science laboratories and classrooms.

4.2.15: Involvement of stakeholders in budget preparation

The research sought to establish involvement of stakeholders in budget preparation. The research findings were as indicated in Table 5.15.

Table 5.15: Involvement of stakeholders in budget preparation

		Very large extent	Large extent	Some extent	Less extent	No extent	Mean	Std dev.
Heads of department	Principals	16	7	0	1	0	4.50	1.100
	Bursars	15	3	0	1	1	4.58	0.717
Teachers	Principals	7	12	2	2	1	3.45	1.277
	Bursars	5	5	6	2	2	1.392	1.06
Students	Principals	1	4	8	5	6	2.60	1.429
	Bursars	3	2	5	4	6	2.54	1.179
Sponsors	Principals	5	9	5	2	3	2.85	1.531
	Bursars	4	3	5	2	6	3.46	1.285
Local leaders	Principals	2	3	6	2	11	1.85	1.268
	Bursars	1	2	2	3	12	2.29	1.398

Source: Survey data, 2016

Grand mean 2.951

According to the research findings in Table 5.15, majority of the respondent principals and bursars agreed to very large extent that heads of departments were involved in budget preparation to very large extent as indicated by mean of 4.50 and standard deviation of 1.10 for principals and a mean of 4.58 and standard deviation of 0.720 for bursars.

Regarding involvement of teachers, most of the principals agreed that to some extent teachers are involved in budget preparation (mean of 3.45 and standard deviation of 1.28) while the bursars had mean of 1.39 and standard deviation of 1.06. This is implied that in budget preparation in public secondary schools teachers are involved to some extent in giving priority areas.

Concerning involvement of students, it was found out that majority of the principals and bursars indicated that students were involved to some extent as indicated by a mean of 2.60 and standard deviation of 1.43 for principals and a mean of 2.54 and standard deviation of 1.18 for bursars. Regarding involvement of sponsors, the findings showed that majority of the principals and bursars agreed to some extent as indicated by a mean of 2.85 and standard deviation of 1.53 for principals and a mean of 3.46 and standard deviation of 1.29 for bursars.

Concerning involvement of local leaders in budget preparation, the research findings indicated that majority of the principals and bursars agreed to a less extent as indicated by a mean of 1.85 and standard deviation of 1.27 for principals and a mean 2.29 and standard deviation of 1.40 for bursars. Involvement of stakeholders in budget preparation was summed up to a mean of 2.951 and standard deviation of 1.226. This implies that stakeholders to some extent are involved in budget preparation in the public secondary schools in giving the suggestions. The study found that stakeholders are involved to less extent in budget preparation as indicated by a grand mean of 2.951.

4.2.16: School vision and mission

Respondents were requested to indicate whether public secondary schools had school vision and mission statements. The research findings are as shown in table 5.16.

Table 5.16: School vision and mission

	Principals		Bursars		Total
	F	%	F	%	
Yes	23	95.8%	19	95%	42
No	1	4.2%	1	5%	2
Total	24	100%	20	100%	44

Source: Survey data, 2016

According to the research findings in table 5.16 above majority of the public secondary schools in area have school mission and vision statements as indicated by 23(95.8%) respondent principals and 19(95%) respondent bursars. The findings were presented in Figure 5.11.

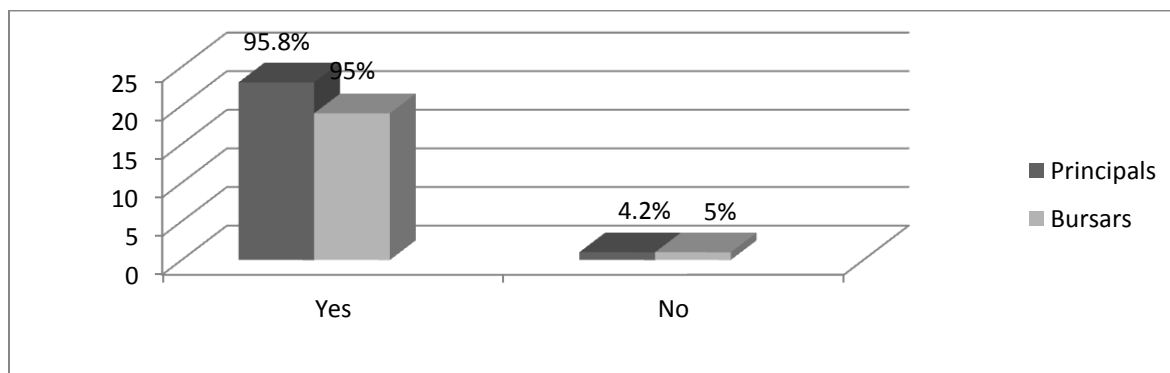


Figure 5.11: School vision and mission, 2016

4.3: Descriptive Statistics

4.3.1: Effect of budget preparation on budget variance in public secondary schools

The respondents were requested to give on budget preparation by rating their responses on a likert scale of 5 to 1 with 5 being to very large extent, 4 to large extent, 3 to some extent, 2 to less extent and 1 to no extent. Means and standard deviations were generated by SPSS. The research findings are as indicated in the table 5.17.

Table 5.17: Effect of Budget preparation on Budget variance in public secondary schools

		Very large extent	Large extent	Some extent	Less extent	No extent	Mean	Std. Dev
The budgetary process starts with forecasts of the expected income and expenditure	Principals	21	3	0	0	0	4.88	0.338
	Bursars	19	1	0	0	0	4.95	0.224
The budget is prepared to cover a specified period	Principals	22	1	1	0	0	4.88	0.448
	Bursars	20	0	0	0	0	5.00	0.00
The budget is prepared in consultation with the board of management, parents association and teachers	Principals	18	5	1	0	0	4.71	0.55
	Bursars	14	5	1	0	0	4.65	0.59
Budgets are prepared with reference to the school annual plan, strategic plan and overall goal	Principals	19	4	0	1	0	4.71	0.69
	Bursars	14	4	1	0	1	4.50	1.00
The school has a documented budgetary process which is referenced during the process	Principals	11	9	2	1	1	4.17	1.049
	Bursars	8	5	5	0	2	3.85	1.29
Budgets are used to control resources	Principals	14	8	1	0	1	4.50	1.00
	Bursars	15	2	1	2	0	4.50	1.00
Budgets are used to judge performance of the users	Principals	8	8	5	2	1	3.83	1.51
	Bursars	10	4	4	0	2	3.80	1.51
Budgets are used to motivate teachers, subordinate staff and other stakeholders	Principals	5	5	4	7	3	3.08	1.1381
	Bursars	2	6	4	2	6	2.80	1.44

Source: Survey data, 2016

Grand Mean 4.3001

The study findings as indicated in Table 5.17 indicated that majority of the principals and bursars agreed that to very large extent the budgetary process started with forecasts of the expected income and expenditure as indicated by a mean of 4.88 and standard deviation of 0.338 for principals and a mean of 4.95 and standard deviation of 0.224 for bursars. This was in agreement with Gacheru (2012) who stated that the process of budget preparation in NGOs involved forecasting of expected income. The research also established that the budget was prepared to cover a specified period as indicated by a mean of 4.88 for principals and 5.00 for bursars. This concurred with Mulwa (2012) who stated that organizations used a budgetary period of 12 months.

The research also requested respondents to indicate whether the budget was prepared in consultation with the board of management, parents association and teachers. Most of the respondents agreed to very large extent as indicated by a mean of 4.71 for principals and 4.65 for bursars. The findings were not in agreement with Kuria (2007) who had established that most schools do not involve stakeholders in budget preparation. Regarding preparation of budgets with reference to the school annual plan, strategic plan and overall goal, majority of the respondents agreed to very large extent as indicated by a mean of 4.71 for principals and 4.50 for bursars. This was in agreement with the study findings of Gacheru (2012) who established that budgets were based on strategic plans.

In respect of whether schools had a documented budgetary process, most of the respondent principals agreed to large extent as indicated by a mean of 4.17 whereas bursars agreed to some extent as indicated by a mean of 3.85. This was in agreement with Gacheru (2012) who stated that budget preparation in NGOs is in relation to a documented process. The study requested respondents to indicate whether budgets were used to control resources. According to the

findings, majority of the respondents agreed to large extent as indicated by a mean of 4.50 for both principals and bursars. This concurred with Weetman (2006) who asserted that a budget serves as a tool for planning and controlling use of scarce resources with an aim of achieving organizational goals. Regarding whether budgets were used to judge performance of users, most respondents agreed to some extent as indicated by a mean of 3.83 for principals and 3.80 for bursars. As regards if budgets were used to motivate teachers, subordinate staff and other stakeholders, respondent principals agreed to some extent as indicated by a mean of 3.08 and respondent bursars to less extent as indicated by a mean of 2.80. The research findings indicated that budget preparation had an effect on budget variance to large extent as indicated by a grand mean of 4.3001.

4.3.2: Effect of budget implementation on budget variance in public secondary schools

The respondents were requested to give responses on budget implementation by rating their responses on a likert scale of 5 to 1 with 5 being to very large extent, 4 to large extent, 3 to some extent, 2 to less extent and 1 to no extent. The means and standard deviations were generated from SPSS. The research findings are as indicated in the table 5.18.

Table5.18: Effect of budget implementation on budget variance in public secondary schools

		Very large extent	Large extent	Some extent	Less extent	No extent	Mean	Std. Dev
Board of management authorizes all expenditure on school projects through the board minutes	Principals	17	6	1	0	0	4.67	0.565
	Bursars	13	2	4	0	1	4.30	1.129
Funds received from various sources for school projects are recorded immediately	Principals	20	3	1	0	0	4.79	0.509
	Bursars	18	1	1	0	0	4.80	0.696
The school board of management issues guidelines prior to budget implementation	Principals	12	8	2	1	1	4.21	1.062
	Bursars	8	8	2	1	1	4.05	1.099
Funds spent on school projects are recorded	Principals	20	3	1	0	0	4.71	0.859
	Bursars	17	3	0	0	0	4.85	0.366
Coordination among various stakeholders during budget execution is achieved through clear communication and consultation	Principals	13	8	3	0	0	4.42	0.717
	Bursars	15	4	0	1	0	4.65	0.745
Insufficient funds allocated to projects and departments affect budget implementation	Principals	16	3	2	3	0	4.33	1.09
	Bursars	15	2	2	1	0	4.55	0.887
Institutional weaknesses hinder effective budgetary process implementation	Principals	11	7	3	1	2	4.00	1.251
	Bursars	9	6	3	0	2	4.00	1.257
The budgetary process is time consuming and expensive and may become volatile before implementation	Principals	3	8	6	3	4	3.13	1.296
	Bursars	2	4	3	1	10	2.35	1.531

Source: survey data, 2016**Grand Mean 4.24**

According to the findings shown in Table 5.18, most of the respondents agreed to large extent as indicated by a mean of 4.67 for respondent principals and 4.300 for respondent bursars that board of management authorized expenditures on school projects through board minutes. This was in agreement with weetman (2006) who had stated that a school budget committee was usually created to manage each stage of the budgetary process and to implement the strategy decisions. The findings also established that funds received from various sources were recorded immediately as indicated by a mean of 4.79 for principals and 4.800 for bursars. This was in agreement with Ototo (2009) who established that commercial banks had their proposed budgets matching with the implemented budget. Regarding if the school board of management issued

guidelines prior to budget implementation, most of the respondents agreed to large extent as indicated by a mean of 4.21 for principals and 4.050 for bursars. This was in agreement with Ntseto (2009) who stated that MOE issues ministerial guidelines on vote heads and allocation of funds though individual schools were at liberty to deliberate on school need, prioritize them and manage school funds depending on available resources. Respondents were also requested to indicate whether funds spent on school projects were recorded immediately. As shown in table 5.9, majority of the respondents agreed to large extent as indicated by a mean of 4.71 for principals and 4.85 for bursars.

The study requested respondents to indicate whether coordination among various stakeholders during budget execution was achieved through clear communication and consultation. Most of the respondents agreed to large extent as indicated by a mean of 4.42 for principals and 4.65 for bursars. Regarding effect of insufficient funds allocated to school projects on budget implementation, most of the respondents agreed to large extent as indicated by a mean of 4.33 for principals and 4.55 for bursars. This concurred with Opiyo (2014) who established that resource allocation in the budget determined implementation of school development plans. Respondents were requested to indicate hindrances of institutional weaknesses on budget implementation. As shown in the table, majority of respondents agreed to large extent as indicated by a mean 4.00 for bursars and principals. The study also required responses on whether the budgetary process was time consuming and expensive. According to the responses, most of the respondent principals agreed to some extent as indicated by a mean of 3.13 and respondent bursars to less extent as indicated by a mean of 2.35. Budget implementation affected budget variance to large extent as indicated by a grand mean of 4.24

4.3.3: Effect of budgetary control on budget variance in public secondary schools

The respondents were requested to give responses on budgetary control by rating their responses on a likert scale of 5 to 1 with 5 being to very large extent, 4 to large extent, 3 to some extent, 2 to less extent and 1 to no extent. The means and standard deviations were generated from SPSS.

The research findings are as indicated in the Table 5.19

Table 5.19: Effect of budgetary control on budget variance in public secondary schools

		Very large extent	Large extent	Some extent	Less extent	No extent	Mean	Std. Dv
While striving to implement the budget, budget holders consider their actions affect achievement of school targets	Principals	11	8	3	2	0	4.17	0.963
	Bursars	6	8	6	0	0	4.00	0.795
Budgets are reviewed as need arises to capture reality during implementation	Principals	9	9	4	0	2	3.96	1.16
	Bursars	10	6	3	1	0	4.25	0.910
Recording of actual expenditure is accurate and timely	Principals	13	7	3	0	1	4.29	0.859
	Bursars	15	3	2	0	0	4.65	0.671
There is reference to the budget before undertaking any activity	Principals	11	9	3	0	1	4.29	0.859
	Bursars	10	6	2	0	2	4.10	1.252
Approved budgets are shared with stakeholders to ensure they are understood	Principals	11	8	5	0	0	4.25	0.910
	Bursars	14	3	1	2	0	4.45	0.99
Leadership and support by school authority throughout budget execution is effective	Principals	10	13	0	2	0	4.33	0.702
	Bursars	10	6	3	1	0	4.25	0.910
Reports on budget variances are shared with the board of management	Principals	12	8	3	1	0	4.29	0.859
	Bursars	12	4	1	3	0	4.25	1.118
Variances are investigated	Principals	4	11	7	1	1	3.67	0.963
	Bursars	3	13	2	1	1	3.80	0.951

Source: Survey data, 2016

Grand Mean 4.19

As indicated in Table 5.19, most of the respondents agreed to large extent that while striving to implement the budget, stakeholders considered how their actions affected achievement of set school targets as indicated by a mean of 4.17 for principals and 4.00 for bursars. This was in agreement with Hildreth (2003) who stated that budget control could provide schools management with means of ensuring that funds were used towards achievement of the set performance standard. Regarding whether budgets were reviewed as need arose to capture reality during implementation, most of the principals agreed to some extent as indicated by a mean of 3.96 while bursars agreed to large extent as indicated by a mean of 4.25. Regarding if recording of actual expenditure was accurate and timely, majority of the respondents agreed to large extent as indicated by a mean of 4.29 for principals and 4.65 for bursars.

Concerning whether there was reference to the budget before any request to undertake any activity was approved, most of the respondents agreed to large extent as indicated by a mean of 4.21 for principals and 4.45 for bursars. The study also sought to establish if the approved budgets were shared with all stakeholders to ensure they were understood. Responses indicated that most of the respondents agreed to large extent as indicated by a mean of 4.25 for principals and 4.45 for bursars. Respondents were requested to indicate if leadership and support provided by school authority throughout budget execution was effective. The research findings indicated that majority of the respondents agreed to large extent as indicated by a mean of 4.33 for principals and 4.25 for bursars. This was not in agreement with Mulwa (2008) who asserted that incompetent budget committee members led to delays in resource acquisition and delivery leading to poor coordination between the site and organizational authority.

The research also required respondents to indicate whether reports on budget variance were shared with the boards of management. The research findings indicated that majority of the

respondents agreed to large extent as indicated by a mean of 4.29 for principals and 4.25 for bursars. Concerning whether variances were investigated, most of the respondents agreed to some extent as indicated by a mean of 3.67 for principals and 3.80 for bursars. The study sought to establish if school developed solutions to problems revealed by budgetary control. According to the research findings, most of the respondents agreed to large extent as indicated by a mean of 4.00 for principals and 4.10 for bursars. The study found that budgetary control affected budget variance to large extent as indicated by a grand mean of 4.19.

4.3.4: Budgetary process in public secondary schools

The respondents were requested to give responses on budgetary process by rating their responses to statements on a likert scale of 5 to 1 with 5 being to very large extent, 4 to large extent, 3 to some extent, 2 to less extent and 1 to no extent. The means and standard deviations were generated from SPSS. The responses are as indicated in the table 5.20.

Table 5.20: Budgetary process in public secondary schools

		Very large extent	Large extent	Some extent	Less extent	No extent	Mean	Std dev
Top school management communicates the budget plan to those preparing the budget and this helps in reducing wastage of resources	Principals	15	6	2	1	0	4.46	0.833
	Bursars	13	3	3	1	0	4.40	0.940
The allowance or variance to be made is specified in the budget for the period	Principals	9	7	4	3	1	3.83	1.204
	Bursars	7	5	7	1	0	3.90	0.967
A factor that will restrict financial performance of the school budget is specified	Principals	12	6	5	1	0	4.21	0.932
	Bursars	9	3	4	3	1	3.80	1.321
Past data is used as the starting point of preparing the budget	Principals	19	3	1	0	1	4.63	0.924
	Bursars	14	3	3	0	0	4.55	0.759

Source: Survey data, 2016

According to the research findings shown in Table 5.20, majority of the respondents agreed to large extent that top school management communicated the budget plan to those preparing the budget as indicated by a mean of 4.46 for principals and 4.400 for bursars. The study findings established that most of the respondents agreed to some extent that allowance to be made in the budget period was specified as indicated by a mean of 3.83 for principals and 3.900 for bursars. The study sought to establish whether a factor that restricted financial performance of the school budget. Respondent principals agreed to large extent as indicated by a mean of 4.21 whereas bursars agreed to some extent as indicated by a mean of 3.800. Respondents were also requested to indicate whether past data was used as the starting point of preparing the budget. Majority of the respondents agreed to large extent as indicated by a mean of 4.63 for principals and 4.55 for bursars.

4.3.5: Budget variance in public secondary schools

The respondents were requested to give responses on budgetary control by rating their responses on a likert scale of 5 to 1 with 5 being to very large extent, 4 to large extent, 3 to some extent, 2 to less extent and 1 to no extent. The means and standard deviations were generated from SPSS. The research findings are as indicated in the Table 5.21.

Table 5.21: Budget variance in public secondary schools

		Very large extent	Large extent	Some extent	Less extent	No extent	Mean	Std.dv
School expenditures for the current year are not the same as school expenditures for the previous year	Principals	15	6	3	0	0	4.50	0.722
	Bursars	9	5	4	2	0	4.05	1.050
The school prepares income and expenditure financial records with differences between budgeted and actual expenditure	Principals	14	8	2	0	0	4.50	0.659
	Bursars	7	9	2	2	0	4.05	0.945
School fees paid by students is not equated to cost of education	Principals	12	7	1	2	2	4.04	1.301
	Bursars	8	4	5	1	2	3.75	1.333
There is a general increase in price of materials uses in construction of school projects	Principals	17	3	4	0	0	4.54	0.779
	Bursars	11	5	3	1	0	4.30	0.923
Cost of teaching and learning resources is more than school fees paid by students	Principals	15	5	1	2	1	4.29	1.16
	Bursars	12	3	2	3	0	4.20	1.152
Expenditure on co-curriculum activities exceeds amount budgeted for the activities	Principals	17	4	1	1	1	4.46	1.062
	Bursars	10	6	2	2	0	4.20	1.005
Non payment of school fees causes school projects to stall	Principals	21	3	0	0	0	4.88	0.338
	Bursars	16	2	1	1	0	4.65	0.813

Source: Survey data, 2016

According to the findings in Table 5.21, most of the respondents agreed to large extent as indicated by a mean of 4.50 for principals and 4.05 for bursars that school expenditures of the current year were not the same as those of previous years. This concurred with Muleri (2001) who concurred that budgeted amounts are frequently revised as the year unfolds. Respondents were requested to indicate if schools prepared income and expenditure financial with differences between budgeted and actual expenditure. Responses indicated that most of the respondents agreed to large extent as indicated by a mean of 4.50 for principals and 4.05 for bursars. Regarding whether school fees paid by students was not equated to cost of education, most of the principals agreed to large extent as indicated by a mean of 4.04 and majority of bursars agreed to some extent as indicated by a mean of 3.75.

Respondents were requested to indicate if there was a general increase in the price of materials used in construction of school projects, majority of the respondents agreed to a large extent as indicated by a mean of 4.54 for principals and 4.30 for bursars. Concerning whether cost of teaching and learning resources was more than school fees paid by students, most of the respondents agreed to large extent as indicated by a mean of 4.29 for principals and 4.20 for bursars. Regarding if expenditure on co-curriculum exceeded amount budgeted for the activities, most of the respondents agreed to large extent as indicated by a mean of 4.46 for principals and 4.20 for bursars. The findings established that most of the respondents agreed to large extent that nonpayment of school of school fees caused school projects to stall as indicated by a mean of 4.88 for principals and 4.65 for bursars.

4.4 Inferential Statistics

4.4.1: Correlation matrix for Linear Relationship between Variables

Pearson's correlation measures the strength and direction of the linear relationship between variables. In this study, it measured the strength and direction of Budget preparation, Budget implementation and budgetary control in relationship with Budget variance. The correlation results were presented in Table 5.22.

Table 5.22: Correlation Matrix for the Variables

	Budget variance	Budget preparation	Budget implementation	Budgetary control
Budget variance	1			
Budget preparation	.675**	1		
Budget implementation	.573**	.551**	1	
Budgetary control	.662**	.606**	.494**	1

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

Pearson's Correlations in Table 5.22 showed that budget preparation was positively and strongly correlated with budget variance ($r= 0.675$, $\alpha < 0.01$). Therefore, budget preparation had 67.5% strong positive relationship with budget variance.

Budgetary control was the second variable to be positively related to budget variance ($r= 0.662$, $\alpha < 0.01$). This showed that budgetary control had 66.2% strong positive relationship with the Budget variance.

Finally, budget implementation was positively correlated with budget variance ($r= 0.573$, $\alpha < 0.01$). Hence budget implementation had 57.3% a moderate positive relationship with budget variance. The study findings provided enough evidence to suggest that there was linear and positive relationship between budget preparation, budget implementation and budgetary control

and budget variance of the public secondary schools. By Klein's rule the regression coefficients are significant because none is close to the multiple correlation coefficient ($R=0.8700$).

4.4.2 Hypothesis Testing

The main objective of the study was to establish the effect of budgetary process on budget variance in public secondary schools in Rongo Constituency. To achieve this objective, the study postulated three hypotheses that were tested to determine the relationship between budgetary process and budget variance in public secondary schools.

Before establishing the relationship between the variables, the model was tested for suitability and results are shown in Table 5.23

Table 5.23: Model Summary

Model	Multiple R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.8700	0.7569	0.7456	1.0322

a. Predictors: (Constant), X_1 , X_2 , X_3

Information in Table 5.23 reveals that there is a high positive correlation between budgetary process and budget variance. This is indicated by the correlation coefficient (Multiple R) of 0.8700 indicating a high positive correlation. The result in Table 5.23 also shows that the model is a good predictor of budget variance in public secondary schools. This is shown by the R square value of 0.7569. This further shows that budgetary processes predict 75.69% of budget variance while other variables not considered in the present study can predict 24.31% of budget variance in public secondary schools.

To test the statistical significance of the model, analysis of variance (ANOVA) was used. The null hypothesis was set at there being no relationship between budgeting process and budget variance in public secondary schools. The results are shown in the Table 5.24.

Table 5.24: ANOVA

	Model	Sum of squares	df	Mean Squares	F	Sig.
1	Regression	2.117	3	0.4234	4.888	0.001 ^a
	Residual	1.213	105	0.0866		
	Total	5.240	108			

a. Predictors: (Constant), X₁, X₂, X₃

b. Dependent Variable: Budget Variance

The model regression relationship shown in Table 5.24 confirms that the relationship between budgeting process and budget variance in public secondary schools was strong. The p-value of 0.001 ($p < 0.05$) indicates that the null hypothesis that there is no effect of budgeting process on budget variance should be rejected. It is therefore concluded that the budgeting process affects budget variance positively. Likewise, the computed value of F is 4.888, which is greater than the F significant of 0.001 meaning that the model was statistically significant.

The regression equation took the form:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \alpha \dots (i)$$

Where,

Y = the dependent variable (Budget variance)

β_0 = Regression coefficient (constant)

$\beta_1, \beta_2, \beta_3$, = Coefficients for Budget preparation (X₁), Budget implementation (X₂), and Budgetary control (X₃) respectively;

X₁ = Budget preparation variable

X₂ = Budget implementation variable

X_3 = Budgetary control variable

α is an error term normally distributed about a mean of 0 (for purposes of computation, the α was assumed to be 0). The findings were presented in Table 5.25.

Table 5.25: Regression results

	Unstandardized		Standardized	
	Coefficients		coefficients	
	B	Std. Error	T	Sig.
(Constant)	0.0296	3.4404	0.0086	0.0002
Budget preparation	0.0889	0.0132	0.1484	0.0001
Budget implementation	0.0853	0.0588	1.4509	0.0001
Budgetary control	0.0954	0.1030	8.7843	0.0000

Dependent Variable: Budget variance $\alpha= 0.05$

Source: Survey Data, 2016

The regression equation took the form:

$$Y = 0.0296 + 0.0889X_1 + 0.0853X_2 + 0.0954X_3$$

Hypothesis 1 postulated that there was no statistically significant effect of budget preparation on budget variance in public secondary schools in Rongo Constituency. Findings in table 5.25 showed that budget preparation had coefficients of estimate which was significant basing on p-value= 0.0001 which is more than $\alpha=0.05$ implying that the null hypothesis should be rejected and conclude that there is a significant effect of budget preparation on budget variance in public secondary schools in Rongo Constituency. The study findings concurred with those of Gacheru (2012). However they were not in agreement with Kuria (2007) who found that amount of participation by stakeholders like students during budget preparation was not adequate.

Hypothesis 2 postulated that there is no statistically significant effect of budget implementation on budget variance in public secondary schools in Rongo Constituency. Findings in table 5.24 showed that budget implementation had coefficients of estimate which was significant basing on $p\text{-value} = 0.0001$ which is more than $\alpha = 0.05$ implying that the null hypothesis should be rejected and conclude that there is significant effect of budget implementation on budget variance in public secondary schools in Rongo Constituency. The study findings were found to be in line with those of Opiyo (2014).

Hypothesis 3 postulated that there is no statistically significant effect of budgetary control on budget variance in public secondary schools in Rongo Constituency. Findings in table 5.24 showed that statistically significant effect of budgetary control had coefficients of estimate which was significant basing on $p\text{-value} = 0.0000$ which is more than $\alpha = 0.05$ implying that the null hypothesis should be rejected and conclude that there is significant effect of budgetary control on budget variance in public secondary schools in Rongo Constituency. These findings are in line with those of Hildreth (2003). The findings did not concur with Mulwa (2008).

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATION

5.1: Introduction

5.2: Summary

This chapter contains a summary of the investigation findings, conclusions, recommendations as well as further suggestions for future research. The major goal of this research was to ascertain budgetary process and budget variance in public high schools in Rongo Constituency, Migori County, Kenya. The study was steered by the following goals: To establish the outcome of budget preparation on the budget variation in public high schools in Rongo Constituency, Migori County, to establish the outcome of budget execution on budget variance in public high schools in Rongo Constituency, Migori County and to ascertain the outcome of budgetary control on the budget variation in public high schools in Rongo Constituency, Migori County. This study adopted descriptive research design. The chapter was formed based on the data outcomes of the previous chapter, goals of the research and the research questions that were to be answered by the researcher. This research combined two approaches to the data analysis: qualitative and quantitative. This chapter is sub divided into five sections; section 5.2 summary, section 5.3 conclusion, section 5.4 recommendations, section 5.5 implications of the study and section 5.6 suggestions for further research.

5.2.1 Effect of Budget Preparation on Budget Variance in Public Secondary Schools

The first objective of this study was to determine the outcome of budget preparation of budget variance in public high schools in Rongo constituency, Migori County. According to the research findings, budgetary process started with forecasts of the anticipated income and expenditure and the budget was prepared to cover a particular period. It was also established that to a very large extent the budget was created in consultation with the management board, parents, teachers

association and teachers as well as to very large extent that budgets were created with reference to the school yearly plan, strategic plans and overall goals. From the findings of this study, it was established that there was a considerable outcome of budget preparation on budget variance in public high schools in Rongo Constituency in Migori County.

5.2.2 Effect of Budget Implementation on Budget Variance in Public Secondary Schools

The second aim of this study was to determine the outcome of budget implementation on budget variance in public high schools in Rongo constituency, Migori County. It was established that to a very large extent board of management authorized expenditures on school projects through board minutes as well as that funds received from various sources were recorded immediately for accountability purposes. It was also established that to a large extent the school's management board offered guidelines prior to budget execution and that funds spent on school projects were immediately recorded. Further, it was established that organization among several stakeholders during budget execution was realized through clear consultation and communication to a very large extent while the effect of insufficient funds allocated to school projects on budget implementation could be felt almost immediately. Therefore, from the findings of this study, it was established that there was an important outcome of budget implementation on budget variance in public high schools in Rongo Constituency in Migori County.

5.2.3 Effect of Budgetary Control on Budget Variance in Public Secondary Schools

The third aim of this research was to ascertain the outcomes of budgetary control on budget variance in public high schools in Rongo constituency, Migori County. In addition, hypothesis 2 postulated that there is no considerable outcome of budget control on budget variance in public high schools in Rongo constituency, Migori County. It was established that to a very large extent while striving to implement the budget, stakeholders considered how their actions affected achievement of set school targets. It was also established that to very large extent that budgets

were revised as the need occurred to get hold of reality during the implementation while recording of actual expenditure was accurate and timely.

It was further established that to a large extent there was reference to the budget prior to any appeal to carry out any activity was approved and that the approved budgets were freely shared with all stakeholders to guarantee that their input is valued. It also established that to a large extent support and leadership offered by the school management throughout budget implementation was efficient. Further, it was established that to a large extent findings on budget variance were shared with the management boards and the variances were fully investigated. Hence, from the findings of this study, it was established that there was a considerable outcome of budget control on budget variation in public high schools in Rongo Constituency in Migori County.

5.3: Conclusion

Based on the findings of this study, it can be concluded that budgetary process begins with forecasts of the anticipated income and expenditure and the budget is computed to cover a specific period. It can also be concluded that to a very large extent the budget is computed in consultation with the management board, parents, teachers association with reference to the school's annual plan, strategic plan as well as the overall goal.

Secondly, it can be concluded that to very large extent the, management board authorizes expenditures on school projects through the school's board minutes as well as that funds received from various sources were recorded immediately for accountability purposes. It can also be concluded that to a large extent the school's management board issues rules before budget implementation and that money spent on the school's projects are recorded immediately. Further, coordination between the stakeholders on the budget implementation period is realized through

clear consultation and communication while the effect of insufficient funds allocated to school projects on budget implementation could be felt almost immediately.

Thirdly, it can be concluded that to very large extent while endeavoring to execute the budget, stakeholders regard how their actions impact accomplishment of set school targets. The budgets are revised as need occurs in order to capture the actual figures during implementation while recording of actual expenditure accurately and timely. It can be further concluded that to a large extent there is reference to the budget prior to any request to carry out any activity is authorized and that the approved budgets are shared with key stakeholders to guarantee that they were understood.

5.4: Recommendations

In regard to the findings of this research,, the following recommendations were made: The Ministry of Education should fully sensitize the management of the public high schools on the importance of budget preparation as this will have a bearing on budget variance. The management of the secondary schools should be trained on the budgetary process by the MOE through workshops, seminars and conferences.

The board of management of the public high schools should always involve the teachers, students and other stakeholders in budget implementation. This is because there is considerable outcome of budget execution on budget variation in public high schools.

The board of management of public high schools should always carry out budgetary control to improve the budget variance. This should be done frequently in a way that the teachers, students and other stakeholders are satisfied.

5.5: Implications of the study

The policy implications of the budgeting process identifies with the popular level of expenditure by schools. The fundamental connotation of the budgeting process is that allotment of financial resources on school activities should be enlarged to the point that the present cost of the streams of income to marginal ventures is equivalent or greater than the marginal costs. This in essence will affect budget variance in the public high schools.

5.6: Suggestions for Further Research

The research suggested that further research can be carried out on the following areas:

The current study, basically addressed the issues of budget variance in public secondary schools. One of the objectives of the study was to identify effect of budget preparation on budget variance. In pursuing this objective, participation of the teachers and students emerged as one of the impediments. In view of this, a study should be carried out to determine the extent of participations of teachers and students in the budgetary process, with a view of finding possible solutions.

One of the findings of the present study revealed that, budgetary process affects the budget variance in the public secondary schools in Rongo Constituency. Following this, the study recommends that, similar studies can be carried out in other constituencies in the country, with the purpose of making comparisons.

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APPENDICIES

**NAFTAL OBUYA MOGENI,
MBA STUDENT,
KENYATTA UNIVERSITY,
P.O BOX 43844.
NAIROBI.**

Dear sir/Madam

RE: DATA COLLECTION

The above refers; please receive the questionnaire on budgetary process and budget variance in public high schools in Rongo Constituency, Migori County, Kenya. Responses given will be confidentially treated and will be used for academic purposes only. The name of your institution or your name will not appear in my report. Your assistance will be highly appreciated

Yours sincerely

Naftal Obuya Mogeni

MBA Student Kenyatta University

General information

1. What is your gender

Female

Male

2. How long has your school been in existence?

1 year

2-3 years

3-4 years

More than 5 years

3. What is the level of your school?

County

County

National

4. What time period does the school budget cover

3 months

6 months

1 year

More than 1 year

Has no time limit

5. How often are the school budgets reviewed

3 months

6 months

1 year

No revisions are made

6. Does your school have any development plan?

Yes

No

7. If yes when is it prepared?

At the beginning of every year

At the end of every year

8. Who approves final budget proposals

Board of management

Parents Associations

School principal

Ministry of education

9. For each of the following indicate whether your school had a deficit (over expenditure) or surplus (under expenditure).

Year	Budget deficit	Budget surplus
2011		
2012		
2013		
2014		
2015		

10. Your school has how many students?

Less than 100

100-150

- 150-200 []
- 200-250 []
- Over 250 []

11. Have ever attended any course on financial management?

- Yes []
- No []

12. If yes what was the level of the financial management course attended?

- Workshop []
- Seminar []
- Workshop and seminar []
- Formal training []
- Others []

13. Please assess the adequacy of the following facilities in your school

School facility	Adequate	Not adequate
School furniture and equipment		
School buildings like classrooms		
Laboratories and laboratory equipment		
Library		
Text books		
Others.....		

14. Rate involvement of the following categories of people in budget preparation

5=strongly involved, 4=moderately involved, 3=may or may not be involved, 2=little involvement, 1=not involved

	5	4	3	2	1
Heads of departments					
Teachers					
Students					
Sponsors					
Local leaders					
Others (specify)..... 					

15. Does your school have a vision and mission?

Yes []

No []

PART 11: SPECIFIC QUESTIONS TO THE RESEARCH

Budgetary process

Using a rating of 5 to 1 indicate your view on the following statements on the budgetary process.

Where 5= Very large extent, 4= to a large extent, 3= To some extent, 2= To a less extent, 1= To no extent.

	5	4	3	2	1
Top school management communicates the budget plan to those preparing the budget plan and this helps in reducing wastage of resources					
The allowance or variance to be made is specified in the budget for the period					
A factor that will restrict financial performance of the school budget is specified					
Past data is used as the starting point of preparing the budget					

Budget preparation

Indicate your view of the following statements on budget preparation. Using a rating of 1 to 5 please indicate your view of the following statements on budget preparation

Where 5= Very large extent, 4= To a large extent, 3= To some extent, 2= To a less extent, 1= To no extent

	5	4	3	2	1
The budgetary process starts with forecasts of the expected income and expenditure					
The budget is prepared to cover a specified period					
The budget is prepared in consultation with the board of management, parents association and teachers					
Budgets are prepared with reference the school annual plan, strategic plan and overall goal					
The school has documented budgetary process which is referenced during the process					
Budgets are used to control resources					
Budgets are used to judge performance of the users					
Budgets are used to motivate teachers, subordinate staff and other stakeholders					

Budget implementation

Using a rating of 1 to 5 please indicate your view on the following statements on budget implementation

Where 5= to very large extent, 4= To large extent, 3= To some extent, 2= To less extent, 1= To no extent

	5	4	3	2	1
Board of management authorizes all expenditure on school projects through the board minutes					
Funds received from various sources for school projects are recorded immediately					
The school board of management issues guidelines prior to budget implementation					
Funds spent on school projects are recorded					
Coordination among the various stakeholders during budget execution is achieved through clear communication and consultation					
Insufficient funds allocated to projects and departments affect budget implementation					
Institutional weaknesses hinder effective budgetary process implementation					
The budgetary process is time consuming and expensive and may become volatile before implementation					

Budgetary control

Using a rating of 1 to 5 please indicate your view on the following statements on budgetary control

Where 5= To very large extent, 4= To large extent, 3= To some extent, 2= To less extent, 1= To no extent

	5	4	3	2	1
While striving to implement the budget the budget holders consider how their actions affect achievement of the set target of the school as a whole					
Budgets are reviewed as need arises to capture reality during implementation					
Recording of actual expenditure is accurate and timely					
There is always reference to the budget before any request to undertake an activity is approved to ensure that there are adequate funds					
The approved budgets are shared with all stakeholders to ensure they are understood					
Leadership and support provided by the school authority throughout the budget execution is effective					
Reports on budget variance are shared with the Board of management					
Variances are investigated					
The school develops solutions to problems revealed by budgetary control					

Budget variance

Using a rating of 5 to 1 indicate your view on the following statements on budget variance. Where, 5= Very large extent, 4= To a large extent, 3= To some extent, 2= To a less extent, 1= To no extent.

	5	4	3	2	1
School expenditures for the current year are not the same as school expenditures for the previous year					
The school prepares income and expenditure financial records with differences between budgeted and actual expenditure					
School fees paid by students is not equated to cost of education					
There is a general increase in price of materials used in construction of school projects					
Cost of teaching and learning resources is more than school fees paid by students					
Expenditure on co-curriculum activities exceeds amount budgeted for the activities					
Non-payment of school fees causes school projects to stall					

STALLED SCHOOL PROJECTS

SCHOOL	PROJECT	YEAR OF COMMENCEMENT	EXPECTED YEAR OF COMPLETION
Kameji mixed secondary school	School library	2009	2013
Kamagambo day secondary school	Dining hall	2010	2012
Koderobara secondary school	Dining hall	2008	2011
Matagaro secondary school	Administration block	2010	2014
Minyenya secondary school	Library	2009	2012

Source: Rongo Sub County education office, 2015

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