

**CHALLENGES IN MANAGEMENT OF FREE PRIMARY EDUCATION FUNDS
IN PUBLIC PRIMARY SCHOOLS IN NYAHURURU DISTRICT, LAIKIPIA
COUNTY, KENYA**

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DEDICATION

This Project Report is dedicated to my dear wife Rehab W. Mambo, my dear daughters Faith Wanjiku and Ruth Kabura and son Derrick Ndiang'ui for their patience and support during the entire process of research and report writing. I also wish to dedicate this project to my late dad Mr. Nelson Ndiang'ui and mum Edith Wanjiku who encouraged me to continue studying. You have been my strength throughout this taxing moment in my life and your encouragement has enabled me to execute the project successfully. May God bless you all.

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ABSTRACT

The purpose of the study was to examine the challenges in management of Free Primary Education funds in public primary schools in Nyahururu District of Laikipia County, Kenya. The study sought to: determine the level of training of public primary school managers in financial management; establish awareness of financial management guidelines among the school managers; establish the role of school committees in financial management; and identify the challenges they face on day-to-day management of school finances. Literature is reviewed on skills needed to effectively manage school funds; policy, legal, and institutional framework in schools; role of school committees; financial management challenges facing learning institutions; and a comparative analysis of public finance management in UK schools. The study was a descriptive survey. Questionnaires were used to collect data from the field. Stratified random sampling was used to select 10% or 7 schools from a population of 70 primary schools in the District as follows: Nyahururu Division which has the highest number of primary schools got 2 slots while all the other 5 divisions namely: Gituamba, Ng'arua; Salama, Muhotetu; and Oljabet got 1 slot each. Further, purposive sampling was used to select 56 School Committee Members as follows: the chair person, treasurer, and the representatives of: the District Education Board [DEB] (1), school sponsors (1), the local community (1), local administration (1) and Parents Teachers Association [PTA] (2) from each of the seven sampled schools. Data collected was analyzed using descriptive statistics; percentages and frequencies and results presented in summary tables and charts. The study established that a majority of public primary head teachers and school committee members are not trained or inducted on school financial management. This was found to compromise their ability to source for school funds, receipt and record school funds, procure the right teaching-learning resources, make payments of school credits, audit school accounts and report to stakeholders. Financial management guidelines awareness was also found to be high among both head teachers and committee members in the District and include: a condition that budgeting must be done before spending school funds; no withdrawal of school funds can be done without minutes approving withdrawal, signatures of the committee officials and the stamp of the school; and give priorities and incur expenditure according to vote heads. The study also established that the school committees are mainly involved in budgeting and to a lesser extent, receipting, accounting, recording, auditing, and reporting of financial appropriations in the school. However, performance of these functions by the committee members was found to be below average. Finally, the challenges facing primary school head teachers in the management of school finances in Nyahururu District were established as: inadequate training in financial management, inability of primary schools to employ accounts clerks, schools are run on systems that are none inclusive to all stake holders, head teachers do not benefit from any regularly organized refresher courses, training and induction programmes on financial management. The study also found out that some schools do not benefit from regular inspection of school funds and the management of FPE funds through the DEO's office creates room for complacency, corruption and ineptitude, and that there is unclear definition of the responsibilities of committee members which often results into a conflict of interest.

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ABBREVIATIONS AND ACRONYMS

CPA	:	Certified Public Accountants
DEO	:	District Education Officer
DfID	:	Department for International Development
EAC	:	East Africa Community
EFA	:	Education for All
ERS	:	Economic Recovery Strategy
ESSP	:	Education Sector Support Program
FBO	:	Faith Based Organizations
FPE	:	Free Primary Education
GDP	:	Gross Domestic Product
IEA	:	Institute of Economic Affairs
IPAR	:	Institute of Public Analysis and Research
IT	:	Information Technology
KACC	:	Kenya Anti-Corruption Commission
KATC	:	Kenya Accountants Technicians Certificate
KESSP	:	Kenya Education Sector Support Program
KNUT	:	Kenya National Union of Teachers
LMS	:	Local Management of Schools
MDG	:	Millennium Development Goals
MoE	:	Ministry of Education
MOEST	:	Ministry of Education, Science and Technology
MTEF	:	Medium Term Expenditure Framework
NGOs	:	Non Governmental Organizations
NPM	:	New Public Management
PFM	:	Public Finance Management

PPDA	:	Public Procurement and Disposal Act of 2005
SNG	:	Sub-National Governments
SWAP	:	Sector Wide Approach Programmes
SWOT	:	Strengths, Weaknesses, Opportunities and Threat
UK	:	United Kingdom
UNDP	:	United Nations Development Program
UNESCO	:	United Nations Environmental, Scientific and Cultural Organization
UNICEF	:	United Nations International Children Education Fund.
USA	:	United States of America
USAID	:	United States Agency for International Development

CHAPTER ONE

INTRODCUTION

1.1 Background to the study

Financial management is the system by which the resources of an organization's business are directed and controlled to support the organization's goals (United Kingdom, 2009). According to the UK (2009) report, good financial management is an essential element of strong corporate governance and forms part of the foundations of an organization, underpinning service quality and improvement, and is the basis of accountability to stakeholders for the stewardship and use of resources. The report further observes that effective financial management helps an organization to manage its budgets, allocate resources and make decisions supported by an understanding of the relationship between costs and performance and deliver its services cost-effectively.

Further, the UK (2009) report notes that financial management is important in managing the use of resources cost-effectively to deliver services that meet the needs of young people and families and that good financial management helps an organization manage its budgets, manage the financial risks to the organization, allocate resources and make decisions supported by an understanding of the relationship between costs and performance, and deliver its services cost effectively. Good financial management supports an institution in meeting its responsibilities to the public, while also delivering value for money for taxpayers. The quality of financial governance and leadership within an organization is fundamental if financial management is to be taken seriously. Therefore, according to the report, sound financial governance depends on well developed internal control and risk management, and staff having appropriate financial management skills and expertise.

Davies and Ellison (1998) recommend that the fundamentals of financial management such as governance, internal control, probity and propriety should be firmly in place. According to Davies and Ellison, the institutions of education need to establish core financial competencies and achieve consistency of financial management skills

throughout their institutional structures. Davies and Ellison further observed that financial management in education is concerned with the cost of education, source of income to meet educational costs and the spending of the income in an objective manner in order to achieve the educational objectives. Therefore, education is both a consumption and an investment in human capital by individuals and society.

Republic of Kenya (2005) in a Government Training Manual for teachers' notes that prudent financial management in a school entails a process of acquiring school finances, preparing expenditure priorities set by school management committee and other stakeholders. It also entails receiving of funds from various sources which include government grants, local authorities, donors, parents, and other sources. According to the Manual, once money is received, it should be carefully recorded from whatever source and procurement is supposed to be done according to the budget (Public Procurement and Disposal Act, 2005). Once goods and materials are supplied they should be assessed and inspected before payment is done, recorded and then reporting is done to all stakeholders. According to the Ministry of Education, due process should be followed by public officers appointed to manage school resources.

Policy Analysis and Research (2009) notes that public primary schools in Kenya have been slow in embracing prudent financial management policies. Among the issues that were cited as negatively affecting education are mismanagement of school funds and ineffective inspection of schools. The same gap was also identified by Cheruto and Kyalo (2010) who observe those primary schools' management face challenges in the implementation of the Free Primary Education Program. According to Cheruto & Kyalo, the challenges include: shortage of staff, limited financial management skills, resistance from parents, inadequate physical facilities and delay in disbursement of funds by the government. The study recommended that head teachers require further training in financial management and other managerial skills and that accounts clerks should be employed in primary schools to assist in book-keeping.

However, recent reports from the Ministry of Education indicate that colossal sums of money meant for FPE were lost through unscrupulous deals involving ministry officials

and heads of primary schools in various parts of the country in the period between 2005 and 2008. These points to a serious case of financial mismanagement of FPE funds and the result was several donor agencies that have been supporting FPE Program in Kenya including USAID, The UK, European Union and The World Bank pulled out and froze funds that were meant for FPE in the 2009/2010 and 2010/2011 financial years. The saga culminated in the suspension and eventual ouster of the Permanent Secretary in charge of education docket in May 2010 but that according to many observers was too little too late. The frozen donor funds have resulted into a financial crisis in the Ministry of Education because part of the funds was factored in the 2011/2012 budget for the Ministry and the government was hard-pressed to look for funds elsewhere to cover the deficit.

In the wake of such negative development involving embezzlement of public funds, the current study sought to specifically address the challenges of financial management facing primary schools head teachers in Nyahururu District with a view to inform future policy formulation to include financial management strategies in primary schools to avoid misuse of public resources.

1.2 Statement of the problem

Free Primary Education Program is a major expense area on the exchequer and involves the transfer of billions of shillings each year to various school accounts to cater for learning materials and other expenses as outlined by the Ministry of Education. In 2009/2010 financial year, four billion shillings were disbursed to various public primary schools in the country to cater for teaching-learning resources and other expenses. However, the shocking reality was the loss of funds meant for FPE Program running into billions of shillings through poor accountability, mismanagement and corruption involving heads of various primary schools and education officials. The problem of misappropriation of funds meant for FPE resulted into the withdrawal of major donors from FPE program in 2009/2010 and has the potential of locking out so many needy

children who benefit from FPE Program and rely fully on the program for their educational needs.

The District Education Audit Report (2009) for Nyahururu District further reports that there were 12 reported cases of misappropriation of school funds meant for FPE Program in 2007-2008. The Kenya National Union of Teachers (KNUT) reports in the Daily Nation (Tuesday 16th March, 2010) also indicate that by the end of 2009, over 200 head teachers had been interdicted nationally for mismanagement of funds meant for FPE Program. This is a major drawback in the management of public resources in the country and it raises a fundamental question: what challenges do primary school head teachers face in financial management of school funds? It is against this background that this study sought to establish the challenges primary school head teachers face in financial management of school funds in Nyahururu District.

1.3 Purpose of the study

The purpose of the study was to examine the challenges in management of Free Primary Education funds in public primary schools in Nyahururu District of Laikipia County, Kenya.

1.4 Specific objectives

The specific objectives of this study were as follows:

- i. To determine the levels of training of public primary school managers in financial management in Nyahururu District.
- ii. To determine awareness of financial management guidelines in the management of school funds among primary school managers in the District?
- iii. To find out the role of school committees in financial management in public primary schools in Nyahururu District.
- iv. To identify views of head teachers about the challenges they face on day-to-day management of school finances.

1.5 Research questions

The study sought to answer the following questions:

- i. What are the levels of training of public primary school managers in financial management in Nyahururu District?
- ii. How informed are primary school managers about financial management guidelines for the management of school funds in public primary schools?
- iii. What are the roles of public primary school committees in financial management of school funds in the District?
- iv. Which are the challenges, head teachers face on day-to-day management of school finances?

1.6 Significance of the study

This study sought to establish the challenges heads teachers of public primary schools face in financial management of school funds and involved public primary school head teachers and School Committee Members from Nyahururu District of Laikipia County. From the many cases of outright theft, to mismanagement of funds meant for FPE Programme in the country reported in the last few years, this study may assist education officials, parents, Ministry of education, civil society organizations, development partners, teachers, and local leaders to initiate necessary structural adjustments in policy and practice to address weaknesses in financial management at the primary school level. Data obtained from this study can also be used for further research in the area as may be appropriate.

Lastly, the study findings are significant especially to the teacher training curriculum developers because it highlights the need to develop, adopt and implement financial management courses within the teacher training curriculum at the degree, diploma and certificate levels in various teacher training institutions in the country.

1.7 Limitation of the study

First, the study was limited by the time frame within which all the activities of the research had to be concluded and hence the chosen sample of 7 public primary schools. For more conclusive results, all public and privately owned primary schools in Nyahururu District should have been included in the study since financial management challenges facing primary school managers is a problem which cuts across the divide. However, this was not possible. Further, the study had limited funds which could not support a very extensive study involving many public and private primary schools in the District. Finally, the study could have encountered a situation where some respondents gave incorrect information in the questionnaire. Due to the identified limitations, the findings of the current study can only be generalized to public primary schools in Nyahururu District which are similar in characteristics and in environment to the subjects of the study.

1.8 Delimitation of the study

The study limited itself to 7 public primary schools randomly drawn from the 70 public primary schools in Nyahururu District in a stratified sampling method which saw schools grouped into 6 divisions along the administrative boundaries in the District in order to ensure equal representation. Therefore, the 7 primary schools sampled in the current study reflect the geographical diversity of the study area. Further, representation was based on the number of schools in each division. Hence, Nyahururu Division which has the highest number of public primary schools got two slots in the sample frame while the other five divisions with moderate population of schools got a slot each in the sample frame. The study also restricted itself to 56 school committee members purposively selected from the 7 public primary schools. The sample was selected in a manner which ensured that all the major representatives in a school committee as outlined by the Ministry of Education were represented in the sample frame.

1.9 Assumptions of the Study

This study assumed that:

- a) Public primary school head teachers in Nyahururu District lack the necessary skills to prudently manage school funds.
- b) The study also assumes that the presence or absence of the indicated financial management skills will determine the level of efficiency and accountability in the management of school funds by various head teachers in public primary schools in the District.
- c) There are ways of addressing the challenges school heads face in financial management of school funds in public primary schools in Nyahururu District.

1.10 Theoretical Framework

This study was guided by Organization Systems Theory, advanced by Knight (1993). Organizations' Systems Theory model for school financial management by Knight Views the school as a system composed of interrelating elements which contribute to the effective operation of the system. According to the systems theory, each element is dependent on the other within the giant school system. In this context, school administration, teachers, parents, pupils, and all other resources which are necessary to achieve the school objectives are the elements of a public primary school system. Just as pointed out by Knight, these elements are interdependent. Among these, school finance is one of the major interactive elements within a school system.

Financial resource is an important key input into any public or private system as it provides the means of running all the affairs of an institution or organization and acquire all the resources needed to achieve institutional/organizational objectives. In the case of public schools, these financial resources are obtained through government allocations, parents' contributions, school internal sources and from donor organizations. The revenue element of the financial resources is converted into human and physical resources through planning and budgeting. This is the responsibility of the school head teacher and members of the school committee.

Thus, it emerges that the school head teacher and the committee members play a major role in the management of school funds in public primary schools. The theory is relevant to the study in that one of the main objectives of FPE is to ensure that the Government avails funds for running school curriculum. However, it is through a combination of prudent budgeting, strict implementation, and good reporting for FPE funds and all the other elements of primary education that primary schools in Nyahururu District can achieve their goals.

Organization Systems Theory is supported by the New Public Management Model by Boston *et al.* (1996). The New Public Management Model is a management philosophy model used by governments since the 1980s to modernize the public sector. New Public Management is a broad and very complex term used to describe the wave of public sector reforms throughout the world since the 1980s. In the view of Boston *et al.*, the main hypothesis in the NPM-reform wave is that more market orientation in the public sector leads to greater cost-efficiency for governments, without having negative side effects on other objectives and considerations.

In modern times, according to Boston *et al.* (1996), NPM can be viewed as a combination of splitting large bureaucracies into smaller, more fragmented and efficient units, competition between different public agencies, and between public agencies and private firms and incentivization on more economic lines. They observed that NPM has been an intellectual force in public management outside the USA from the late 1980s to date and according to them, NPM compared to other public management theories, is more oriented towards outcomes and efficiency through better management of public budget. In this case, the public budget includes FPE funds which are provided by the Government to fund education activities in public primary schools in the country. To Boston *et al.*, NPM can be achieved by applying competition, as it is known in the private sector, to organizations in the public sector, emphasizing economic and leadership principles. Again, in this context, leadership principles in the public sector encompass administration framework for primary school resources by head teachers and school committees. New

public management addresses beneficiaries of public services much like customers, and conversely citizens as shareholders.

According to the model, there are three levels of conversion component which are interrelated and they include physical (school finances and infrastructure among others) and human resources (teachers and other support staff), time and effective education process. When managed skillfully, each conversion can expand the available resources and contribute to positive feedback. The education process can be affected by three major variables namely resources provision, material on which to work on and regulatory policies, ideas and attitudes which contribute to the education process. The model system outcome is the process of both measurable and non measurable value and in the long term process the measurable outcomes will lead to the benefits of the society and to individual learners. Again, this theory is relevant to the current study since it advocates for a public sector management system that encourages prudent management of public resources. This in turn demands that those in charge of the system should possess the necessary skills to effectively manage the resources as envisaged.

1.11 Conceptual Framework

The study was guided by the following conceptual framework which shows the inter-relationship between variables in the study.

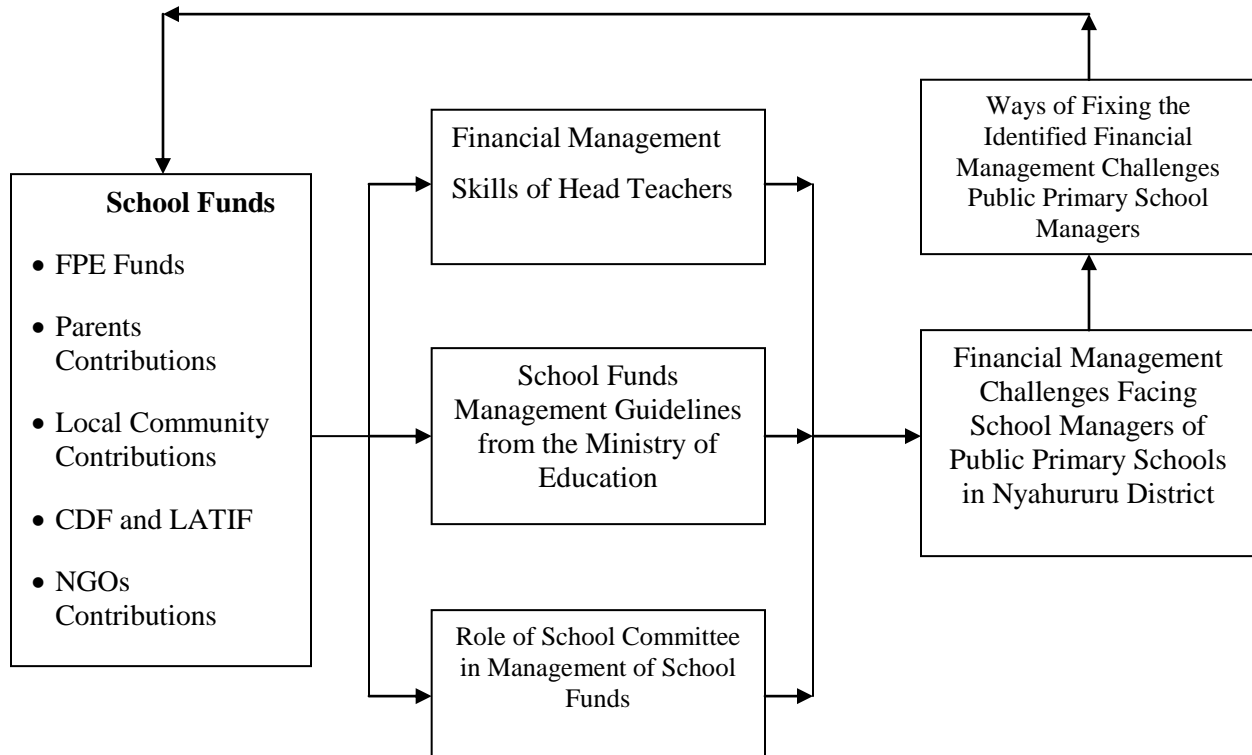


Figure 1.1: Conceptual Framework (Source: Researcher; 2010)

From Figure 1.1, the *independent variable* in this study is school funds in public primary schools in Nyahururu District. The framework gives various sources of funds for public primary schools as: Government funds for FPE Program me, payments by parents, local community contributions through such initiatives as *Harambee*, and foreign and local donor funded educational projects done through NGOs.

School heads and committee members need financial management skills and financial management guidelines issued by the Ministry of Education to effectively covert the revenue element of these resources into human and physical resources through planning, budgeting, receipting, accounting, recording, auditing, and reporting. The financial

management skills and school funds management guidelines issued by the MoE are therefore the *Intervening Variables* in the present study. They are supposed to help head teachers to achieve maximum efficiency, transparency and accountability in the management of school funds.

The three levels of conversion component which include human and physical resources and management skills interrelate. Poor financial management skills and inability to correctly interpret School Funds Management Guidelines issued by the MoE may lead to mismanagement of school funds by head teachers. The challenges school heads face in financial management of school funds in Nyahururu District is the *Dependent Variable* in the current study. The end result is a negative feedback and diminishing resources in public primary schools in the District of study. The framework supposes that the presence or absence of the indicated financial management skills will determine the level of efficiency and accountability in the management of school funds by various head teachers in public primary schools in the District.

1.12 Definition of Operation Terms

Free Primary Education

Is an education program in Kenya where the government financially supports public primary schools through a pooled fund and capitation of free primary education is currently based on 1,020 shillings per student per year to cater for books and other teaching-learning expenses and parents are only required to provide for physical development and other development expenses for their children

Financial Management Challenges

These are challenges due to limitations in knowledge and skills necessary for prudent financial management in primary schools in Kenya.

Skills Development

Is the training and development that the Government provides to teachers to improve their ability to deliver quality services to the people.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This section reviews relevant literature under the following themes: policy, legal, and institutional framework in public primary schools; role of school committees in public primary schools management; and financial management challenges facing government institutions in Kenya. A comparative analysis of public finance management policy in UK schools is also given.

2.1 Skills Needed to Effectively Manage Public Primary School Funds in Kenya

More than ever, in today's climate of heightened expectations, head teachers are in the hot seat to improve teaching and learning in their schools. Head teachers of public primary schools play a vital and multifaceted role in setting the direction for schools that are positive and productive workplaces for teachers and vibrant learning environments for children. Norman (2010) in a study of the *Importance of Financial Education in Making Informed Decision on Spending* conducted in Iringa in Tanzania established that head teachers and principals need to be educational visionaries, instructional and curriculum leaders, assessment experts, disciplinarians, community builders, public relations experts, budget analysts and financial managers, facility managers, special programs administrators, and expert overseers of legal, contractual, and policy mandates and initiatives.

Norman (2010) reiterated that head teachers are expected to broker the often-conflicting interests of parents, teachers, students, education officials, unions, and state agencies, and they need to be sensitive to the widening range of student and stakeholder needs. While that job description sounds overwhelming, at least it signals that the field has begun to give overdue recognition to the critical role and mounting demands on school head teachers. But are present and future heads of public primary schools getting the professional preparation they need to meet the heightened expectations and growing demand for efficient service delivery in primary school institutions? A range of critics,

including head teachers themselves, raise a litany of concerns about the quality and effectiveness of the leadership preparation typically provided at teacher training colleges and elsewhere in the country. The study found out that curricula offered in teacher training institutions often fail to provide grounding of effective management skills among learners, and that mentorship and internships often lack depth or opportunities to test their leadership skills in real-life situations. The study further established that admissions standards in many teacher training institutions lack rigor and, as a result, too many graduates are eventually certified, but not truly qualified to effectively lead school-wide change management.

Harber and Davies (2002) observed that management involves planning to organize, to command, to co-ordinate, and to control all activities of an organization system. Similarly, Robbin and Coulter (1999) who also defined management as a process of coordinating and integrating work activities so that they are completed efficiently and effectively through other people. Okumbe (1998) further elaborates the concept of management and pointed out that management involves designing, developing and effecting organizational objectives and resources so as to achieve predetermined organizational goals. Therefore, a head teacher being a manager is supposed to plan, take decisions, motivate, lead, organize, communicate, co-ordinate and control.

UNESCO-IICBA (2006) observes that principals and head teachers are usually in the front line of the battle to create an environment for quality education. In this document that was prepared for Training and Support Program for School Heads in Africa supported by Ministries of Education in Africa, it was established that an effective principal or head teacher should be able to manage and deploy school resources efficiently, allocate school accommodation appropriately, ensure satisfactory standards of maintenance and cleanliness of school facilities, guide curriculum implementation and change, organize staff development in school and create a professional ethos within the school by involving promoted staff in decision-making.

According to the toolkit, the five main management functions of school heads are planning, organizing, directing, supervising and evaluating all aspects of school life and

although they occur in sequence, each function continues all the time. When broken down, these functions show that a head teacher does several tasks which are both complex and never complete and therefore school management requires a serious attention. The UNESCO (2006) observes that a school is a mirror image of its head and will always reflect what a head teacher is who as an individual brings to the work situation certain strengths and weaknesses and encounters certain opportunities and threats under the familiar acronym SWOT. This document is in agreement with Republic of Kenya (2003) which outlined the responsibilities of school head teachers as planning, directing, controlling and implementing all education policies and enterprises in education sector at the primary school level.

In order to govern or supervise the operations of these institutions, sound management skills are required to correctly direct and control use of public resources on behalf of the central government. The UNESCO (2006) provides for training and professional development of school managers to help them survive in and adapt to constantly changing educational, cultural, political and economic environments. According to this training tool kit, the survival of head teachers/managers of schools is achieved by the degree to which they possess the skills, knowledge (ideas), and attitudes necessary to meet the challenges posed by these changing environments. The manual observed that training and professional development are the means by which one can acquire the requisite skills and attitudes. It tends to assume a deficiency in the trainee, presuppose a set of appropriate ideas, skills and attitudes that need to be developed in the trainee, bring about conformity, reduce the trainee's range of alternatives and should be formal, bureaucratic, and centralized.

Further, UNESCO (2006) tool kit asserts that professional development is a continuous process of growth for personnel in a system and in a school setting; professional development is something that one does in order to be more competent and effective. According to this document, professional development is growth-oriented, has the assumption that people want to develop on the job and increase the range of alternatives available. Professional development and training occupies an important place in school

management and due attention should be provided to the two areas given their strengths and weaknesses, and needs are clearly established. According to the UNESCO (2006) manual, training is necessary and seems best matched to formal intervention strategies while professional development, however, should receive the major focus and seems best matched to informal intervention strategies.

The efforts of a head teacher in creating a better school, depends on his/her understanding of these strengths, weaknesses, opportunities and threats. In the process of managing the school, on the support he/she gets from peers, subordinates, superiors, and the community. These are the people and the groups that the head teacher has to work with and it is important to learn and understand how to do so in a purposeful and productive way. It is important to understand group characteristics and expectations and the many methods which can be employed to enable the head teacher to work effectively with all stake holders in education sector. According to UNESCO (2006), central to effective management capability is team building, Soap-boxing and debating, snowballing, goldfish bowls and brainstorming which are major responsibilities of a school head.

In order to make the school better, UNESCO (2006) observes that the head teacher should do school development planning, and to achieve quality by addressing the inputs, processes, outcomes and outputs of the school with an aim of creating an atmosphere of transparency and accountancy in management that improves both the efficiency and effectiveness of the school. Development planning according to the toolkit entails a process of continuous evaluation to identify in the school, strengths that can be built on and weaknesses that need to be remedied and this is supposed to bring about the changes necessary to enhance quality.

A survey carried out by Davies & Ellison (1998) in six Sub-Saharan countries in Africa demonstrate that school management in Africa, with all its uncertainties and complexities, is substantially different from that found in the developed world, where much of the theory originates and that current provision for head teacher training was inadequate. As an administrator and a manager of a school, the head teacher is expected to be in the frontline in competencies necessary for effective management of the school

and its resources. However, according to UNESCO (2006), school heads in Africa work under the most difficult conditions and are often not well-prepared for the tasks they must undertake.

The Ministry of Education Science and Technology (2006) commissioned a study which appeared to be a follow-up of the recommendations of Sessional Paper No.1 of 2005 and whose findings showed that most head teachers and their deputies appointed to head public primary schools are not trained in basic financial management which is admittedly a key prerequisite for quality and effective management of education sector in the country. The study further showed that the head teachers are given headship positions without any formal preparation for the task ahead of them.

It is against this background that this study sought to establish the challenges school heads face in financial management of school funds in public primary schools in Nyahururu District of Laikipia County. It was in the interest of the current study to determine whether the primary head teachers are fully equipped with all the necessary skills and expertise to control, direct, account and report on financial resources under their custody. According to Republic of Kenya (2002), primary head teachers have an overall responsibility over operations of the school and are accountable to the employers, parents, donors, and the public who are the tax payers. According to the policy document, head teachers are expected to demonstrate superior intellectual, moral and mature characteristics in their roles as models to staff and pupils, parents and members of the local community.

2.2 Policy, Legal, and Institutional Framework in Public Primary Schools

Education reform efforts in less industrialized countries have aimed at making education an effective vehicle for national development. Governments, policy makers, and civil society have emphasized that developing countries need to invest more in education and ensure that systems of education are efficiently managed, that limited funds allocated to sector have maximum impact, and that cost-recovery measures are adopted Abagi & Odipo, (1997). However, despite the clear commitment of the Government of Kenya and

international agencies to the education sector in this country, efficient and equitable access is still proving to be elusive to many, especially for girls, indigenous peoples and other poor and marginalized groups World Bank, (2007).

There are many international initiatives that are focusing on these access issues with great commitment, but, even where the vast majority of children do have access to education facilities; the quality of that education is often very poor. This has become increasingly apparent from the scores from a learning test in which most learners from rural schools in Kenya failed to excel in basic skills of arithmetic, reading and writing. According to the World Bank (2007), evidence has shown that merely increasing resource allocation without also introducing institutional reforms to the education sector will not increase equity or improve the quality of education.

Fullan and Watson (1999) pointed out that every educational institution requires a pattern of administration to propel its efficiency and effectiveness towards the realization of the institution's goals. He emphasizes the need for dynamic effective and efficient management strategies in school functions to guarantee survival and continuity in the face of scarce resources, social changes, increased general awareness and competitive market. The school management strategies are captured in various legal, policy, and institutional frameworks that are present in the country today.

The Education Act of 1968 defines a manager as any person or body of persons responsible for the management and conduct of a school, and includes a Board. The Act, read together with the Teachers Service Commission Act, Cap. 212, confers extensive powers on the Minister of Education over the management and regulation of education in Kenya. The two acts give the minister extensive latitude to delegate his powers to local authorities, District Education Boards or Boards of Governors and School Committees. According to Education Act of 1968, primary schools are managed by School Committees constituted at the school level. The school committees are responsible for the hiring and remuneration of support and subordinate staff in public schools. The School Committees also act as the custodians and trustees of the movable and immovable

property of their respective schools. The headmasters of these institutions serve as the secretaries and executive officers to the School Committees.

Republic of Kenya (2002) in a policy advisory maintained that head teachers must be properly prepared and equipped with the necessary institutional and financial management skills to increase their efficiency and effectiveness in managerial responsibilities. According to the ministry, school heads must prepare functional budgets, do proper accounting of funds and present their accounts for compulsory annual audits. Therefore, as a minimum requirement, school head teachers should possess book keeping and accounting skills in order to prudently utilize and account for the funds under their custody.

In order to guide spending in public institutions in the country, the Public Procurement and Disposal Act of 2005 grant head teachers the power to control the tendering and procurement process in public schools. Public Procurement and Disposal Act (PPDA) [2005] establishes procedures for procurement and the disposal of unserviceable, obsolete or surplus stores and equipment by public entities to achieve the following objectives: to maximize economy and efficiency; to promote competition and ensure that competitors are treated fairly; to promote the integrity and fairness of those procedures; to increase transparency and accountability in those procedures; to increase public confidence in those procedures; and to facilitate the promotion of local industry and economic development.

PPDA (2005) provides the general procurement rules outlining the choice of procurement procedure; conditions guiding the procurement process; qualifications to be awarded contract; and pre-qualification procedures. Also provided in the Act are the limitation on contracts with employees; specific requirements; termination of procurement proceedings; inappropriate influence on evaluations; participation in procurement; corrupt practice; fraudulent practice; collusion; conflicts of interest; confidentiality; procurement records; and inspections and audits relating to contracts. The Act expressly prohibits corrupt practices, fraudulent deals and collusion in public procurement exercises in the country. It is therefore necessary to recognize that, there exists legal

framework to control procurement of goods and services and disposal of obsolete items in the public sector in Kenya. However, it is one thing putting in place the necessary legal framework to regulate public procurement sector and another thing altogether to operationalize the law. It is therefore necessary to determine how many heads of public primary schools are aware of the provisions of PPDA of 2005 and if indeed they comply with the provisions of the Act while procuring goods and services for their schools.

The disbursement and utilization of government funds under the Free Primary Education (FPE) and Free Secondary Education (FSE) programmes is subject to the provisions of the Government Financial Management Act, 2004. In general, the goals of each of the above activities are achieved through the use of appropriate financial instruments and methodologies, with consideration to their institutional setting. Finance is one of the most important aspects of institutional management and includes decisions related to the use and acquisition of funds for the institution.

Recent policy initiatives geared towards the improvement and access of education has been introduced under the Economic Recovery Strategy for Wealth and Employment (ERS) 2003-2007). Key policy reforms include the development of Sessional Paper No 1 of 2005, which has resulted in the adoption of a Sector Wide Approach Programmes, Planning (SWAP) to the provision of education. This approach involves different stakeholders to support education both at the Primary and Secondary level of education. Through the SWAP process, the government and development partners have developed the Kenya Education Sector Wide Approach Programme (KESSP), this is a programme aimed to improve access, equity, quality, retention and quality completion rates both at the primary and secondary school level of education (MOEST: 2005). On operationalization of KESSP in 2005, key developments have been introduced within the education sector.

At the Primary level these reforms involve the decentralization of functions from the national to institutional levels, a move that is aimed at bringing services closer to the beneficiary communities. The dispatching of funds to schools for the purchase of instructional materials and other support services at the institutional level and most

important, the introductions and implementation of Free Primary Education (FPE) in 2003. The introduction of FPE is in line with the Millennium development Goals, which calls for the attainment of universal Primary education for all school going children by the year 2015 (Ministry of Education, 2004).

2.3 Role of School Committees in Public Primary Schools Management

It is important to explore the role played by school committees or school governing bodies in school-based management, in the international and local arena. According to Everard (1986), a distinctive feature of the English and Welsh version of school-based management is the significant formal power of the school committees or governing bodies. In Britain, the official Guide to the Law for School Governors and Committee Members, states that the Committee or Board has a general responsibility for managing the school effectively, acting within the framework set by legislation and the policies of the Local Education Authorities. One of the major responsibilities of the School Committees or Governing Bodies is the management of the school budget. The principle of the Local Management of Schools (LMS) is that the school committee, together with the head teacher, decides how to spend the overall budget taking the needs of the school and its learner's needs into consideration.

The school committee in conjunction with the head teacher is best able to judge the particular needs of a school, rather than local government officers and education officials working from the office. In keeping with the perception of the parent as a neutral political figure, it was felt that School Committees, with the profession guidance of head teachers, would be able to counteract the excesses of education department and local authority policies. To that end, the 1986 Act of Education in Britain required that Local Education Authorities (LEA's) make a sum of money available to each School Committee or Governing Body, which they could spend on books and materials in a way they felt to be appropriate, subject to the views of the head teacher. Such a development has enabled the committee members or school governors to have a real input into the curriculum of the school, since the head teacher is required to discuss with them how to spend their money.

According to Filder (2002), the 1986 Education Act in Great Britain was an important step towards reworking the balance of power between teachers, central government and the school committees. The 1986 Act not only helped this process by changing the balance of school committees (governing bodies) -reducing the number of LEA committee members (governors), among many other enhanced responsibilities, the power to modify the LEA's curriculum policy statement, and the responsibility for an element of the school budget. The new responsibilities meant that school committee members had to be accountable to the parents. The 1986 Act required the school committees to furnish parents with an annual report, detailing their work during the year, and to hold an annual parents' meeting to discuss the report.

In Kenya, the Education Act of 1968 (amended in 2009) requires the school committees of all public primary schools in the country to establish two school fund accounts and administer these accounts in accordance with directions and policies issued by the Ministry of Education. All monies required by the school must go through this account. The school committee must open a banking account for this purpose and is required to draw-up a budget every year to show the estimated income and expenditure for the following year.

Okumbe (1998), states that the core function of the school committee in public schools is to promote the educational interests of the school and consequently of the learners. Furthermore, this is a strategic framework, aims and objectives within the schools vision and mission, setting school policies and targets for achieving objectives and monitoring, and finally evaluating the progress achieved. Thus it is vitally important for school committees to function within a framework that allows quality education to be afforded to its learners.

Norman (2010) reiterates that school managers should possess skills in maintenance of accurate, efficient, timely and effective financial reporting; preparation of board papers; driving the annual and semi-annual reporting process; developing effective internal and financial controls; driving the budget process and management of bank accounts and business accounts and cash flows. Others are financial reporting to support the

institutional growth strategy, effective and seamless integration of financial and business operating systems and supervision and mentoring of accounts staff. These duties require that the school managers should acquire competencies, experience and skills through a CPA certification or its equivalent or a Diploma, Degree or Advanced Degree in Finance and Business. Additionally, such a manager should possess proven track record of finance management leadership and initiatives; excellent organizational, analytical and problem solving skills; experience in public strategic planning, budgeting, control, financial analysis and risk management, preferably in a public service environment and experience in various accounting computer packages.

2.4 Financial management challenges facing government institutions in Kenya

In Kenya, hospitals, schools and colleges have poor management systems that promote financial mismanagement in the institutions over the years and in many cases, sound financial and business management principles have been ignored or their implementation in these fields have been slow. Institute of Policy Analysis and Research (IPAR) (2008) observed that mismanagement of school funds is rampant in Kenya and that there have been cases where school heads are reported to have mismanaged school funds without adequate action being taken by concerned authorities. The report observed that students' reactions to such cases are often violent. IPAR observed that there exists a problem of ineffective inspection of schools and that there is no evidence that reports of school inspections are used to improve performance and it may not, be possible, therefore, to put in place measures to prepare against possible under-performance and mismanagement.

A report by UK Department for International Development (DFID, 2009) indicates that Free Primary Education in Kenya lost Sh1.3 billion between 2007 and 2008. According to the report, Sh1.3 billion meant for FPE cannot be traced and data collected from 18,014 schools countrywide shows that primary schools have bought 52 million books since the inception of FPE. The data also shows that many schools might have paid a much higher average price for their textbooks than is assumed. According to the report, When the Free Primary Education (FPE) was introduced back in 2003, many people had their own reasons as to why it would not succeed and one of the major challenges sighted

was, lack of enough funds. However, now that funds have been available, FPE has to deal with mismanagement of the funds. From the DFID findings, textbooks disappeared, were thrown away or were never bought in the first place and since the beginning of this program, a total of Sh45 billion is said to have been sent to schools as per the Ministry of Education.

DfID announced suspension of payments to the Ministry of Education, after the discovery that since June 2009 more than \$1.3 million had been stolen from the Kenyan Free Primary Education Program. According to the bulletin, the money was part of a government-run fund, set up in January 2003 to introduce free primary school education in Kenya for the first time in its history. Since 2005, the fund had been largely supported by the Department for International Development, which set aside nearly \$93 million to help pay for textbooks, curriculum development and teacher training until 2010. This was a very unfortunate case for a fund that has helped double the enrollment of children in Kenya's 18,000 primary schools to 80 percent and increase literacy rate to 74 percent. The British aid agency maintained that future funding will depend entirely on the actions taken by the Ministry of Education to prosecute individuals involved in fraud, replacing the stolen money and improving the financial management systems. However, it is sad that Kenya holds the dubious distinction of being the most corrupt country in East Africa and is consistently ranked as one of the most corrupt countries in the world.

Consequently, the UK terminated funding to Kenya's free education through the government and instead chose to channel its budget of Sh2.3 billion through non-governmental agencies. According to the British Embassy in Nairobi, another Sh1.16 billion that would have been disbursed by the end of March 2010 was not sent and all the measures were taken due to Kenya Government's laxity to act on the corruption reported at the ministry of Education. According to the UK aid agency, the total estimated loss from the education pool at this stage was Sh230 million, and the UK does not believe that the Kenyan government has done enough to address the risks of fraud to justify a resumption of their funding which they had suspended in September, 2009.

However, the Embassy indicates that they do not want to completely withdraw from supporting the Kenyan children whose future depends on good education since pulling out completely would only harm Kenyan school children. So the UK decided to continue supporting education in other ways until they can resume funding through the government. The UK however, it emerged, lacked confidence that the necessary systems had been put in place to ensure that misappropriating of funds does not happen again. The Embassy emphasize that by using money they could have given to the government, they will help more children, particularly those in disadvantaged areas to get the class rooms and text books they need until the government's financial management is sufficiently improved. According to the report, no funding has been disbursed since the Kenyan Government announced discovery of fraud in September 2009 and the criteria that donors had spelt out to the government before resumption of funding included a complete audit report to pooling partners satisfactorily addressing all of the issues raised in the fiduciary review of October 9, 2009 with all supporting documentation.

To date, the government has not validated all of the allegations in the fiduciary review. Besides, the donors had asked that officials found by the audit to have committed fraud be appropriately sanctioned and their cases passed to the Kenya Anti-Corruption Commission (KACC) for criminal investigation and prosecution if found to have broken the law. It is on this front that action is being taken against some Ministry of Education officials some of whom have since been arraigned in court. Besides the UK, the other partners who had been providing 'pooled' funding directly through the Government to the Kenya Education Sector Support Program included the World Bank, Canada and the United Nations Children's Fund (UNICEF). There was also a requirement that the ministry of Education provide evidence of suitable progress against an action plan agreed by all pooling partners for strengthening financial management. The UK government pointed out that an action plan to strengthen financial management had been drafted but the government has not yet taken all the actions required to reassure partners that fraud will not happen again.

Further, DfID (2009) was categorical that until they are certain that all the loopholes for embezzlement of school funds are sealed, they cannot fund through the government. According to DfID, they have a responsibility to UK taxpayers to ensure their money is spent on its intended purpose just as the Government of Kenya has a similar responsibility to its taxpayers, and to all Kenyan parents and schoolchildren. DfID notes that there exists founded fear about financial misuse and misappropriation involving head teachers in many primary schools in the country.

The National Audit Report (2007) had earlier revealed that there were several weaknesses that are reported in public primary schools which include financial management systems, accounting procedure, documentation, controls and unreliable reporting. Weaknesses reported in the subsequent Auditor's Report (2008) included poor financial reporting process, inadequate reconciliations of financial accounting records, and inadequate control over financial information systems. Other weaknesses identified by the auditors in the report were related to accounting transactions, lack of adequate end of year closing process of the consolidated financial management that is expected from such a system, lack of effective financial management in education department. According to the report, these weaknesses increase the risk of funds misappropriation, lack of sufficient instructional materials in schools and poor financial documentation.

According to Forman (2002), weaknesses in these internal control and financial management systems have continued to plague the objectives and goals of Education For All (EFA) in Kenya. Further, Ministry of Education, Science and Technology (MoEST, 2005) revealed that some schools receive money for wages yet they do not have workers and instead use parents for manual work in these schools. Other schools, according to the report, were noted to receive money for general accounts on electricity and water vote heads and yet there is no water or electricity connected to these schools. The report further revealed that goods and services in many primary schools are procured from those organizations where head teachers and school management committees have vested interests. Kenya National Union of Teachers (KNUT, 2010) reported that two hundred

head teachers have since been interdicted or forced to step down due to financial mismanagement in their schools.

Cases of financial mismanagement in primary schools continue to be reported in many parts of the country. In the financial year 2008/2009, Ministry of Finance Audit Report (2009) indicated that Nyahururu District had the highest cases of mismanagement of primary school funds and according to the data obtained from the District Education Office, out of a total of seventy (70) primary head teachers serving in the district, twelve (12) head teachers have been implicated in cases of financial misappropriation in their schools in the last one year. An earlier study done by Gathui (2007) also revealed that there is rampant mismanagement of school funds meant for FPE in many primary schools in Nyahururu District. This is definitely a disturbing trend and necessary action must be taken before it is too late to avert a possible collapse of FPE Program as a result of donor withdrawal from the project.

2.5 Comparative analysis of public finance management policy in UK schools

A report by The Comptroller and Auditor General on Financial Management in the Department for Children, Schools and Families in the UK (2009) indicated that the department is committed to good financial governance and has taken steps to identify and remedy weaknesses. The Department is seeking to promote better financial management in schools and has defined the Standard of financial management which schools should achieve as part of the new arrangements for school funding introduced from 2006-07. The Standard covers the principles expected of a school that is well managed financially: Leadership and Governance; People Management; Policy and Strategy; Partnership and Resources; and Processes.

The Financial Management Standard in Schools was introduced as part of the new arrangements for school funding from 2006-07. The Standard is a statement of the principles to be achieved, rather than the precise way they should be achieved. This is expected of a school that is well managed financially, covering: Leadership and Governance; People Management; Policy and Strategy; Partnership and Resources; and

Processes. The Standard recognizes that schools have different levels of financial management resource and are organized in different ways. Compliance with the Standard is measured firstly by a school self-assessment, and secondly by an external assessment. The Standard is supported by a comprehensive toolkit designed by the Department and Institute of Public Finance. It provides best practice guidance on financial management against which governors and senior school managers self-assess the school's performance, enabling them to monitor compliance and identify improvements.

The external assessment must be carried out by either the local authority, for example, its internal audit function, by an approved third party accredited by the local authority, or external providers approved by the Department. Local Authority Chief Finance Officers are responsible for confirming that their schools are complying, or taking steps to comply with the Standard, and to sign a declaration at the end of each financial year advising on what arrangements are in place to ensure that all its schools meet the Standard and to remedy any shortfalls.

On leadership, The Comptroller and Auditor General's Report (2009) observes that the Department's Management Board regularly reviews financial performance by considering a finance report at most Board meetings. The Board also regularly discusses operational performance assessments against Departmental Strategic Objectives. Minutes of Board meetings indicate that financial matters directly relating to spending by the Department are given consideration. The report indicated that, while the Department's risk management systems are well established, relevant strategic risks are not always escalated to the Department by organizations within its delivery chain and gave an example where the Department had not been alerted on certain risks sufficiently early for remedial action to be taken to minimize disruption to service delivery.

Delegation of responsibilities as a way of maximizing efficiency has been identified in this report where under the budgetary control; the Permanent Secretary formally delegates budgets to senior departmental managers who are responsible for managing the allocation of funds to organizations directly responsible for delivery, and for monitoring both expenditure and performance in achieving program objectives. According to the

report, accountability is achieved through annual assurance statements that designated budget holders provide to the Permanent Secretary and a review by the Department's internal audit in 2007-08 assessed budgetary control to be sound overall. Otherwise, for internal control and risk management, the Permanent Secretary, as Departmental Accounting Officer, has responsibility for maintaining an effective system of internal control to safeguard public funds and the Department's assets. Signed declarations by Director Generals, Directors, Deputy Directors and Chief Executives of the Department's non-departmental public bodies provide assurance to the Permanent Secretary to inform the Department's overall Statement on Internal Control.

A key area in the Comptroller and Auditor General's Report is financial management skills where in 2007-08 the proportion of professionally qualified finance staff within the Department as a percentage of total finance staff has been significantly lower than the average across public sector organizations. Eighteen out of 71 staff in the central finance function was fully qualified. A further 25 out of 210 staff working across the Department supporting policy development and program management were professionally qualified accountants. In addition, 26 staff were part qualified or members of the Association of Accounting Technicians, and 25 were working towards membership of the Association of Accounting Technicians or a full professional accountancy qualification.

To improve financial management skills the Department: was to undertake a recruitment exercise to increase the number of qualified accounting staff in the central finance function; was to recruit a qualified finance professional for each policy directorate at deputy director level, and all three posts were to be filled by May 2009; had introduced mandatory financial management training for all principal budget managers; and had established a bursary scheme to enable staff to study for a finance qualification. More generally, relevant staff have financial management competency incorporated in their annual objectives. Achieving better financial management and compliance with internal controls are, however, not explicitly reflected in performance appraisals.

Holmes and Alastair (1993) observe that currently, there are signs of great interest in the provision of relevant management training for senior educationalists, especially for head

teachers. Holmes and Alastair observed that the need for head teachers to receive some form of planned learning experience in management is apparent since they are responsible for their staff, their pupils, the educational process within their schools, and the premises in which these processes take place. To them, this represents a significant set of managerial responsibilities for which they have not received any formal training and naturally, then, the provision of some form of management training can only be expected to improve the situation. In conclusion, they noted that current developments in education sector in many countries appear to be increasing the need for such learning experiences given head teachers now have responsibilities for training and developing their staff, appraising their performance and providing feedback to staff on ways of improving performance.

The report also talked about review of financial management where in May 2007 the Department commissioned the Institute of Public Finance to carry out a review to identify scope for further improvements in financial management. Overall, the review found that the fundamentals of financial management (governance, internal control, probity and propriety) were firmly in place, but that the Department needed to establish core financial competencies and achieve consistency of financial management skills throughout the organization. Thirty six required actions were set out in the report issued in August 2007, and the Department has made some progress in addressing the issues identified. Many of the actions were linked to the implementation of the new finance and information systems under the shared service arrangement with the Department for Work and Pensions.

Financial monitoring and forecasting is another important area and according to the report, the Department needs to have good quality financial monitoring systems in place to verify that its resources are spent as intended and so that it understands its financial position at any time. It should monitor and review the costs of its key activities and assure itself that financial performance to date and forecast financial out-turn for the year are in line with plans. Variances need to be identified so that management can take corrective action and financial information needs to be integrated with non-financial

performance and activity information, to provide a basis for financial forecasts and enable value for money to be monitored. The financial information used both for setting the budget and internal accountability, monitoring and forecasting throughout the year should be derived from the same systems that are used to generate the results reported externally in the Department's statutory financial statements.

According to Holmes and Alastair (1993), the current cash-based systems make it difficult for the Department to accurately monitor and forecast expenditure and the planned move to monthly accruals accounting will address this issue if used as intended. Much of the Department's expenditure is fixed over the period of the Comprehensive Spending Review, and therefore relatively easy to forecast, but more work needs to be done to identify volatile budgets so that forecasting can be improved. The Department needs to improve the timeliness and consistency of information from its delivery partners, and the integration of financial information with performance information. The introduction of the shared service arrangement with the Department for Work and Pensions in 2009 also provided an integrated financial and performance information system. This study posits that public education sector in Kenya is still far much below its UK counterpart in terms of its financial systems management and it is prudent to follow the UK model of Comprehensive Spending Review to establish spending loopholes and strengthen forecasting for FPE budgetary management.

On financial and operational reporting, Holmes and Alastair (1993) indicated that the Department needed to demonstrate to its stakeholders how it is spending its resources and what is being achieved. Internally it is important that reports support management to make timely and sound decisions on the allocation of resources, and they should therefore integrate financial and operational performance information. The report observed that although the Department presents financial and operational performance information together in a single quarterly internal report to the Board and some external reports, these do not generally integrate financial reporting with strategic objectives or outcomes. The Department has made improvements to the Corporate Performance Report to better meet

the needs of users, and presents the Departmental Report to provide information to stakeholders in an informative way.

Finally, on external reporting, Holmes and Alastair (1993) observe that The Department needs to provide timely, accurate and balanced information about its stewardship and use of resources and its non-financial performance to the Department's different stakeholders. The Departmental Report is the prime document for communicating with stakeholders. The report highlights the Department's key achievements and progress against each of the Departmental Strategic Objectives, and reports progress against its Public Service Agreement targets.

The result of this study is in direct contrast with the situation in Kenya where public primary schools are given funds but with no trained personnel to professionally handle the funds. Except for some few urban schools, very few primary schools in the country have employed trained accountants or accounts clerks with CPA, KATC, Diploma or Degree Certification in Accounting or Finance and Business Studies to manage the finances of the schools. Therefore, Kenya is in dire need of reforms in its financial management policy in primary schools. There should be an overview of the existing policy frameworks to identify loop holes and propose reforms to tighten our financial management systems at the Ministry of Education and in primary schools across the country.

A study by the Institute of Economic Affairs (IEA) (2007) established an urgent need to coordinate the education sector reforms to avoid duplication and wastage of resources and hence the Ministry of Education, Science and Technology (MoEST) developed the Kenya Education Sector Support Program (KESSP). KESSP is a joint partnership between the MOE and development partners which is used as a framework for mobilizing more resources in the education sector in efforts to accelerate achievement of the overall Education for All (EFA) goals by 2015. KESSP has 23 investment programs against which the education sector budget is supposed to be aligned and is a good starting point in policy review and the government should improve it further to comprehensively cover financial management in primary schools and introduce missing areas such as IT in

school accounting and electronic recording of financial accounting in schools to improve efficiency and accountability. However, it is needless to formulate good policies and later keep them in shelves to gather dust or implement them haphazardly. Once formulated, the government should ensure full implementation of the policies and evaluate progress periodically.

There is urgent need in Kenya to strengthen governance structure to fully address the financial management challenges facing primary school head teachers in the country. In particular the Ministry of Education needs to develop the means by which it gains assurance on financial management and risks at its delivery partners, financial skills need to be improved across the ministry, and the need to monitor compliance with policies and procedures. The Ministry of Education in Kenya can borrow from their UK counterparts. Within the framework of KESSP, the government can introduce a mandatory appraisal program for primary school head teachers on financial accounting to improve their financial management competence as well as other personnel who are needed to boost the school finance department of primary schools in the country. That is a gap that this study sought to expose for serious debate and policy redirection.

The UK challenges after introducing financial management standards in their schools is an important lesson for Kenya which should be emulated by the Ministry of Education by putting in place its own financial management standards for primary schools in the country. Such a financial management standard should encompass leadership and governance; people management; policy and strategy; partnership and resources; and Processes. Compliance with the standard should then be measured by school self-assessment and by external assessment program. School head teachers should confirm that their schools are complying, or taking steps to comply with the standard, and sign a declaration at the end of each financial year advising on what arrangements are in place to ensure that their schools meet the standard and to remedy any shortfalls.

CHAPTER THREE

RESEARCH METHODOLOGY AND DESIGN

3.1 Introduction

This Chapter outlines the various steps that are necessary in carrying out the study in order to achieve the research objectives as is set out in Chapter One of this study. It focuses on the research design, study locale, target population, sample and sampling procedures, research instruments, data collection procedures and data analysis.

3.2 Research design

The study adapted a descriptive survey designed to investigate the challenges that face primary school head teachers in managing school finances in Nyahururu District. According to Lokesh (1984), descriptive research studies are designed to obtain pertinent and precise information concerning the current status of phenomena and whenever possible to draw valid general conclusion from the facts discovered. The design was applicable for instance in collecting data on head teachers' opinion on financial management challenges they face in their stations of work. Mugenda and Mugenda (1999) noted that surveys can be used for explaining or exploring the existing status of two or more variables at a given point in time.

Sandeep (1983) and Orodho (2004) similarly perceive a descriptive survey design as one that provides an investigator with quantitative and qualitative data. Against this background, descriptive survey provided the investigator with appropriate procedure for investigating financial management challenges facing heads of public primary schools in Nyahururu District.

3.3 Location of the study

The location of the study was among the six divisions namely Nyahururu, Ngarua, Gituamba, Oljabet, Muhotetu and Salama of Nyahururu District in Laikipia County. The District was curved from larger Laikipia District, in former Rift Valley Province. It neighbours Nakuru District on the west, Nyandarua District to the south, and Samburu

District on the north. Most parts of the District has arable land with adequate rainfall. A large number of the populations are farmers. They grow maize, beans and keep dairy cows. However large portion of the land is semi arid, and is preserved for wild animals in ranches owned by private investors and gracing land mainly used by the pastoralist communities. The infrastructure is greatly improved nowadays although in some areas there are no roads, while others are impassable.

3.4 Population of the study

Nyahururu District has 70 public primary schools with 980 school committee members. The population of the study was the seventy (70) primary school head teachers, and the 980 schools' committee members of Nyahururu District in Laikipia County. It is a government policy that each public primary school is represented by 14 committee members as follows: the head teacher who doubles as the secretary to the committee, and representatives of the District Education Board (2), PTA (8), school sponsors (1), the local community (1), and the area leadership (1).

3.5 Sampling techniques and sample size

According to Gay (1992), a researcher selects a sample due to various limitations that may not allow researching the whole population. The researcher purposively sampled the District Education Officer (DEO) Nyahururu District. Notably, there is no policy advocating for direct auditing of primary school accounts but a requirement that heads of primary schools furnish the office of the DEO with relevant financial record of their schools which are verified by the District Education Audit Department and hence the inclusion of the officer in this study.

First, the schools were group together into 6 clusters representing the 6 divisions in Nyahururu District using administrative boundaries, in order to ensure that each the schools had equal chances of being selected. The study used stratified random sampling method to select 10% or 7 schools which were distributed in the six divisions of Nyahururu District as follows: Nyahururu Division which has the highest number of public primary schools (16 primary schools) got 2 slots while all the other 5 divisions got

a single slot each as shown; Gituamba Division (13 primary schools), Ng'arua Division (12 schools); Salama Division (11 primary schools), Muhotetu Division (10 schools); and Oljabet Division (8 schools). This is in agreement with Mugenda and Mugenda (2003) who stated that for descriptive studies, 10% of the accessible population is enough.

The schools which took part in the study were randomly selected from each divisional cluster to fill the slots available per division. Head teachers of the selected schools were then eligible to participate in the study as respondents. The schools selected were as follows: Nyahururu Division (Nyahururu DEB Primary School and Laikipia Campus Primary School); Gituamba Division (KwaWanjiku Primary School), Ng'arua Division (Gatundia Primary); Salama Division (Salama Primary), Muhotetu Division (Gatero Primary); and Oljabet Division (Oljabet Primary).

According to the Ministry of Education policy guidelines, each public primary school in the country is required to have 14 committee members and hence the seventy (70) primary schools in Nyahururu District had 980 committee members. Purposive sampling was used to select 56 School Committee Members as follows: the chair person, treasurer, and the representatives of: the District Education Board [DEB] (1), school sponsors (1), the local community (1), local administration (1) and Parents Teachers Association [PTA] (2) from each of the seven sampled schools. This was done in such a way that representative of all the major stakeholders in a primary school committee were represented in the sample frame.

3.6 Research instruments

Borg and Gall (1983), defines research instruments as “tools for collecting data.” In a study, there are a number of research tools which a researcher can select depending on the nature of the study, the kind of data to be collected and the kind of population targeted (Orodho, 2004). This study used self administered questionnaires for the head teachers, committee members and the DEO as an instrument of collecting data from the field. The study also reviewed information from secondary sources such as the library; internet sources including online journals, books, periodicals among others; and policy

documents issued by the Ministry of Education to public primary schools in Kenya in order to establish financial management challenges facing public primary school head teachers in Nyahururu District. The review was done along the themes of training of teachers in financial management; existing financial management guidelines for public schools; role of school committees in financial management; and financial management challenges facing head teachers of public primary schools.

3.6.1 The questionnaires for head teachers and committee members

Questionnaires were developed and used to collect primary data from primary school head teachers, school committee members and the District Education Officer, Nyahururu District. The questionnaire consisted of both open and closed ended and free choice format which allowed respondents to choose one or more alternatives and freely express their views to the questions asked. The questions used in the study were simplified and constructed in a straight forward manner for easy comprehension by respondents. The study used this method because it allowed the respondents to remain anonymous which also helped to increase the response rate in addition to providing first hand information. Questionnaires are also useful in obtaining objective data because the participants are not manipulated in any way by the researcher in filling a questionnaire (Satyanarayana, 1983). The complete questionnaire is contained in Appendix 3.

3.6.2 Document analysis guide for secondary data

The researcher reviewed school documents including school committee reports, school financial reports, internal audit reports and other resource documents that were relevant for this study. Other documents of interest to this study were the professional qualifications of various head teachers. The researcher also examined financial management guidelines to primary schools of Nyahururu District by external bodies including the District Education Office, the Ministry of Education and the Ministry of Finance. Records such as ministry of Education toolkit on financial management in public primary schools were also used to reveal financial policies and priority areas that directed financial allocations and appropriations in the schools under study.

The researcher identified a series of key statements on good financial management under the five main criteria: financial governance and leadership; financial planning; finance for decision making; financial monitoring and forecasting; and financial and operational reporting. Evidence from all sources were gathered and logged against the relevant good practice statements. This was used to assess the financial management in the primary schools under study, what the strengths and weaknesses of the financial management systems are, and possible remedies that can be adopted to change this situation for a better financial management system in primary schools in future. This review was done in such a way that it ensured comprehensive coverage of all aspects of financial management in the schools, compared evidence from different sources, identified gaps in financial management practice, and maintained an audit trail of evidence to authenticate the existence of financial management problem in public primary schools in the district.

3.7 Reliability and validity

3.7.1 Reliability

Mugenda and Mugenda (2003) define reliability as a measure of the degree to which a research instrument yields consistent results or data after repeated trial. To establish the reliability of the instrument, the researcher used the Test-Retest Method. To determine the coefficient for this type of reliability, the same test was given to a group of subjects on two separate occasions during pre-testing at Rogong'o Primary School. In order to test reliability, the responses that were given by each respondent on the first administration were compared to those given by the same respondent in the second administration. In a Test-Retest method, Charles (2003) maintains that response to the same question by one respondent should be similar in both first and second administration (high positive correlation).

The researcher with the help of the supervisors critically assessed the consistency of the responses on the pilot questionnaires to make a judgment on their reliability. Study items which elicited inconsistent responses (low negative correlation) in the two administrations were deemed to be unreliable and were re-modified to make them more

reliable while those that exhibited high negative correlation were omitted from the final questionnaire.

3.7.2 Validity

Validity is defined as the accuracy and meaningfulness of inferences, which are based on the research results (Mugenda and Mugenda, 2003). In other words, validity is the degree to which results obtained from the analysis of the data actually represents the phenomena under study. To check on content validity, Mulusa (1990) asserts that blank spaces, inaccurate responses or inconsistencies indicate ambiguity or lack of clarity and items found to elicit this kind of reactions during the pilot study should either be modified or removed all together after piloting. In order to ensure that the measure covered the broad range of areas within the concept under study, items were sampled from all of the domains and were completed with the help of the two supervisors as a panel of “experts” who ensure that the content area was adequately sampled.

3.8 Piloting

The questionnaires were pre-tested in Rogong’o Primary School which was purposively selected from Nyahururu Division of Nyahururu District because it was an identical sample in the specified strata and was not involved in the actual study. The pilot study was done on the head teacher and 8 committee members of the school. Items in the questionnaire that elicited unclear response during the pilot study were reconstructed while the unnecessary ones were deleted.

3.9 Ethical issues consideration

Prior to conducting the study, the researcher sought permission from the District Education Office, Nyahururu District to allow for data collection. Prior to the actual field study, the researcher met prospective respondents to explain intentions of the study and assured respondents that information collected from them was for the sole purpose of the current study. The questionnaires were designed in a clear, short and straight-forward way to minimize time taken in filling the questionnaire.

3.10 Data collection procedure

An approval letter was first obtained from the graduate school of Kenyatta University. Another permit letter was also obtained from the District Education office in Nyahururu District which authorized collection of data from various public primary schools in the District. A prior visit to the sampled schools was organized in order to familiarize with the study location and to cultivate a positive research relationship with respondents.

Finally, research questionnaires were distributed to respondents to fill in the required information and were collected immediately to avoid collusion between respondents to give similar or false information. During the same visits, the researcher sought relevant documents for analysis. The filled questionnaires were ready for analysis and data interpretation.

3.11 Method of data analysis

Data collected was first edited and checked for completeness and then coded and entered into the computer for analysis. The Statistical Packaged for Social Sciences (SPSS) was used for data analysis. Descriptive statistics was used to analyze data. Tables and charts were used to present the analyzed data and a detailed interpretation of the data was given below the tables and charts used. Data from the interviews were qualitatively analyzed and findings presented according to the research objectives thematically presented.

CHAPTER FOUR

PRESENTATION OF FINDINGS AND DISCUSSION

4.0 Introduction

This chapter deals with the presentation of findings of financial management challenges in public primary schools in Nyahururu District of Laikipia County. A total of 63 questionnaires were distributed for data collection and only 57 were returned. Of the 57 scripts returned, 50 were for school committee members and 7 were for the head teachers. Therefore, the study recorded 100 percent response from head teachers and 87.7 percent from committee members. The first part of this sub-section presents characteristics of the study sample. Next, the main data have been treated under each of the basic questions raised in chapter one, and a discussion undertaken along the pertinent research questions.

4.1.1 Level of Education of Respondents

Data on the level of education for both head teachers and committee members were collected and analyzed in percentages as shown in Table 4.1.

Table 4.1: Level of Education of Respondents

Level of Education	Head Teachers	Committee Members
Primary	-	18(36.0%)
Secondary	2(28.6%)	23(46.0%)
A-Level	-	-
College-P1	4(57.1%)	9(18.0%) (P1 and Other Diploma and Certificate Qualifications)
University	1(14.3%)	-
Total	7(100)	50(100)

N = 57

According to the findings shown in table 4.1, 14.3 percent or $n=1$ of the head teachers had university education, with majority 57.1 percent or $n = 4$ having P1 level of

education, followed by 28.6 percent or $n = 2$ who had secondary level of education. From these results, all the head teachers had secondary education and above. On the other hand, none of the committee members had university education. The highest level of education of committee members was P1 trained teachers and other middle college Diplomas and Certificates at 18 percent or $n = 9$ while a majority were secondary school certificate holders at 46 percent or $n = 23$. Further, 36 percent or $n = 18$ of the committee members were holders of primary school certificates. Hence, 64 percent of committee members had secondary education and above.

High level of education makes them understand better the financial challenges facing head teachers. Besides their level of education makes the respondents better placed to give proper guidance to enhance financial management in schools. Comparatively, the committee members were not well equipped with knowledge to handle financial challenges facing these schools due to their limited education level.

4.1.2 Job experience of head teachers and committee members

In order to establish the level of experience of primary school head teachers and committee members, data on the years of experience of the head teachers and duration the committee members had served in their respective schools were collected and presented in Table 4.2.

Table 4.2: Respondents' years of management experience

Years	Head Teachers	Committee Members
1-2	3(42.8%)	-
3-5	2(28.6%)	19(38.0%)
6-10	1(14.3%)	31(62.0%)
Over 10 years	1(14.3%)	-
Total	N=7(100%)	N=50(100%)

N=57(7 Head Teachers and 50 Committee Members)

The findings in Table 4.1 show that, 42.8 percent of the teachers had 1-2 years experience, 28.6 percent had 3-5 years experience, 14.3 percent had 6-10 years experience with a similar number having over 10 years experience as head teachers. From the findings, a majority 5 (71 percent) of head teacher respondents had worked for 5 year or less as head teachers and hence less experienced in the management of school finances. Therefore, they are better placed to inform the current study of the challenges they encounter on a day-to-day basis in their school while handling school funds.

On the other hand, 38 percent of committee members had served for 3-5 years and majority (62 percent) had served for 6-10 years. This implies that many committee members are experienced in the management of public primary school affairs since majority of them have served for relatively longer periods in the sampled schools as compared to the sampled head teachers. Again, with this level of experience, committee members serving in the sampled schools can objectively outline the challenges many head teachers face in managing school funds.

4.2 Training of public primary school managers in financial management

The study sought to establish the bases of decisions making in the management of school funds in public primary schools by establishing if public primary head teachers and committee members are trained in financial management and the results were recorded as in table 4.3.

Table 4.3: Training of Primary School Managers in Financial Management

Level of Training	Head Teachers	Committee Members
Trained (1)	1(14.3%)	18(36.0%)
Not Trained (2)	6(85.7%)	23(46.0%)
Total	N=7(100)	N=50(100)

The results of the study indicate that a majority of the respondents (85.7 percent) of the head teachers were not inducted or trained on school financial management with only 14.3 percent having undergone some level of financial management induction training. The one head teacher with financial management qualification indicated that he did a certificate course in basic book keeping and accounting skills when he was freshly promoted to head a primary school in the neighbouring Nakuru District. The training was offered by MOEST through the Kenya Education Sector Support Programme (KESSP) under the Sector Wide Approach Programme (SWAP) and sponsored by the World Bank.

Maronga (2005) pointed out that every educational institution requires a pattern of administration to propel its efficiency and effectiveness towards the realization of the institution's goals. This creates the need for dynamic, effective and efficient management strategies in school functions to guarantee survival and continuity in the face of scarce resources, social changes, increased general awareness and competitive market. However, this can only happen if school managers are fully equipped with the necessary management skills and knowhow required for effective and efficient school management. This was confirmed by the lone head teacher with certificate in basic accounting and book-keeping who informed this study that the skills he acquired from the training has assisted him in receipting, budgeting, recording, reporting, and auditing of school funds.

This is in agreement with Sagino (2002) who established that school head teachers are the formal leaders who plan, organize, co-ordinate and guide the activities of the schools. Hence, the financial management competencies of the head teachers can only measure-up to the various financial accounting areas necessary in their duty of sourcing for school funds, receipts and recording of these funds, procurement and supply of required teaching-learning resources, payments of school credits, auditing and reporting to all stakeholders if they are trained in those areas. Therefore, lack of training on financial management has a negative influence on the ability of head teachers to effectively and efficiently manage school funds; the task requires basic level competency in accounting and book keeping.

This finding disagrees with the Republic of Kenya (2001) in a policy advisory by MOEST which maintained that head teachers must be properly prepared and equipped with the necessary institutional and financial management skills to increase their efficiency and effectiveness in managerial responsibilities. According to the ministry, school heads must prepare functional budgets, do proper accounting of funds and present their accounts for compulsory annual audits. Therefore, as a minimum requirement, school head teachers should possess book keeping and accounting skills in order to prudently utilize and account for the funds under their custody.

On the other hand, school committee members were asked to state whether or not they were required to possess some level of financial management training before being appointed to the school committee of which, 96.0 percent or n=48 of the respondents said no. Only 4 percent or n=2 said that they were required to have such a qualification. Indeed, this finding is in agreement with the present appointment procedures for persons who want to serve in school committees as laid down in the Education Act of 1968. The committee members were also asked to state if they possessed any financial management qualification at the time of their appointment to serve in the committees and again, majority (92 percent or n=46) said that they did not have any financial management training before being elected or appointed as committee member/official. This implies that generally the committee officials entrusted with managing primary school finances risks either losing or mismanaging school funds due to inadequate financial management skills.

The study results are in contrast with UNESCO (2006) which states that to supervise the operations of these institutions, sound management skills are required to correctly direct and control use of public resources on behalf of the central government. Therefore, training and professional development of public school managers is needed to help the schools survive and adapt in constantly changing educational, cultural, political and economic environments.

4.3 Financial management guidelines awareness among primary school managers

4.3.1 Awareness of financial management policies in public primary schools

85.7 percent or n=6 of the head teachers said that they were guided by policy guidelines provided by Ministry of Education while 14.3 percent or n=1 were not aware of such guidelines. Similarly, a majority (70.0% or n=35) of the committee members interviewed did agree that there are rules and regulations which guide the committee in operation of school finances. The head teachers further outlined examples of financial management guidelines they use as follows: a condition that there must be budgeting guiding what is intended to be done, and no withdrawal of school finances without minutes approving the same including signatures of the committee officials and the stamp of the school.

Other guideline cited by respondents includes giving priorities and incurring expenditure according to vote heads. To enhance financial use, accountability and curb misappropriation of finances in primary schools, the financial management guidelines requires that: the school committee to be thorough in accountability and follow the policy in order to avoid misappropriation; the head teacher being the accounting officer should advice the SMC on using the funds as per the allocation per vote head; and the accounting officer is liable to repayment or even imprisonment in case of misappropriation.

4.3.2 Responsibility of making financial decisions

The study sought information on the main financial functions of head teachers in various public primary schools in Nyahururu District and the results were captured as shown in table 4.4.

Table 4.4: Main Financial Management Function of Public Primary Head Teachers

Functions	Frequency	Percentage
Budgeting	5	62.5
Financial Accounting	1	12.5
Internal Control	2	25.0

From the responses, as shown in the Table 4.4, the major financial function of the head teachers of the primary schools is budgeting as (62.5%) of the head teachers who responded indicated budgeting as a responsibility of the head teachers followed by internal financial control (25.0%) and 12.5% cited financial accounting.

This implies that head teachers have overall executive responsibility for the school's activities, of which financial activities are clearly a part. The head teacher is therefore considered by the school management committees to be the person with overall responsibility to the Governing Body for the financial management of the school. The financial responsibility of the Head teacher includes managing the school's financial position at a strategic and operational level.

4.3.3 Procedures for making financial decision

The study sought to establish the procedure used in making financial decisions and the following data was obtained. 71.4 percent of the teacher respondents indicated that before any transaction is done, the head teacher calls the school management committee to assist in budgeting as per the vote head. 57.1 percent said that upon receiving money from government, the school management committee invites parents to approve the budget and implement the recommendation from all stake holders and finally audit the amount spent. 85.7 concurred that the last step it to read the financial report during the annual general meeting (AGM) of the school. This is in line with education sector support program (2005) directive that the above laid procedures must be followed by all schools managers.

On the other hand, 70.0% of the committee members said that they are always consulted before decisions on the expenditure of school finances are made. 20.0% said they are

rarely consulted while 10.0% indicated that they are never consulted. The final decision on financial expenditure is therefore made by the school head teachers.

4.4 Role of school committees in financial management in public primary schools

The study sought to establish the role of school committees in financial management in public primary schools and the results were recorded as in table 4.5.

Table 4.5: Role of School Committees in Financial Management

Role of School Committee	Frequency	Percentage
Receipting	6	12.0
Budgeting	28	56.0
Accounting	5	10.0
Recording	3	6.0
Auditing	3	6.0
Reporting to other stake holders	2	4.0
Declined to respond	3	6.0
Total	50	100

N = 50

From the results of the study, 56 percent of school committees members are involved in budgeting while 44 percent said that they are not involved in school budgeting. Further, 12 percent of the respondents (committee members) indicated that they do receipting of school funds while 10 percent said that they undertake accounting functions in their schools. Other functions mentioned include: recording (6.0 percent), auditing (6.0 percent), and reporting to other stakeholders at 4.0 percent.

38.0% of committee members rate financial management in their schools as satisfactory, 40.0% rate it as very good and 12.0% rate it as excellent. This implies that most schools in Nyahururu District embrace inclusivity in the school financial management. As secretary to school management committees, 50.0% of the head teachers mainly play the role of controller while 25.0% play the role of supervisory. In terms of school accounting for school finances, 50.0% do it by receipting, 37.5% do account through recording while 12.5% account for school finances through auditing.

These findings are in agreement with Okumbe (1998) who stated that the concept of management involves designing, developing and effecting organizational objectives and resources so as to achieve predetermined organizational goals. A head teacher being a manager is supposed to plan, take decisions, motivate, lead, organize, communicate, co-ordinate and control.

In case a head teacher is found to have embezzled or mismanaged the school finances, it was established that the consequences are either interdiction at 62.5%, pay back, the embezzled money at 25.0%, or be forced to step down (12.5%). This may be interpreted to mean that if sound principles in financial management are not embraced in public primary schools, then financial management of many schools will be affected. Collaboration among all stakeholders and transparency of decisions and procedures are necessary to ensure the effective and efficient management of school finances

4.5 Views on the challenges facing head teachers in financial management

The study established that many head teachers of public primary schools in the Nyahururu District face numerous financial management challenges with inadequate training in financial management identified as the main challenge affecting head teachers currently. The study found out that 90% of public primary schools did not employ accounts clerks and only 5% employed school clerks who are not necessarily qualified accounts technicians. The study further established that a majority of schools (69%) are run on systems that are none inclusive to all stake holders in the management of school finances. Only 21% of the respondents confirmed that their schools are run on an inclusive financial management model that takes on board the interests of majority of stakeholders.

Further, the study established that a majority or 75% of head teachers do not benefit from any regularly organized refresher courses, training and induction programmes on financial management. This is against a Republic of Kenya (2001) policy advisory that head teachers must be properly prepared and equipped with the necessary institutional and financial management skills to increase their efficiency and effectiveness in

managerial responsibilities. The results of this study implies that many head teachers in Nyahururu District may not be able to build their financial management capacity and keep abreast with emerging issues on public finance management in schools due to lack of training. Yet, the Government policy advisory demands that school heads must prepare functional budgets, do proper accounting of funds and present their accounts for compulsory annual audits. The same position was taken by Coleman & Anderson (2000) who noted that the head teacher should possess skills in handling financial plan integrated with the education plan, control accounts, receipt accounts, expenditure accounts, subsidiary accounts, original documents, and financial reports.

The study also found out that 44% of schools do not benefit from regular inspection of school funds and the management of FPE funds through the DEO's office. This creates room for complacency, corruption and ineptitude. Majority of the respondents (62%) complained of unclear definition of the responsibilities of committee members which often results into a conflict of interest.

From this study, 100% respondents indicated that their respective schools have never failed to account for schools' finances in the past. This is because 33.3% of the head teachers said that in case of any anomaly, it is discovered through district audit while 66.7% of the head teachers discovered financial anomalies through internal auditing machinery. This is because budgets that must be approved by School Management Committee finances are used and it makes sure that all financial records are updated on monthly bases and at the end of the year. As for the committee members, 60.0% face the main challenges of inadequate training in financial management.

The results also indicate that 87.5% of the head teachers observed a major weakness in policy guidelines where interests of all stake holders in the school's financial management such as religious leaders are not taken into account. The study also noted that proper communication and open involvement of all stake holders of education will seal all loop holes and misuse of funds. The study observed that most head teachers only meet with education officers who end up demanding money at the end of such meetings.

In order to address the identified challenges, 66.0% of respondents suggested that training and induction of public primary head teachers should be intensified in Nyahururu District. It was further suggested that school committee members should also be subjected to some level of training on financial management and the entire management will improve financial management. This finding agrees with Filder (2002) who observed that school managers should possess skills in maintenance of accurate, efficient, timely and effective financial reporting; preparation of board papers; driving the annual and semi-annual reporting process; developing effective internal and financial controls; driving the budget process and management of bank accounts and business accounts and cash flows.

In order to make good financial reporting to support the institutional growth strategy, effective and seamless integration of financial and business operating systems and supervision and mentoring of staff, head teachers should acquire competencies, experience and skills through a CPA certification or its equivalent or a Diploma, Degree or Advanced Degree in Finance and Business.

Besides training, 76.5% of respondents observed that School Management Committees should organize monthly meetings for the executive to reflect on school expenses. To address financial challenges, 72.6% suggested that school committee and parents should be educated and in addition have competent parents as class representatives. The findings are in line with a Republic of Kenya (2001) policy advisory which requires that, as a minimum, school head teachers should possess book keeping and accounting skills in order to prudently utilize and account for the funds under their custody.

This finding agrees with an IPAR (2008) recommendation that, desired levels of accountability as well as improvements in system performance in public schools can be achieved through improvement of financial management in the education sector e.g. by holding annual sector conferences to review progress made in with regard to policy formulation and implementation; streamlining disbursement of government funds for the FPE Program and ensure timeliness and equity; and by streamlining financing of free education by monitoring official enrolment of students in schools.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.0: Introduction

This chapter summarizes the findings, conclusions and recommendations of the study and areas that require further research.

5.1: Summary of Study Findings

The study established that a majority of public primary head teachers and school committee members are not trained or inducted on school financial management. This was found to compromise ability of school managers to source for school funds, receipt and record school funds, procure the right teaching-learning resources, make payments of school credits, audit school accounts and report to stakeholders.

The study also established that financial management guidelines awareness is very high among both head teachers and committee members. Financial management guidelines identified from the field include: a condition that budgeting must be done before spending school funds; no withdrawal of school funds can be done without minutes approving withdrawal, signatures of the committee officials and the stamp of the school; and give priorities and incur expenditure according to vote heads.

The study found out that the school committees are involved in budgeting, receipting, accounting, recording, auditing, and reporting of financial appropriations in the school. However, performance of these functions by the committee members was found to be below average. The study further established that head teachers mainly play the role of controller while other committee members play the role of supervisory.

Finally, the challenges facing primary school head teachers in the management of school finances in Nyahururu District were established. They include: inadequate training in financial management, public primary schools do not employ accounts clerks, schools are run on systems that are none inclusive to all stake holders, head teachers do not benefit from any regularly organized refresher courses, training and induction programmes on

financial management. The study also found out that some schools do not benefit from regular inspection of school funds and the management of FPE funds through the DEO's office creates room for complacency, corruption and ineptitude, and that there is unclear definition of the responsibilities of committee members which often results into a conflict of interest.

5.2 Conclusion

The study concludes as below:

- a) Lack of training on financial management has a negative influence on the ability of head teachers to effectively and efficiently manage school funds; the task requires basic level competency in accounting and book keeping.
- b) A high level of awareness of financial management guidelines issued by the Ministry of Education was reported among primary school managers in Nyahururu District.
- c) Primary school committee members are involved in the management of school funds and should be equipped with the necessary financial management skills.
- d) Primary school head teachers in Nyahururu District face financial management challenges in budgeting, receipting, procuring, recording, auditing and reporting of financial activities in the school.

5.3 Recommendations

The study recommends as follows:

- e) As a minimum requirement, school head teachers should possess book keeping and accounting skills in order to be able to prudently utilize and account for school funds under their custody.

- f) The MoE should also intensify awareness campaigns on the financial management guidelines they issue to assist primary school managers make informed financial decisions.
- g) The school management and the District Education Office should ensure that school committee members are actively involved in the management of school funds to reinforce their overseer and supervisory functions in the utilization of school funds.
- h) In order to address the challenges identified, training and professional development of public school managers should be undertaken by the Ministry of Education so as to equip the managers with the necessary financial management skills. School committee members and head teachers should also be sensitized on the Government Financial Management Act of 2004, Public Officer Ethics Act of 2003, Public Procurement and Disposal Act of 2005, Anti-Corruption and Economic Crimes Act of 2003 and Chapter 6 of the New Constitution on ethics and governance.

5.4: Suggestions for further research

A further research has been suggested in the following area:

- i) To investigate the best ways of improving the current financial management in public primary schools in Kenya. .

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APPENDIX 1

SCHOOL COMMITTEE MEMBERS QUESTIONNAIRE ON CHALLENGES IN MANAGEMENT OF FPE FUNDS

Please feel free to answer the questionnaire as frankly as possible. Responses given herein will be used for the sole purpose of this research and will be treated with utmost confidential. Do not write your name in this questionnaire.

Place a tick (✓) on the appropriate choice which you think is the answer or more correct response to the question

Background Information

1. In which primary school are you a committee member?.....

2. What is your profession?

Farmer () Teacher () Banker () Business person () Other
(Specify).....

3. What is your highest level of education?

Primary () Secondary () College () University ()

Any other (Specify).....

Part A: Level of training of public primary funds managers in financial management in Nyahururu District.

4. Are you required to possess any special skills before you are appointed or elected to the school management committee? Yes () No ()

5. If yes, then give the requirements needed for one to be elected or appointed to the school management committee.....

Part B: Roles of school committees in financial management in public primary schools in Nyahururu District.

6. What are the functions of the school committee?

.....

7. Are there rules and regulations which guide the operations of the committee?

Yes [] No []

8. If Yes, can you give examples of such rules and regulations?

.....

.....

9. Is the committee in any way responsible for the management of financial resources of the school?

Yes [] No []

10. If Yes, give the responsibilities of the committee as far as financial management of the school resources is concerned.

.....

11. Give sources of funds for your school?

- a) Government of Kenya []
- b) Parents []
- c) Donors []
- d) Local Community []
- e) School sources []

12. Give the classification of these funds

Development Funds Yes () No ()

Activity Fees () ()

Examination Fees () ()

FPE Program funds () ()

Other teaching-learning funds () ()

Any other?.....

Please comment

13. As a member of the committee, how often are you consulted on any decision involving school funds?

a) Always consulted []

b) Rarely consulted []

c) Hardly consulted []

d) Never consulted at all []

14. If yes, then how do you ensure that your concerns and interests are addressed by the financial management committee?

.....

Part C: The challenges facing public primary schools in management of school finances

15. If the committee has financial management responsibility, have you as a committee member been trained on any financial management course?

Yes [] No []

16. If Yes, then name the area in which you were trained and by who.

Area of training.....

By

17. If yes, then in your own judgment, has the training improved your financial management ability?

Yes [] No []

18. If you have never been trained in any financial management course, then what are the challenges facing you as an individual and the school committee in your financial management responsibility in the school?

- a) Receipting Challenges []
- b) Budgeting Challenges []
- c) Accounting Challenges []
- d) Recording challenges []
- e) Reporting Challenges []

Part D: Ways of addressing the challenges

19. During your tenure as a committee member, has the school lost or failed to account for any funds from whichever source?

Yes [] No []

20. If yes, has the school put in place any measures to prevent future loss or misappropriation?

Yes [] No []

21. If Yes, then give the measures proposed or undertaken in your school.

.....

22. In your own judgment, how do you rate financial management in your school?

- a) Excellent []
- b) Very good []

c) Satisfactory []

d) Below average []

e) Poor []

f) Very poor []

23. In your own opinion, how can financial management be improved in primary schools?

a) Through training of financial managers in the schools []

b) Through policy and regulation []

c) Through improved systems of financial management and accountability []

d) Through close supervision and coordination []

APPENDIX 2

HEAD TEACHERS QUESTIONNAIRE ON CHALLENGES IN MANAGEMENT OF FPE FUNDS

Please feel free to answer the questionnaire as frankly as possible. Responses given herein will be used for the sole purpose of this research and will be treated with utmost confidential. Do not write your name in this questionnaire. Place a tick (✓) on the appropriate choice which you think is the answer or more correct response to the question

Personal Information

1. Name of the school..... Town.....Division.....
2. Date of interview.....
3. Level of Education
 - a) Primary [] b) Secondary [] c) P1 Teacher Training d) University []
 - e) Any other (specify).....
4. Number of years served as head teacher of a public primary school? Indicate the number of year(s).....

Part A: The level of training of public primary head teachers in financial management in Nyahururu District.

5. Have you attended any financial management course?
 - a) Yes [] b) No []
6. Name them, when you did them and who offered them
.....
7. Name the ones you have attended while serving as the school head teacher?
.....

8. If you have attended any financial management course, in your own opinion, has it improved you accounting skills?

Yes [] no []

9. In your opinion, the training has assisted you developed which financial management skills?

a) Receipting skills []

b) Budgeting skills []

c) Recording skills []

d) Reporting skills []

e) Auditing skills []

Part B: Awareness of financial management guidelines in public primary schools.

10. Are you aware of the existence of any policy guideline or regulations on management of school finances from the ministry of education?

Yes [] No []

11. If yes, then name them?

.....

12. If yes, then what does it say about financial use, accountability and misappropriation in public primary schools?

.....

13. What are the roles of these policy guidelines in the management of school finances?

.....

14. Name the financial management decisions you are involved in at the school.

- a)
- b)
- c)
- d)
- e) Others.....
...

15. What are the procedures you follow before making any major financial decision in the school?

.....

16. Are you accountable to any authority or person on financial decisions you make on behalf of your school?

Yes [] No []

17. Name the authority or person you are accountable

.....

Part C: The challenges facing head teachers of public primary schools in management of school finances.

18. How do you account for money in your school?

- a) Receipting []
- b) Budgeting []
- c) Recording []
- d) Auditing []

e) Reporting]

f) Banking]

19. Have your school failed to account for any money in the past?

Yes] no]

20. How was the anomaly discovered?

a) Through District Education Audits]

b) Through school internal auditing machinery]

c) Through the Ministry of Finance Audit Report]

d) Through the complaints raised by school donors]

21. How was the case handled?

a) The matter is before the area DEO and it is still being investigated]

b) It is under investigation by Kenya Anticorruption Commission (KACC)[]

c) Investigations are complete and no action was recommended]

d) The case was never reported to the authorities]

24. Has the school put in place any measures to prevent future loss or misappropriation?

Yes] No]

25. If Yes, then give the measures proposed or undertaken in your school.

.....

26. In your own judgment, how do you rate financial management in your school?

g) Excellent]

h) Very good []

i) Satisfactory []

j) Below average []

k) Poor []

l) Very poor []

27. In your own opinion, how can financial management are improved in primary schools?

f) Through training of financial managers in the schools []

g) Through policy and regulation []

h) Through improved systems of financial management and accountability[]

i) Through close supervision and coordination []

APPENDIX 3 STUDY PERMIT


PAGE 2 PAGE 3

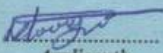
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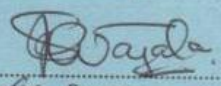
THIS IS TO CERTIFY THAT:
 Prof./Dr./Mr./Mrs./Miss..... ROBERT MAMBO
 NDIANGUI
 of (Address) KENYATTA UNIVERSITY
 P.O BOX 43844 NAIROBI
 has been permitted to conduct research in
 Location,
 LAIKIPIA District,
 RIFT VALLEY Province,
 on the topic.....

 for a period ending..... 31st AUGUST 20.11

Research Permit No.....
 Date of issue..... 27th JUNE 2011
 Fee received..... KSHS. 1000





 Applicant's
Signature


 Secretary
National Council for
Science and Technology

CONDITIONS

1. You must report to the District Commissioner and the District Education Officer of the area before embarking on your research. Failure to do that may lead to the cancellation of your permit
2. Government Officers will not be interviewed with-out prior appointment.
3. No questionnaire will be used unless it has been approved.
4. Excavation, filming and collection of biological specimens are subject to further permission from the relevant Government Ministries.
5. You are required to submit at least two(2)/four(4) bound copies of your final report for Kenyans and non-Kenyans respectively.
6. The Government of Kenya reserves the right to modify the conditions of this permit including its cancellation without notice


REPUBLIC OF KENYA
RESEARCH CLEARANCE PERMIT

GPK6055t3mt10/2011 (CONDITIONS— see back page)