

# **FINANCIAL MANAGEMENT PRACTICES**

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## **FINANCIAL MANAGEMENT PRACTICES IN PUBLIC SECONDARY SCHOOLS: THE CASE OF JIMMA ZONE.**

**BY**

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## ACRONYMS AND ABBREVIATIONS

The following acronyms are used in the thesis as stated here under:

**ADF:** African Development Fund

**FDRE:** Federal Democratic Republic of Ethiopia

**LFM:** Local Financial Management

**MOE:** Ministry of Education

**MOFED:** Ministry of Finance and Economic Development

**PTA:** Parent Teacher Association

**UNESCO:** United Nation Educational, Scientific and Cultural Organization

**USAID:** United States Agency for International Development

**WEO:** Wereda Education Office.

**EFA:** Education for All

**PPSMB:** Public Secondary High School Management Board

## ABSTRACT

*The purpose of this study was to describe the practices of financial management in government secondary schools of Jimma Zone. To this end, basic questions were formulated. The research questions emphasized on What are the major problems associated with financial management practices in secondary schools?, How do principals manage the funds available to them?, What is the practice of school principals for financial accounting?, What are the practices of the auditing system in Jimma zone government secondary schools?, What are the major sources of funds for the management of secondary schools? And also focused on the challenges prevailing for implementation. To conduct this study, the descriptive survey method was employed. One Zone and eight Woreda Education Office coordinators were selected as a sample by purposive sampling technique. From the total of 20 secondary schools 8(40%) were taken as a sample by using the Multistage sampling method through stratified sampling technique. Then, from the sample schools, 53 administrative workers were also included as samples by using purposive sampling technique. Furthermore, Out of 204 secondary schools teachers in eight selected Woredas the total of 102 secondary school teachers were selected through stratified random sampling techniques by considering their proportionality. A questionnaire was the main instrument for data collection. Interviews and document analysis were used to substantiate the data gathered through questionnaires. The percentage and chi-square were utilized by using SPSS v.16.o to analyze quantitative data gained through the questionnaires. The qualitative data gathered during the interview sessions and document analyses were analyzed using narration. The result of the study indicated that, among other things, that: (1) The problems associated with financial management is the process of budget utilization is not appropriate and budget allocation is doesn't coincide with the need of the schools, (2) The practices in managing the available funds, principals did not spend funds available in line with planned objectives, (3) The major sources of funds for the management secondary schools come from the federal, state and local government, (4) The practices of financial accounting the principals investigate every imbalance's of staff found waiting, and (5) Budget is not transfer from one head to the others. The study suggested that there is a need for efficiency in workers, training for*

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*staff members who are working in the finance section of schools, and to give each school the freedom, within agreed budget, to manage the school finance with close supervision. Finally, to minimize the problems of financial management practices in secondary schools, it is recommended to give relevant in-service trainings for financial personnel to upgrade their financial management activities, necessary resources such as financial manuals and an adequate budget need to be provided for the success of financial management at the school level.*

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## CHAPTER ONE

### 1. Introduction

#### 1.1 Background of the study

The core business of schools is teaching and learning. As Drake and Roe (1994: 15) state, Schools exist so that students can learn and the central activity of schools is instruction. The efficiency and effective management of financial resources can enhance instructional programmes.

The major role of the school principal is to create an environment in the school that will facilitate effective and successful teaching and learning. This is done through the effective management of the schools' financial resources. It is, therefore, important to stress that financial management is one of the major functions of school principals.

Haig (1997:7) supports this view when he states that: those who have been promoted and run departments, or who are heads and deputy heads, must, whether they like it or not, be managers. They must know about budgeting. Financial management is, therefore, an integral part of the responsibility of the school principal because, without good financial management practices, schools would find it difficult to achieve their goals. In the views of Drake and Roe (1994: 15) "The efficiency and effective management of financial resources can enhance instructional programs." Momeniat cited in Erasmus (2008: 402), explains financial management as a requirement of a manager to take responsibility for the actions and achievements in exchange for greater managerial discretion over their inputs. Thus, managers have to take responsibility for their performance.

Financial management is the managerial activities, which deals with planning, controlling, organizing the financial resource of an organization; that is, the management of the finances of a business is to achieve the financial objectives of the business (Donnell and Keontz, 2004).

Onye (2000) define that financial management as the process involved in ensuring that financial resources are obtained and used both profitably and effectively, that is, in line with the

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accomplishment of the organizations objectives. It is a managerial activity which is concerned with the planning and controlling of an organization's financial resources (Anene, 2001).

Ukeje (2006) defines financial resources as means of purchasing power in the form of cash or credit. The essence of financial management is the effective and efficient administration of an organization's financial resources to achieve the stated goals of the organization.

Obinna (1985) define financial management as the administration of funds under the guidance of a body of knowledge and a disciplined way of proceedings. Financial management is indeed important in the achievement of set objectives in secondary schools. Management involves both planning and controlling. A manager forecast the likely outcome of particular actions which are intended to assist the achievement of his/her objective if the forecast is satisfactory; those actions are adopted as an operating plan. Therefore, the manager keeps watch on the implementation of the plan and are the results achieved so that if these deviate from his/her forecast he/she can either modify the plan or the manner in which it is being implemented (controlled). Planning and controlling are therefore two closely bound management functions which the financial manager performs in the modern enterprise (Pandy, 2000).

According to Ezra (2008), the function of financial management is to review and control decisions to commit and recommit funds to a new or ongoing uses. Contributing to this, Onye (2000) adds that financial management is the wise managing of funds with a view to maximizing the revenue available in achieving the financial objectives. Financial manager has functions which include the review and control of decisions to commit funds to uses. Thus, in addition to raising funds, financial management is directly concerned with decision making on proper use of available funds. This is then why Pandy (2000) considered financial management as an integral part of the overall management of an organization. The roles and responsibilities of the administrators (principal, bursar and finance officers) in the prudent management of funds should therefore include the following:

- Review and control of management decisions taken.
- Supervision of cash receipts and payments and safe guarding of cash balances.
- Custody and safeguard of very vital securities, finance policies and other valuable papers.

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- Record keeping and reporting
- Investment and finance decision.

The above roles include both:

- (a) Managerial finance functions which require skilled planning and
- (b) Routine finance functions, on the other hand which do not require great managerial ability to carry out. These roles are chiefly clerical and incidental to handling of managerial finance functions.

Maurice (2007) posited that a good way to appreciate what financial Management is all about is to relate it to economics, as an applied economics which concerns itself with the allocation of scarce financial resources among competing uses. Financial management therefore, requires skilled financial managers who, in the midst of scarce resources, can list their needs in order of preference. This will ensure wise utilization of available funds through the application of sound management principles.

Morelus (2001) maintains that where there is wide gap between planned goals and actual performance in most Government establishment of developing countries, it is due to the failure of the financial administrator to perceive the vital aspect of the budget as a bridge between the plan and the action. He supported this by stating that the goals and objectives must generate new budget. The budget is an important tool for financial management.

Adaralegbe (2001) defines the budget as an expression of public purpose and educational programme. It is a reflection of past performance including both successes and failures. It is also a reflection of hope for that optimistic future when success will predominate and failure minimized. The school budget becomes the medium whereby educational policies are translated into fruition. Thus, the budget is an economic blueprint, a reflection of resource allocation decision strategies, with programme objectives structured by the amount of resources available.

Adesina (2001) also defines the school budget broadly as an outline of the plan for financing the school system for a given period. Budgeting and planning are continuous processes that cover the entire school year. The budget acts as the bridge between the plan and the action. Auditing on the other hand, is a proper tool for financial management. Therefore, whether principals of

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schools like it or not they have got to address themselves to the rudiments of accounting processes so as to be successful in their jobs.

Proper public sector financial management is vital for developing countries like Ethiopia, which strive against famine and wide-spread poverty, because it will help them attain smooth and worthwhile economic development. To this effect, reform at all levels of the administrative bodies and in all sectors of the economy is indispensable to bring about desired improvements in public financial management.

Furthermore, schools effectiveness research clearly identifies the school as the key organizational unit where educational services are provided and students learning occur.

According to Govertz and Odden (1999: 130-157), a number of factors combined to make school-financial management a compelling strategy. These include:

- ***Efficiency***: moving schools and school systems away from the “one-size fits-all” model of funding, this has been a goal of many politicians for some years. It is backed by the common-sense idea that school personnel have better information about each particular schools needs than someone removed from the local situation does.
- ***Equity/ Adequacy***: the issue of inadequate funding of some schools within a woreda while others seem to have enough for their needs has long been recognized as a problem. The primary issue is that some schools have many more students with special needs due to disabilities, poverty, language barriers, transportation problems, or lack of prior achievement. True equity means that such schools need additional resources.
- ***Element of competition***: the school based budgeting program is designed to motivate schools to keep current students by providing the best possible school program and even attract additional ones especially since enrollment is measured each year with budgets adjusted accordingly.
- ***Linkage of funding with overall school improvement efforts***: school based budgeting and school based management are not the same, as either one can exist without the other. However, in order to get the best value out of either of these school administration strategies it makes sense to link the two, so that school personnel not only have the authority to manage their budget, also have the right level of resources, along with the flexibility, to do

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the job. Organization of school finance should include aspects such as a drawing up a school financial policy; setting up a structure within the school to handle administrative and financial matters; delegating certain functions to clerks, class teachers and treasurer, and coordinating activities (Kruger 2005; Ntseto 2009).

Financial planning (with any management planning) lays down an orderly approach to future actions. Overall this effect leads to comprehensive programming and budgeting of future operations.

Mark (2001; 12), stated that participative budgeting has frequently proved successful in creating a healthy atmosphere. This technique invites participation in the budget process by personnel at all levels of the organization, not just upper level managers. Information flows from the bottom up as well as from the top down during budget preparation.

A growing number of workers now prepare their own educational development plans. This practice is also going down to the schools (ESDP IV, 2010/2011:72).

Projecting costs for ESDP IV are estimated to increase significantly, from an annual 22 billion in 2010/11 to 29 billion in 2014/15. The costs will be covered by domestic and external financing sources. Government, through Federal and regional budgets is expected to be the main source of funding. Projecting Government budgets forwards, the government education budget is around 18 billion birr in 2010/11 climbing to nearly 27 billion. The difference with the projected costs leads to a funding gap (ESDP IV, 2010/11).

Under ESDP IV, communities will continue to be asked to contribute to financing education, through provision of local materials and labor. The community may also base on its ability and development level, help out with non-salary recurrent expenditure. Students and parents also participate in the financing of education through fees to filling the financial gap. Failure to fill this funding gap means that element of the education program will not be implemented.

The reform of public sector financial systems can play a critical role: in improving the management of scarce resources, building the capacity of the government to deal with crises, and improving service delivery to the rural poor who make up 85 percent of the population.

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No organization can exist or accomplish its functions effectively without adequate financial resources at its disposal. Money is needed to pay staff, maintain the plant and keep services going (Ozigi, 1995). This is true of the educational organizations too. The managerial and instructional personnel of the levels of programs, materials to be used and all other essentials need money (Adesion, 1990). It is very essential particularly, at school level where the actual teaching learning activity is performed.

In poor countries like Ethiopia the main source of finance and improving education is the responsibility of the government. The major sources of educational finance are government budget, schools internal revenue, community contribution and non-governmental organizations, (Blue print guideline of MOE1994:58).

The amount of finance available to schools and the way it is utilized influences the quality of their performance. So, this resource needs to be managed properly in order to enhance its contribution to the betterment of the quality of education (Lockhed and vers poor; 1991).

In order to establish good financial management, educational managers at different levels, must be equipped with necessary information that will enable them to answer questions that can strengthen the proper utilization of finance. In line with budget which is expressed in monetary terms, is a quantitative statement of the resources set aside to enable the organization to plan, organize, direct and control (Schick, 1992).

But when seen practically schools are not autonomous with regard to financial management. In Ethiopia, where the financial management in education is covered by teachers or principals, their knowledge and skill about financial management is inadequate. Thus, this study was conducted to describe financial management practices working at public secondary schools in Jimma zone.

## 1.2 statement of the problem

Many public secondary Schools are saddled with financial problems. These relates to general reports of misappropriation of funds by heads of Schools, accountants or bursars which is affecting the development of education. It is thought that school funds are not being spent for the intended purposes. The misappropriations occurred as a result of breaches of rules and procedures on cash control and the absence of effective supervision in the public secondary schools. (Auditor's Generals Report, 2006).

It is said that proper records are not being kept and good internal accounting controls measures are lacking. Budgets play a crucial role in financial management. For budget to be useful, they must be accurate and complete. Thus, it appears in some public secondary schools to be incomplete and inaccurate. The budgets have not been based on realistic assessment of the activities that are expected to be carried on (Auditor General's Report, 2007). There is also a problem of good financial management. This has to do with qualified and skill staff to carry out the responsibilities. It has also been observed that some public secondary schools made payment without providing the relevant document such as invoices, official receipts, claims forms, store receipts vouchers, local purchase orders, and job cards etc to support the respective payment vouchers. There seems to be irregularities in the public procurement of goods and services in the schools. These irregularities may arise from the failure of the schools to follow procurement process of obtaining a minimum of three quotations from suppliers and non-utilization of the tender committee for the review of procurement transactions (Auditor General's Report 2006).

Finally, there is an frequent auditing in the schools, it is believed that internal and external auditors have fail to be regular at the schools and even when they visit, the internal accounts are not properly examined. The situation might have been due to the failure of rest holders to promptly account for impress, lack of effective control over accounting officers and the obvious failure on the part of officers entrusted with the disbursement of funds to obtain document for funds disburse. However, school authorities argued against these perceptions. They are known to have argued that the real problem is the inadequacy of funds allocated for running the schools. Judging from the above concerns, perceptions, challenges and assertions, there seems to be ineffective financial practices in public secondary schools with regards to accounting practices and financial controls. Improper use of school resources and misuse of school funds are capable



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of leading to influence effectiveness in achieving school goals. Most administrators are also seen to have poor practice for keeping financial records, routine budgeting, fund sourcing, auditing etc. hence, the need to investigate the financial resource management Practices of public secondary school administrators. This issue thus led to the problem of this study. For any organization or society to function well, it must be financially practicable. This is because finance is required for the establishment of infrastructures equipment, salaries etc. To operate any system or project without adequate finance is quite an up-hill task which could lead to either non-accomplishment or frustration on the job. Education's financial management problem are generally known and acknowledged by its managers. Manager's efforts to correct these problems, however, need to be improved specifically, action needed to be taken by top managers to more effectively communicate their emphasis on and expectations for implementing financial management improvements (Robert et.al 1987:29).Based on the foregoing discussions, the study is designed to address the issue of financial management practices in jimma zone secondary high schools.

In this view a study on schools` financial management is indisputable. So, this study has attempted to answer the following basic research questions.

1. What are the major problems associated with financial management practices in secondary schools?
2. How do secondary school principals manage the funds available to them?
3. What is the practice of school principals for financial accounting?
4. What are the practices of the auditing system in Jimma Zone government secondary schools?
5. What are the major sources of funds for the management of secondary schools?

## 1.3 Objectives of the study

### 1.3.1 General Objective

The main objective of this study was to describe the financial management practice of Jimma Zone government secondary schools and to supply to the advance of research based financial management awareness.

### 1.3.2. Specific objectives of the study are to:

1. Identify the major source of funds for the management of secondary schools.
2. Describe how principals manage available funds.
3. Examine the problems associated with financial management in secondary schools.
4. To investigate whether the school financial management system in secondary schools is structured in accordance with the decentralized educational management system or not.
5. Observe the financial controls available for checking or controlling the disbursement of funds.

## 1.4 Significance of the study

This study is significant to describe the situation establishing the facts about the financial management practices in Jimma zone Secondary schools. It should be showing the various sources of funds for management of schools; its findings may create awareness. It is expected that the findings of this study have benefit to the educational administrators at large.

To educational administrators, the study will help them in reducing segregation especially by highlighting and streaming the financial management duties of both principals and bursars; sensitize them on other sources of fund apart from those known to them. The findings of the study will help educational administrators to ensure that available funds are judiciously managed and insist on employing trustworthy people in the area of finance.

To the concerned body (principals, financial perssonel and teachers etc), the finding of this study will help to increase awareness. On some of the problems encountered by principals in managing the available funds. The study was also sensitizing the school board on the lapses that lead to mismanagement of funds.

### **1.5. Delimitation of the study**

As it is illustrated by Syoum and Ayalew (1999), to carry out any research work, it should be important to delimit the study both conceptually and geographically to a manageable size. In view of this, to make the study manageable and to complete with the specified time frame, the study was delimited to 8(eight) government secondary schools in Jimma zone. These are Sekoru, Nada, Dedo, Agaro, Mana Gera, sigmo, L/Kosa secondary schools. Woreda and Zone education officers who are directly responsible to financial management to the secondary schools were also included. This was done due to the researchers' believe that these bodies are responsible for the school development. Therefore, the finding of this research was generalized for secondary schools of Jimma Zone. Conceptually the study was delimited to financial management practices, funds, the practice of secondary school principals for financial accounting, the practices of the auditing system and sources of funds.

### **1.6. Limitation of the study**

The study would be more comprehensive, if it included all secondary schools of Oromia Regional State. However, due to time constraints and scarcity of resource as well as severity of the issue, the study might lack to generate sound findings that could address all secondary schools found in the region it only focused on Jimma zone. In addition, the limitation of the study could be the fact that most of the school principals, vice principals, teachers, Woreda Education and Zonal Education Office were not willing and reluctant to fill in and return the questionnaire as per the required time. Furthermore, scarcity of recent and relevant literature to the study was also encountered during the process of the study. Lack of similar research works on the issue investigated in the study area also impedes the researchers from consulting more findings in the literature as well as in the discussion part. However, the researcher exhaustively scratched certain local documents, Journals, manuals from different institutions and used modern electronic (internet) to bring the study to its final stage.

### 1.7. Definitions of terms

- 1. Financial management:** is that managerial activity, which is concerned with the planning, budgeting and controlling of secondary school financial resources (Donnell and Keontz, 2004).
- 2. Budgeting:** The process of determining and assigning the resources required to reach objectives (Rosenberg, (1983:73).
- 3. Fund:** refers to a sum of money saved or made available for a particular purpose. It could be called money or financial resources.
- 4. Accounting controls:** the plan organization and the procedures and records that are concerned with safeguarding the assets and assuring the reliability of financial records (Rosenberg, 1983:36).

### 1.8. Organization of the study

This study has five chapters. The first chapter consists of the introduction part of the study which contains the background of the study, statement of the problem, objectives of the study, significance, scope and limitation of the study. The second chapters present the review of literature relevant to the study. The third chapter discusses about research methodology which consists of the research design, data sources, sample size, and sampling techniques, data gathering tools and methods of data analysis.

The collected data from the subject respondents were analyzed and interpreted as presented under the fourth chapter. The fifth chapter summarizes the study and forward conclusion and recommendation based on the finding of the study. References and appendices, which include questionnaire, were also part of the document.

## CHAPTER TWO

### 2. REVIEW OF THE RELATED LITERATURE

#### 2.1 An Overview

The operation of financial management can be viewed from various perspectives - from the personnel management functions, policy implications, leadership behaviors, dynamic environmental factors, management of information and some other spheres. These all render additional insights into the functions of financial management in an organization. The magnitude of the topic is wider than the mere functions of budgeting, accounting and auditing.

GUP (1983: 6) discusses, in addition to the above, that all decisions have financial implications. The decisions to modernize equipment, construct more schools and employ additional teachers, all have financial implications in them. This idea is further strengthened by Levacic and Keynes. They say that financial management is more than managing money. There is a close interrelationship between financial and other management tasks (Levacic and Keynes, 1989: 5). Hence, topics deemed relevant to "financial management practices" are briefly considered hereunder to substantiate the topic at hand.

#### 2.2. Financial Management: It's Essence

Financial management can be defined as the management process of planning the provision, generation and conservation of financial resources (Dixon, 1986: 1). The financial manager must perform a number of functions as part of the general management function. Two of the major functions of management are planning and controlling.

In the most general terms, planning is in effect, deciding what to do with the money at hand and how to do it. The control function involves the monitoring of actual transaction events against the plan and the taking of prompt action. Where there is a deviation from the plan, control functions fill the gap in order to ensure that the actual results conform as nearly as possible to the plan (Dixon, 1986: 1).

Financial management has at least two factors: money management and cost management. Money management involves such questions as "How should we spend our money? How should

we control it?" Cost management is not only identifying cost and reducing them, but also costing time utilization, the educational process and its outputs and alternative educational strategies. One will only be a real executive financial manager if he/she can both plan and balance his/her budget-the money side-and cost his/her operation, its outcomes and alternatives (Knight, 1993:6).

The manager of finance in an organization must have an adequate understanding of financial policies, laws, rules, regulations and procedures in the system (Candoli. 1984:45).Financial matters in the managers' office also include procuring, holding, investing and expending money. Financial management is hence, a series of cyclical activities that go on all the time in an organization and every manager is responsible for identifying financial problems, analyzing the alternative course of action and making the final decision on the course of action to be taken.

Financial management is the operation where by an organization ensures that available funds are used for the achievement of its objectives. The direction, coordination, and control of expenditure and accounting for all funds that are received and spent within the organization are part of the financial management processes. It is to be expected, however, that legal forms and practical procedures in the financial management will vary according to the administrative and socio-economic context found in each country. In all practices, there are discrepancies of various extents between the practices, norms and rules theoretically governing public finance activities - and actual behavior that occurs (Mbarnba, 1992: 165-166).

### **2.3. Key Concepts for Effective Financial Management**

The UK Audit Commission had adapted the three 'Es' as the foundation of good financial management, -Economy, Efficiency and Effectiveness. Economy can be defined as a careful use of resources. It implies the avoidance of expenditure above a reasonable. Repair of equipment rather than a new purchase; purchase of equipment after a thorough survey on the market and negotiation of discounts are good examples for understanding the concept of economy.

Effectiveness is the fullest possible attainment of specific objectives or standards irrespective of resources used to achieve those results. The use of a manual accounting system could be considered as an effective way of keeping financial transactions in organizations. The introduction of a computerized accounting system is relatively the most efficient means of

keeping financial records. Financial information could be easily secured from computerized systems. Efficiency, hence, refers to the relationship between an organization's output and the corresponding input that went. It is the capacity to produce desired results with minimum expenditure of energy, time, money or materials (Knight, 1993: 18-19).

As to Knight (1993:21-22), there are two sorts of money circulating in organizations: 'their money' and 'my money'. 'Their money' has a magic quality. It drops down like man from heavens. The source can be from government or otherwise. Hence, it should be spent with light heart, free from strong concern with less value for money and cost efficiency. 'My money' is quite different from 'their money'. It is normal money, just like one's own personal income to be jealously guarded, saved and spent with great care and thought. One of the arts of financial management is to convert 'their money' to 'my money' at every level (Knight 1993:21). How to achieve this goal is, implicitly or otherwise, covered in the succeeding topics.

### **2.4. Educational Planning and Financial Support**

Since demand and supply could not always match, planning becomes vital to reconcile these two extremes. Planning for the financing of education begins with planning for improvements in the educational program and organization. The major purpose in financial planning is to assure that appropriate goals of education be achieved effectively and economically. However, it should be kept in mind that financial planning and educational planning must be closely interrelates (John and Morphet, 1969:25).

As to Gup (1983: 383-385), financial planning is an essential part of the dynamic financial management. Planning contributes to better use of resources, improved decision-making and to reduce the number of mistakes. Plans involve making decisions today that will affect the future of the organization. Financial plans should be amended to reflect changes in the organizational environment that will occur a year or so from now. Projections made for next year are expected to be more accurate than those made for the distant future. To manage an organization's finance effectively, clearly set longer term plans and priorities are necessary. Without them, financial management is like a house without foundations (Knight, 1993 :25).The analysis of an organization's current performance and situation or the use of 'SWOT' analysis will produce a useful starting point for planning. The SWOT analysis simply asks the following questions.

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Strengths - What are these strengths? Weaknesses - What are these weaknesses? Opportunities - What opportunities are likely to arise in the future? Threats - What threats are likely to arise? Such an analysis needs to consider the organizational environment, internal resources and organizational culture (values, attitudes, relationships, styles and politics) as well as the organizational performances and outcomes (Knight, 1993:25).

Planning in business and industry differs considerably from that of educational planning. Planning details do also vary considerably from one organization to another. Yet the concept of planning is similar throughout. Furthermore, the important part of the planning function in any organization is the capacity to evaluate performance in terms of objectives and goals (Candoli, et al. 1984:23). Financial planning is not a one-time activity, but must be considered as a continuing effort. Conditions change; demands and tastes change; inputs vary and as a result plans must be flexible. "Plans are not supposed to be words carved in granite; they are tools that help management cope with a changing world" (Gup, 1983:384). Unless educational plans are developed and followed systematically; the already available scarce resources are going to be inadequate and often misused by the system. The resources will be misused because a multiplicity of overlapping function can lead to duplication of program efforts on the part of staff. (Cando li 1984:25) In order to plan, one must understand funds that flow through an organization.

Funds include cash as well as other source of value that arise from within and without the organization. The flow of funds is a continuous stream circulating in the organization (Gup1983:325). Financial plans reduce uncertainty and provide direction to the employees by determining the course of action in advance. It involves the determination of what should be done, how the goals may be reached and what individuals or units are to assume responsibility (Pandy, 1979:247) producing a plan for the organization is one thing and linking it to the budget is another. This linkage is technically difficult in many instances.



## 2.5. Budgeting

A budget is a comprehensive and coordinated plan expressed in financial terms for the operations and resources of an organization for some specific period in the future. Time dimension must be added to a budget. A budget is meaningful only when it is related to specific period of time (Pandy, 1979: 245-246). The generation of the total sum available for spending in the coming financial year will depend on the authority's perception of the appropriate balance between needs and availability. This process of generation is influenced by many factors; the local demand for resources, the economic situation, the government policy, political attitudes and the like. The important point to note here is that budget generating process is the definition of the total budgetary cake available for the service. The slicing of the cake is the process of distributing those available resources. However, the process of arriving at the budget is essentially one of the negotiations between the managers of responsibility centers and their superiors (Levacic and Keynes, 1989:27). Budgeting has its own distinct advantages. Some of these benefits are that:

- It establishes a plan of action for the future;
- It requires an appraisal of past activities in relation to planned activities;
- It necessitates the establishment of work plans;
- It requires orderly planning and coordination throughout the organization;
- It establishes a system of management control, and
- It serves a public information system (Candoli, et al., 1984: 124).

The above mentioned authorities state further that for the budget process, the educational plan is the starting point. Furthermore, the educational plan can be conceptualized as an equilateral triangle with the educational program as the base and the expenditure and revenues at the other two sides. If anyone of the three is shortened, the other two must also be shortened. Only when the three meet, is there a budget document (Candoli, 1984:54) a budget is not a balance sheet or even a financial statement of projected expenditure, contends Knight (1993: 128). Knight says that a budget is or should be a management tool for planning, implementing and evaluating. A budget has two faces-income and expenditure. A budget doesn't necessarily involve finance. It can equally take the form of manpower or time budget. But it always takes timescale, usually a year, but possibly longer or shorter particularly for a special projects (Knight, 1993: 128). Generally, there are four steps in the budget cycle: the formulation of the budget by the

executive branch; approval of the budget by the Peoples' Representatives and the budget legislation; the execution of this legislation by the executive branch; and auditing by the General Auditor the Ministry of Finance. (GUP, 1983:39) the lengthy process of the budget preparation is based on budget requests by the various departments of the government. The budget proposals thus prepared are examined thoroughly by the Ministries of Finance and Plan Development in a series of budget hearings. The budget is then submitted to the office of the Prime Minister where it is received by the Steering Budget Committee. After the budget is enacted and organizations have received their appropriation and the authority to spend, they may proceed to use it but in line with the established legislation (Musgrave, 1984:40).The budget presents two sets of classifications, one by departments or ministries (as the MOE, MOH, MOA and the like), the other by functions as capital or recurrent (Pandy, 1979: 245).

### **2.5.1. Sequential Phases of Budgeting**

In the development of an effective budget, several steps must be considered. The first step is the development of goals. The second is that priorities must be determined. The goals and objectives require resources. Following the determination of priorities, the budget must be organized into a coherent whole through programs. The next step is computation of costs, the balancing between costs and revenues and adoption of the budget. Adoption of the budget is the province of the policy making body, but the subsequent step, budget administration, normally is reviewed as a major responsibility of the professional staff. The final step in this sequence is the review of the budget. Actually budgets are formulated on the basis of past experiences and projections of future needs. Only in rare cases are budgets developed without heavy reliance on past local experiences (Jordan, et al. 1985: 154-159).

### **2.5.2. Concepts of Budget Development**

The following are some of the concepts organizations use when developing budgets. Mechanical Budgeting - It is a type of budgeting set forth in two sheets of paper -one presenting the estimated yearly receipts of an organization and the other showing how the money can be divided in order to run the institution. Here budgeting is strictly a revenue and expenditure operation. This type of budgeting forces expenditures to fit income expectations and pays no

attention to needs. It keeps costs at a minimum price without regard for needs or institutional improvements.

The Administration Dominated Budget - This kind of budgeting views the development of the budget as strictly a responsibility of management. No significant participation of subordinates is needed except the chosen few. The Centralized Budget - This part treats all institutions in a system as if they were only one. Even though it is a very efficient way of developing a budget, little consideration is given to differing needs among the various geographic settings served. The concepts of budgeting more suited to present and future educational organizations, among others, is Site Based Budgeting - This has a sense of decentralization of budgeting that gives discretion to individual institutions. Supplies, equipment and other materials are frequently budgeted at the building level. The participation of the community member's is encouraged (Candoli, et al., 1984: 129-131).

### **2.5.3. Time Period covered by Budgets**

Rosalind Levacic and Keynes (1989:49), write that budgets are financial plans for future periods. With regard to time, budgets have two features - short- term and long-term. These two seek to serve different purposes. Short term budgets are annual budgets that break down into quarterly, monthly or even weekly periods. This breakdown has certain merits of its own.

Management can monitor progress throughout the year and take corrective action as soon as possible rather than wait until the end of the year. Equally, management can also extract information during this period to adjust current budget for the remaining period if changes are found necessary.

The long-term budgets relate to the development of a project or a program or a business over many years. These are drawn up in general terms covering the nature of the program, project or business, its position in the system, the expected level of inflation and its impact on these undertakings. A period between three and ten years may be appropriate for a long-term budget (Levacic and Keynes, 1989: 49). There are some aspects of control in budgeting, and the following depict this point.

### 2.5.4. Budgeting and Control

The other purpose of budgeting is its usefulness for control purpose. Control process involves three sequential stages - the recording of actual performance, the comparison of actual performance with expected performance and the provision of regular feed-back to allow continual monitoring of events. Responsibility areas of individuals should be explicitly defined so that manager's and employees know precisely what is expected of them. The difficulty lies in determining which costs should be assigned to specific responsibility centers. A guide line to decide the responsibility centers could be the following:-

- 1) If a person has the authority over the acquisition and use of services, he should be charged with the cost of such services.
- 2) If the person can significantly influence the amount of cost through his own action, he may be charged with such costs.
- 3) Even if the person cannot influence the amount of cost through his own action, he may be charged with those elements, with which organizational management desires him to be concerned.

Timely feedback is vital to a successful control system. Managers need instant information on significant deviations from budget in order to take corrective actions. Employees need timely information to know whether targets are achieved and performances satisfactory. Regular generation of information determines the success of the entire control process (Levacic and Keynes 1989:50-52).After a successful budget formulation and authorization, accounting activities take place. In short a budget is a recorded plan of action expressed in financial or non-financial terms relating to a certain future period to attain the given objectives.

## 2.6 .Accounting Practices

Accounting is the art of recording, classifying and summarizing transactions. Accounting includes the collection of data and then its classification and summarization according to proper and generally accepted principles (Kishnadiwala, et al.1988:5).

Candoli et al. (1984: 166) define accounting as recording and reporting activities and events affecting personnel, facilities, materials or money of an administrative unit and its programs. Several basic principles have been identified for financial accounting in the public sector settings. The financial record system should be adequate enough to provide information for all interested parties-for the administration, local, state and federal authorities. The accounting system should be consistent with generally accepted governmental accounting principles and consistent as between one period of time and another. An organizational accounting system should be flexible and the like (Candoli and others, 1984: 166).Without a good accounting system, financial control becomes weakened; budget formulation becomes unrealistic because of lack of information; and transactions could not be carried out. Without it, progress monitoring and financial forecasting could severely be handicapped. A reasonably efficient accounting system is a precondition for good financial management. No accounting system can be efficient if financial rules, regulations and internal control procedures are not observed.

The fundamental accounting tasks of an operational accounting unit are the observance of financial regulations, the keeping of adequate accounting records, avoidance of over expenditure of budget allocations, and the regular and timely submission of accounting reports to the next level in the administrative hierarchy. Timeliness and accuracy are basic indicators of the health of an accounting system and of its capacity for carrying out its intended role (UN, Gov. Financial Management, 1991:6-9).

Though some organizations may still be using in the manual accounting practices; many are presently shifting or converting to computerized accounting systems. Computerized accounting systems provide for: less time consumption on the part of the accounting staff, greater accuracy, greater availability to financial information, greater ease in preparation of financial reports, and, easier access to auditing personnel (Harris, 1985: 127).In the accounting process, entries that are

made in a journal (book of original entry) are 'later posted or transferred to the accounts in the ledger or book of accounts.

### **2.6.1. The book of accounts**

Whether an organization is using manual or computerized accounting systems, there are books of accounts and various recording forms that are involved with daily financial transactions. If manual system of accounting is used, hand entries are made on the actual books of accounts. A computerized system of accounting with its storage capacity, offers the books of accounts on video screen, and as computer printouts whenever electrically called upon. A trial balance that proves the debit and credit within the ledger should be prepared. This paves the way for an easy auditing function. In sum, accounting is concerned with the recording, reporting and measuring financial transactions. It provides data on an organization's activities.

Finance personnel use the information provided by the accounting system to make decisions to help organizations achieve their objectives. Stated briefly, as Hampton (1989:3) puts it, accounting is a data collection process dealing with accurate recording and reporting.

### **2.7. Auditing Functions**

Auditing is concerned with the verification of the accounting data with the purpose of determining the reliability and accuracy of these accounting statements. It is a systematic examination of financial transaction. Auditing is not only confined to the mere purpose of detecting errors and frauds. An audit should be to serve as a guide to management's future decisions in all financial matters such as controlling, forecasting, analyzing and reporting. Thus, the purpose of auditing should be for the improvement of performance (Kishnad walaet al., 1988:5-8). Audits may be described as pre-audit, post-audit and continuous audit in terms of time sequence.

1. Pre-audits are conducted before transaction is made. Pre-audit is made to verify the legality of proposed expenditure and to assure the availability of funds. This process is used principally as an internal check to prevent future financial or legal difficulties.

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2. Post audits are conducted to assure that expenditures have been made in accordance with the previously approved budget and pertinent statutes (Jordan, 1985:208).
3. Continuous audits are conducted by a very large organization to assert cash flow. The organizational affiliation of the auditor makes possible for another classification of audits- internal and external.
  - a) External audit examines the accounts and sees to it that the accounts have been prepared in accordance with legal requirements and regulations and that proper accounting practice have been observed in the compilation of the accounts. If the external auditor considers that any significant matters arise, he is required to report to the organization.

Auditors should pay attention to such matters as the following. They should make sure that:-the accounts comply with statutory requirements; the expenditure is authorized by law; income is raised in accordance with the law; proper accounting practices have been observed; the system of internal and financial control are adequate to prevent serious loss (Hepworth, 1979:223-224).b) Internal audit (control): - An important concern of internal audit (control) has always been to ensure that the financial dealings of the local authority are conducted in an entirely proper manner, that no fraud or misappropriation of accounts occurs and that proper systems of financial control, including internal check arrangements exist. Internal audit exists within an organization to carry out an independent and continuous appraisal of accounting financial and other processes (Hepworth, 1979:225).After a thorough examination of the accounting data, the auditor and others have to make a report to the concerned officials.

### **2.8. Reporting**

Accounting information, with a variety of others, is summarized, analyzed and reported to those who are responsible and authorized to be informed in the organization. This helps managers compose planned inputs and outputs. Reporting serves at least three purposes. First, financial reports are bases for coordination and controlling the current activities of the organization.

Managers investigate situations and initiate corrective measures. Second, financial reports are used as basis of evaluating operational performance. Managers praise for jobs well done, criticize, demote or terminate employees for mean and faulty performances. Third, reports are

used as bases for program evaluation, plans, budgets and programs could be received with reports on finance (Levacic and Keynes, 1989:28). Three levels of financial reports are prepared by local institutions.

- 1/ the comprehensive financial report-prepared annually covering all financial statements,
- 2/ the general purpose financial statement-prepared monthly or quarterly and
- 3/ the popular report- summarizing data contained in the comprehensive financial report (1) into a format that is easily understood by the public and (2) that may contain graphs and figures to enable reading (Jordan et al., 1985: 194-195). Purchase and supply of materials involve financial expenditure. It is an area managers should know more about.

### 2.9. Procurement

As to Jordan, et al. 1985 and Candoli, et al. 1984, purchasing power is not inherent but delegated to organizations by regulations of the state. The state frequently mandates purchasing responsibility and authority, purchasing limits, procedures and the like. Many public sectors have regulations requiring that all purchasing of accounts beyond specified amount must be procured by legal bids, meeting state bid-advertising and bid allocating procedures. The purchasing process begins with the requisition of the organization. When the amount of money is below the specified amount, then ordinary purchase may be allowed.

**Bidding:** - When the purchasing account is beyond the specified amount, bidding should be exercised. There are two common classifications of bids in educational purchasing-formal and informal. Formal require public advertising, public opening and award to the lowest bidder. Award comes at the end by the issuance of a contract document. Informal bids are the telephone quotation and written quotation (statement of the current price of an article).

There are emergency purchase cases that could be made without following normal procedures in order to meet an urgent and unexpected need. However, care must be taken to ensure that the practice is not being used as a means of circumventing required procedures.



**Advertising:** - Public advertising for bids is an open invitation to all qualified potential bidders to participate. All common advertising media should be utilized. News paper advertising is a must and is usually required by law.

**Opening of bids:** - Bids should not be opened until the advertised date for opening of bids. It should be opened in the presence of bidders, reporters and interested citizens. It should be read aloud for the benefit of those attending. Bids received beyond the time limit should be returned unopened. Purchase order is made, at least, to the lowest successful bidder (Candoli, et al, 1984:214-216 and Jordan, et al. 1985:123-130).

### **2.10 Some Pertinent Management Functions**

Implicitly or explicitly, directly or otherwise, there are important functions, that are often neglected, but have deterring effects on financial or other management systems in an organization (Hepworth, 1979; Pandy 1979; Jordan et al. 1985). Some of these pertinent management functions will be briefly discussed hereunder.

#### **2.10.1 Performance Review**

From the perspectives of plan implementation and goal attainment of an institution, it is important that managers should measure and evaluate programs or project activities through performance review. Regarding the financial flow of organizations, it is the duty and responsibility of financial managers to compare the actual spending performance both internal and external. But the performance review goes beyond that. Partly, it is the responsibility of a committee related to finance functions and partly beyond it. The two more important aspects of performance review are in the following sets of questions.

- a) What objectives were intended to be achieved and what were the policies for achievement?
- b) What resources were allocated? What fact was achieved with these resources and how was it achieved? If performance review is to be successful, two risks should be avoided. First the system should minimize the chances of contradiction that may take place between departments of finance sectors and others within the organization. Secondly, the investigation should not become too detailed to consume extended time, diverting the genuine aim of

improving the methods of executing financial expenditures to bring about efficiency. The investigation should be considered as an important tool of operation and should earn respect, not fear or hatred. Without it, the actual experience of events may be well overlooked to the extent that the future planning mechanisms could be deficient. Performance review should also reveal weaknesses, overlapping of functions and waste of resources. The main contributors to the performance review could preferably be the chief executive, the treasurer and appropriate chief officers in the organization (Hepworth, 1979:244-245).

### **2.10.2. Organization of Financial Functions**

Since financial decisions are of vital importance to an organization, setting up a sound and efficient organization for the finance functions is very essential. The ultimate responsibility of carrying out the financial functions lie with the top management. The major financial policy matters will be decided by the finance committee or executive, while routine activities are delegated to lower level managers.

The exact nature of the organizations for financial management will differ from organization to organization. It will depend on factors such as size of the organization, nature of work operation, capabilities of the organizations financial officers and most importantly on financial philosophy of the institution. The financial manager is designated differently from organization to organization. In some cases he is known as the financial officer, in others, as director of finance and the like. Two more officers-treasurer and controllers are under the direct supervision of the chief financial officer to assist him. (Pandy, 1979: 15)

Why IS it that a committee (council) needs to decide on financial matters? The succeeding topics will discuss this.

### **2.10.3. The Administrative Council**

An organization cannot be administered effectively if various sections view their area of responsibility as a series of independent units. Rather, effective administration occurs when each administrator considers each area of responsibility as one function in a series of interrelated functions that utilize coordinated human and material resources.

The development and maintenance of effective communication and coordination among different unit activities is a common problem. To meet this challenge and to gain the benefit of different points of view, organizations rely upon councils composed of unit heads in the organization., That is, individuals with common responsibilities meet as a group, discuss, and have their position presented to the council. The administrative team discusses general and specifies activities like the operation of educational programs, fiscal management, budget preparation, procurement and distribution of supplies (Jordan, et ai, 1985:26).

### **2.10.4. The Administrative Function of an Organization**

As to Jordan et al. (1985), the administrative process, whether financial or otherwise, is divided into four functions. 1) Decision making 2) implementation 3) communication and 4) evaluation. Decision making is an initial and key element in the financial management process. Decision should be made within the context of the accepted goals of the organization and the head remains accountable. Those involved in the decision making should understand their roles, know the appropriate place and time at which decision should be made and should have sufficient knowledge of financial matters under consideration.

Decision making may be viewed as consisting three steps: identification of the financial problems, review of alternative solutions and selection of an option for action. Implementation involves more than mere announcement of a decision on financial matters and a routine follow up. It includes quality of support given to the person who is charged with the implementation of the decision.

Communication is a comprehensive effort to bring about a better understanding of the goals of organization and the procedures to be followed in attaining them. It is a continuous process that involves the collection and dissemination of ideas about conditions, alternative course of action, implication and reaction to provide essential information for current and future financial decisions. Evaluation does not exist as a discrete, non-overlapping phase in the financial administrative process. The traditional, summative evaluation approach is found to be inadequate, for it does not permit the improvement of current practices. A formative process on the other hand, is also an essential part in which evaluation findings provide information that will be of value in determining staff and budgetary allocations for future planning periods (Jordan et

al. 1985 21-24).The skills of a manager also have a determining effect on the management of finance.

### **2.10.5. Management Skills**

Management actions, on finance or otherwise require certain skills. As to Bateman and Zeithmal (1990:28-29), three management skills are found to be important as well for a financial management of an organization. These are technical, human and conceptual skills. The technical skill is the ability to perform a specialized task as budgeting; accounting or reporting that involves a certain method or process.

The human relations skill is the manager's ability to work well with people. It is the ability of an individual to identify personal strengths and weaknesses as well as attitudes and biases. It is the capacity of working together with people, in this case with those in the finances section, by developing a mutually acceptable plan of action that will facilitate the goals of an organization.

The conceptual skill involves the managers ability to recognize complex and dynamic issues, to examine the numerous and conflicting factors that influence financial management problems. Administrators must posses a high level of technical skills, but success may be more dependent on the capacity to merge the three skills into an operational program that maintains the organization goals (Jordan et al, 1985: 24-25) among other operational instruments of organizations are the rules and regulations of financial transaction set by the state. Managers have to make use of these instruments if a desperate goal oriented endeavor is necessitated in the organization.

Government organizations need standing orders and financial regulations-so that their business management can be properly organized and administered. Without such rules, there would be chaos and disorganized system of administration. (Hepworth, 1979:231).As rules and regulations pave the way for good financial management systems, so does the national policy of a country.

The most important structural characteristic of the management of education, in line with the education policy is its decentralized nature or the abolition of a nationally operated system of schools. Equal access to education is another policy statement that indicates the provision of at least a minimum level of general education. For educational purposes, equality has almost

always been translated as equality of educational opportunity. Some argue that educational provision should be absolutely equal for each individual. But there is a wide expenditure difference, at least at the extremes, representing the actual disparities in the quality and kind of school services available to student (Guthrie, 1988:26). Funds centrally available need to be fairly distributed to each citizen in the form of economic or social development schemes and the like. But how is the picture of the actual practice of it?

### **2.10.6. Income Distribution**

“In general, the art of government operation consists of taking as much money as possible from one class citizen to give to the other,” is the word of Voltaire as quoted by Rosen (1985:70). It is true that virtually every important political issue has implications for the distribution of income. As to the above author's ideas, however, concerning the right income distributions are based on value judgments and there is no scientific way to resolve differences on matters of ethics.

There are various measures a government takes in order to equalize\_ the income distribution of localities and states. It gives unconditional grants or lump sum of money to disadvantaged areas with regard to resource distribution. The optional use of scarce resources involves two basic Issues; one is to secure efficiency and the other is to secure a state of just distribution. The problem of distribution is one of evaluating a change in which some one gains while some one else loses. As income distribution does have an impact on financial management systems, the type of environment also has an effect on it.

### **2.10.7. The Dynamic Environment of Finance**

Knowing when to do something is just as important as knowing what to do. Knowing when is of crucial importance for financial management because the condition under which organizations operates is always changing. One reason for conditions changing is that organizations grow in magnitude and mature in their work behavior over time and develop through time. Another reason for continuous change is the rate of economic movement in the state. The more developed it is, the more revenue organizations secure from government bodies for their goal attainment.

Finally, there is the ever changing inflation (changing price levels) that affects costs and expenditure plans. All these have got impacts on financial management (Benson E.,

1983:20).The environment for financial management of organizations will also be deeply affected by current political, social and economic conditions. Although organizations cannot control these, they can at least anticipate (Knight, 1993:7).

### **2.10.8. The Idea of Decentralization as it Applies to Finance**

The term decentralization has several definitions, but most commonly it refers to the devolution of some degree of decision making power to lower levels of organizational hierarchy (Winkler, 1989:3). Winkler (1989:2), states that countries adopt decentralization policies for a variety of reasons: some clearly indicate in policy statements while others only implicitly reveal through administrative actions. However, the reason for educational decentralization can be grouped into three broad categories:

- (1) Educational finance
- (2) Efficiency and effectiveness and
- (3) Redistribution of political power.

Financial arguments made for educational decentralization relate to the high enrollment of elementary and secondary schools and the consequent high rate of educational expenditure. The central government, therefore, face fiscal shortcomings due to continued expenses of educational opportunities. Hence, shifting part of the burden of supporting the primary and secondary education to the society, to community and voluntary organizations seems to be an acceptable alternative.

Efficiency reasons for decentralization typically focus on high unit cost of primary and secondary education provided by the central government. For one thing, the central government is unable to administer adequately the centralized education system. For another, the costs of decision making practices from the center to far off places is relatively high and the like. The effectiveness rationale for decentralization contends that the centralized planning policies popular in the past have resulted in expensive education which is decreasing in quality.

Nationalized and centralized schools accompanied with free education up to higher levels as a right made the education quality low (Winkler 1989:3).The decentralization approach to

financial management means the delegation of authority and responsibility on the part of the MOE to lower echelons of the various regions. Decentralization permits the participation of the community in financing schools and also permits the schools to meet the needs of the local people. Hence the planning and the financing aspect becomes the responsibility of the community. This is clearly indicated in the new education policy of the MOE. In decentralized management systems, goal attainment is smoothly facilitated by acceptable leadership styles. Since financial management entails human resource management, effective leadership is inevitable.

### **2.10.9. Effective Leadership Behaviors**

Leadership styles, often times, do have a determining effect either positively or negatively on financial transaction activities of organizations. Today, leadership is not a one- way influence but rather a two -way interaction in which subordinates condition and limit leader's ideas and responses.

Effective leadership behavior is associated with high performance on both initiating structure and consideration. Leaders who score high on consideration and low on initiating structure are ineffective, for they minimize the importance of financial goal attainment efficiency and productivity. Those who score low on consideration but high on initiating structure are also ineffective, for they stress on efficiency and productivity at the expense of morale and good human relation (Grifith, 1979: 137).

He defines the two terms in the same page as follows. "Initiating structure refers to leader's behavior in organizing his workgroup, setting up channels of communication and delineating methods of procedure". Consideration refers to behavior indicating leadership, mutual trust, respect and worth between the leader and the member of his group. In general, leader's roles may be classified as autocratic, democratic or laissez - faire (Grifith, 1979: \39).

An autocratic leader is one who determines all goals, policies and means. He dictates subordinates on activities, criticizes and praises the work of subordinates in personal terms. A democratic leader involves group members in the determination of policies, assists them to make decisions. He criticizes and praises objectively, focusing on facts rather than personalities. Subordinates look upon the leader as a fellow-worker and resource person. A laissez faire leader

allows complete freedom for group and individual decision and action. He withdraws from group activities, makes no attempt to praise or control them and comments upon them only when requested. There are also other styles of leadership activities. However, successful leaders are those who can adopt their behavior to meet the demands of their own unique environment (Grifith, 1979: \30-140).

### **2.11. Human Resources in Government Financial Management**

The key element in any system of management is the competence of the personnel who operate and manages the system. The effectiveness of government financial management will depend on the quality and skills of the staff in the organization. If the supportive system of motivation and commitment lacks, the development of skills may not perhaps lead to expected improvements on the part of the accountants, budgeters and auditors. The development of skills for financial management staff can be done basically at two phases: pre-entry education, usually leading to a degree at an academic institution and post-entry training in the job and specialized courses, some times leading to a certificate or a diploma.

In places where skill deficiency is observed, there is an urgent need for development of appropriate skills for clerks, accountants, auditors as well as officers. In this respect, the academic and technical institutions in many countries prepared students for enterprise accounting and management in the private sectors. Despite the large size of the public sector and its major financial contribution to the society, there were hardly any courses in government financial management systems in the higher educational institutions. In a nutshell, financial management within a government organization involves a number of distinct stages of interrelated cycles of activities. It is the securing of fiscal budget from external and domestic sources and making decisions to fairly allocate and reasonably utilize these resources in fulfilling organizational goals. It is also a task that encompasses all the management activities of planning's, staffing, organizing and directing, motivating personnel and evaluating achievements. The concept of financial managements, therefore, wider in scope than the mere acquisition, transaction and registration of money.



## CHAPTER THREE

### 3. THE RESEARCH DESIGN AND METHODOLOGY

This chapter deals with the research methodology, source of data, the study population sample size and sampling techniques, procedures of data collection, data gathering tools and method of data analysis.

#### 3.1 The Research Design

In conducting this study, descriptive survey method was employed with the assumption that it could allow the researcher to describe the current conditions of financial management practices. Besides, the method was also preferred to gather and describe large variety of data related to the practice of financial management. In addition to this, the descriptive survey enables the prediction of the future on the basis of findings on prevailing conditions and helps to draw valid general conclusions. As Morrison (2007) pointed out descriptive survey is the most popular and extensively employed research method in educational research.

#### 3.2 The Research Method

The main purpose of this study was to describe the practice of financial management in Government secondary schools of Jimma zone. To this end, in order to collect extensive data and to substantiate the finding from different data instruments both quantitative and qualitative approach with more focus on the quantitative one was employed. The reason for focusing on using quantitative approach was to describe the current practice of financial management demands the collection of quantitative data. Besides, a quantitative approach also generates statistics through the use of large scale survey research using methods (like, questionnaires (Dawson, 2002). In addition, as Daniel, (2004) illustrates quantitative method is vital to describe and explain features of the reality by collecting numerical data on observable behaviors of samples and by subjecting the data to statistical analysis. On the other hand, the qualitative method that constituted interview, open-ended questionnaire and document analysis was used for qualitative data in order to substantiate and triangulate the quantitative data.

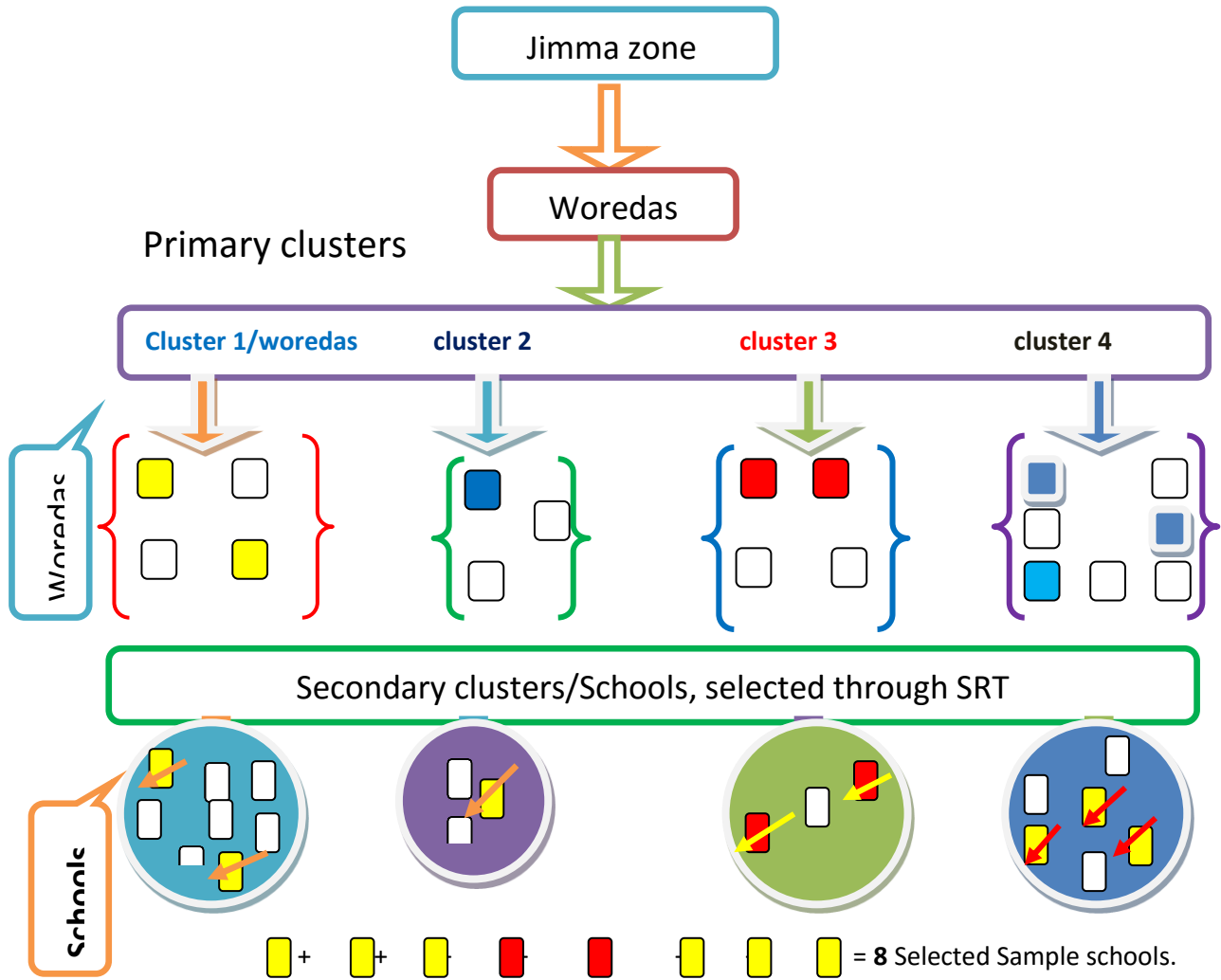
### 3.3 Source of data

In order to obtain reliable information about the practice of financial management, both primary and secondary source of data were employed. The primary source of data was collected from Administrative workers, teachers, Zone and Woreda education office through questioners and interview. The Secondary source of data was collected through document analysis. Document analysis was particularly made whether principals have checklist, written feedback, plans and reports of financial management were revised.

### 3.4. Sample and Sampling Techniques

To obtain the necessary sample units, purposive and simple random sampling techniques were employed. From the total of 20 secondary schools 8(40%) were taken as a sample by using the Multistage sampling method through stratified sampling technique. This technique provides each school independent and equal chance of being selected for the study. As for this technique, Abiy et al. (2009) describe that its utilization gives an opportunity for each element to have an equal and a nonzero chance of being selected. The researcher prefers to make the study in Jimma zone, because the researcher works for 4 years there. So the researcher believes that to get data's easily about the study. Also the researcher believes that the sample size of 8 secondary schools is representative and would help to draw a well-founded generalization at the end of the study. The eight selected secondary schools are found in eight woredas from four clusters by considering the proportion of the cluster from the East, West, South and North through multi stage sampling by using simple random sampling. The sample schools are: (Sekoru, Nada, Dedo, Agaro, Mana, Gera, sigmo, L/Kosa secondary schools) of Jimma Zone.

Out of 204 secondary schools teachers in eight selected Woredas the total of 102 secondary school teachers were selected through stratified random sampling techniques by considering their proportionality and 53 Administrative workers were included through purposive sampling techniques. The summary of the sampling technique was presented as below:



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**Table 1: Summary of sample size and sampling techniques**

No	Samples	Population	Sample size		Sampling technique
			No	%	
1	ZEO	2	2	100	purposive
2	WEO	8	8	100	purposive
3	Administrative workers	53	53	100	purposive
4	Agaro secondary school teachers	42	21	50	simple random sampling
5	Sekoru secondary school teachers	30	15	50	”
6	Mana secondary school teachers	26	13	50	“
7	Nada secondary school teachers	20	10	50	“
8	Gera secondary school teachers	24	12	50	“
9	Gera secondary school teachers	18	9	50	“
10	Dedo secondary school teachers	20	10	50	“
11	L/Kosa secondary school teachers	24	12	50	“

### 3.5 Instrument and Procedures of Data Collection

#### 3.5.1 Instrument of Data Collection

In order to collect relevant information for the study, the researcher employed the following three instruments. Accordingly, the questionnaire, interview and document analysis were used. Two types of questionnaires were used as the main data gathering instruments. Whereas semi-structured interview and document analysis were used to enrich the data obtained through questionnaire.

##### 3.5.1.1 Questionnaire

In order to gather the appropriate information about the current practice of financial management in Jimma zone, questionnaire was set for the teachers and Administrative workers in light of the literature reviewed. Questionnaire was preferred as data gathering instrument due to the fact that, it is considered as the heart of a survey operation because large samples can be made use of and, thus, the results can be made more dependable and reliable. In addition, collection of data through questionnaire enables researchers to collect information from a large size of residents within manageable time, and provides a wide coverage of data (Audrey, 2004:92).

Beside, the questionnaire allows the respondents to respond the questions confidentially and enables the researcher to use representative samples as sources of data to avoid exposing to bias. Thus, the questionnaires were prepared in the English language, because, the researcher believed that the respondents could understand the questions that were developed. The questionnaires consisted of two parts. The first part of the questionnaire was designed to gather information on respondents' demographics such as sex, age, academic qualification, and service years in the teaching task. On the other hand, the second part of the questionnaire was focused on the total number of closed and open -ended items which address the basic questions of the study.

Accordingly, the questionnaires were prepared in terms of closed -ended and open -ended questions. For the closed ended questionnaires; a likert type scale was utilized. This was due to the fact that, a likert scale enables the researcher to evaluate the extent to which a person agrees or disagrees with the questions. The open- ended questions were prepared with the assumption

that it permits and allows the respondents to respond their answer in their own words and gives them freedom in phrasing a reply.

### **3.5.1.2 Interview**

The interview allows greater depth of responses, which is not possible through any other means. Hence, the purpose of the interview was to collect more supplementary opinion to substantiate and triangulate questionnaire response. According to Best and Kahn (1993:1999), “the purpose of interviewing people is to find out what is in their mind what they think or how they feel about something”. Thus, semi structured interview items were prepared for the interviewees because, the semi structured interview is flexible and allows for new questions to be brought during the interview for clarification as a result of what the interviewee says (Lindlof and Taylor, 2002:195). To this end, to acquire detail supplementary information, interview sessions were conducted with zonal and Woreda education office experts and school financial personnel to secure information concerning their experience of financial management practices. The process of interview was conducted in the afan Oromo language, and subsequently translated in to English.

### **3.5.1.3 Document Analysis**

The documents that could be analyzed for this study were files containing financial management checklist, feedback given for financial personnel, plans of financial management, financial guidelines and other recorded documents in relation to the practice of financial management available at the sample school. In order to get more information on the above contents the documents were analyzed and enabled the researcher to enrich the information obtained through questionnaire and interview.

### **3.5.2 Procedures of Data Collection**

In order to answer the basic research questions that have already been asked, the researcher followed a series of data gathering procedures. Having received the authorized official letter from Jimma University and Zonal education office, the researcher gathered valuable information using questionnaires, interviews, observation and document reviews. The researcher also made contact with the concerned participant to seek their consent.

After ensuring the consents of the participants, the researcher introduced the objectives and the purpose of the research. Then the researcher distributed questionnaires to all 102 and 53 teachers and Administrative workers respectively of the sample school. The interviews were administered for 18 various sections of organizations head. Finally, the researcher collected 220 questionnaires from the participants for analysis and gathered qualitative data from 8 respondents.

### 3.6 Validity and Reliability Checks

The quality of the data was assured through checking the validity and reliability of the data collecting instruments before providing the actual study subjects. Cameron *et al.* (cited in Dison (1998: 87), argued that the move away from a belief in a reality “out there” and waiting to be discovered by a neutral, detached observer, does contribute to validity being questionable in this paradigm. Criticism of interviews Studies that participants may lie, distort the truth or withhold vital information and that in such cases the researcher may be misled by incomplete, inaccurate or biased data or the researcher may misunderstand/misinterpret the responses, also does limit the existence of validity in these methods. Another criticism that may also threaten validity in this study is that of the perceived influence and expertise of the researcher that may prevent the participants from speaking out fully or may encourage them to slant their responses in some way (Irvine 1999).

Due to such occurrences, the researcher made an attempt to minimize this attitude by keeping strictly to the role of the interviewer but not as an expert in the field. The researcher also relied on face validity in his study by going back to the participants and giving them the drafts of the data discussion for their comment. The researcher also wanted them to see how they have been represented in the discussion and to let the researcher know if there could be a problem.

Irvine (1999) said that validity is difficult to accomplish since it is very possible that participants may reject facts and interpretations when they are confronted with them in written and official form, even when they themselves have generated them. To the researcher also, what was important in this study was the fact that they can produce theories that closely mirror social reality and therefore are more useful than speculative theories that are not data based.

Moreover, the validity of the instruments was insured by developing instruments under close guidance of the principals, consultation of literature and conducting a pilot study to pretest the instruments. Thus, the researcher carried out a pilot test on 22 teachers and 4 Administrative workers of Jiren secondary schools, which is out of sampling schools. Based on the result of the pilot test, three items were removed and five items were modified.

By this, the reliability of the instrument was determined using Cronbach's Alpha for the internal consistency of the items. As internal consistency index of 0.87(87%) was considered adequate for the instrument. Therefore, reliable because a reliability coefficient of 0.70 and above is considered to be "acceptable" in most Educational research situations.

### **3.7 Methods of Data Analysis**

In the study, both quantitative and qualitative methods of data analysis were employed. In fact, the analysis of both quantitative and qualitative data was carried out concurrently and integrated. The analysis of quantitative data was carried out prior to the qualitative data.

#### **3.7 .1 Quantitative Data**

The quantitative data collected through closed- ended questionnaires were analyzed through descriptive statistics such as percentage so as to describe the data collected in research studies and to accurately characterize the variables. The chi-square at 0.05 alpha levels of significance was also applied in addition for interpreting closed- ended questions so as to test and observe the statistical significance difference among the response of teachers and Administrative workers. In addition to this, the scores of each items were organized, statistically compiled and SPSS version 16.0 was used to compute and obtain the mean value of each item. Moreover, for better analysis the likert scale was employed to collect and analyze the data since the initial purpose was to give participants more freedom to respond and to identify the extent the respondents agree or disagree.



### **3.7 .2 Qualitative Data**

The data collected through interviews, open- ended questions of the questionnaire and the available documents were analyzed and interpreted qualitatively. The analysis was made by using narration in way it would complement the quantitative data. In order to analyze the data, the hand written notes of interview were rearranged, categorized in to manageable. Therefore, the analysis and interpretations were made on the basis of the questionnaires and interviews.

### **3.8. Ethical consideration**

In the process of data collection, the researcher considered the ethical aspects which were important to successfully collect the data. Accordingly before proceeding with data collection and analysis, in approval was sought from Jimma University. Application for permission to conduct the survey and interviews was directed to the woreda education office and to the sample secondary schools of Jimma zone from Jimma University. Having the application letter, the researcher asking permission was obtained from the administrative personnel of the participation schools.

The participants were in formed about the nature and procedures of the study. In addition resection was made explanation was also made about the purpose of the study, the reason why they were selected, the amount of time that they are involved. They were also informed that their participation was voluntary. Moreover, the researcher could create healthy rapport with respondents explain that their response are decisive for the successful accomplishment of the study. The researcher also expressed that their response will not be used for any other purpose except for academic purpose and remains confidential.

**CHAPTER FOUR**

**4. PRESENTATION, ANALYSIS AND INTERPRETATION OF DATA**

The objective of this study was to describe the practice of financial management during implementation in government secondary schools of Jimma zone. The chapter has two major parts. The first part deals with the characteristics of the respondents in terms of sex, age, academic qualification, experience while the second part comprises the results of the findings from the data which were gathered through the questionnaire, interview and document analysis and presented, analyzed and interpreted.

**4.1. Characteristics of the Respondents**

The characteristic of the respondent provides information about the sample population involved in the study. Thus, respondents were asked to indicate their background information. The details of the characteristics of the respondents are given in the table below.

**Table 2:** Characteristics of the Respondents

No	Item	Category	Respondents			
			Teachers		Administrative worker	
			No	%	No	%
1	Sex	Male	82	80.4	48	90.5
		Female	20	19.6	5	9.4
		Total	102	100	53	100
2	Age	20 – 23	16	15.6	4	7.5
		24 – 27	54	53	28	52.9
		28 – 32	20	19.6	17	32
		33 – 37	12	11.7	-	-
		Above 38	-	-	4	7.5
3	Service year	1 – 5	58	56.8	6	11.3
		6- 10	20	19.6	23	43.3
		11 – 15	14	13.7	19	35.8
		16 – 20	8	7.8	5	9.4
		21 – 25	2	1.9	-	-
		26 – 30	-	-	-	-
		Above 30	-	-	-	-
4	Level of education	Certificate	-	-	-	-
		Diploma	12	11.76	35	66
		First degree BSc	90	88.24	18	34

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As it is indicated in Table 2 of item 1, 82(80.4%) and 20 (19.6%) of teachers are males and females respectively. Among 53 Administrative workers, 48(90.5%) of them are males and 5(9.4%) of them are females. This implied that, the participation of both sexes found to be unproportional. Thus, the number of females in the teaching profession and the position of in financial management are much lower compared to males in the sample schools of Jimma zone. Similarly, all the interview participants were males. Accordingly, 2(100%) zone educational officers, 8(100%) Woreda education officers were males. From this, one can understand that the leadership positions of zone and Woreda education service were highly dominated by males. Therefore, female teachers should be encouraged to be a leader and be a role model for secondary school female students in the school.

As item 2 of the above Table shows, 54 (53%) of the teachers age were found to be in the ranges of 24 – 27 years, whereas, 20 (19.6%) and 16 (15.6%) of the teachers' ages were found to be in the ranges of 28-32 and 20 – 23 years respectively. The remaining 12(11.7%) of the teacher respondents were found in 33-37 years ages. Regarding the ages of Administrative workers, 4(7.5%) of them were found in the ranges of 20 – 23, 28 (52.9%) of them were found in the ranges of 24 – 27 years, whereas, 17(32%) and 4(7.5%) of them fall to the ranges of 28 – 32 years and above 38 years respectively.

As far as the age of interviewee participants are concerned, all zonal education coordinators and 1(25%) of Woreda education coordinator were found to be in the ranges of above 38 years. The rest, 3(75%) of Woreda education coordinators were found to be in the ranges of 33 – 37 years which is believed to be at their adult ages. Hence, they could be in better positions to provide support for the principals in improving their financial management. On the other hand, large number of teachers was found in the young ages.

As depicted in the above table of item 3, 58(56.8%) of teachers were between the service year ranges of 1 – 5 years, 20 (19.6%) of teachers were between the experience range of 6 – 10 and 14 (13.7%) of them were between the experience range of 11-15 years. The remaining, 8(7.8%) and 2(1.9%) of the teachers respondents were between the ranges 16 – 20 and 21 – 25 years of experience respectively. On the other hand, 6(11.3%) and 23(43.3%) of Administrative workers

respectively were found in the ranges 1- 5 and 1 – 6 years of experience. The remaining 19 (35.8%) and 5(9.4%) of Administrative workers have respectively 11-15 and 16-20 years of experience.

Regarding the education level of teachers and Administrative workers, 12(11.76%) and 18(34%) of teachers and Administrative workers respectively had a diploma. Whereas, the majority of teacher respondents 90(88.24%) and Administrative workers respondent 35(66%) had a degree. Hence, from the data, we can understand that there is no much discrepancy among the teacher and Administrative workers in their level of education.

With respect to the education level of interviewees, 8(100%) of Woreda education coordinators were a diploma holder, whereas, 1 (50%) of zonal education coordinator have diploma. The remaining 1(50%) of zone education coordinator have first degree. From the data one can understand that there is no much difference between zonal, Woreda education coordinators teachers as well as Administrative workers.

### **4.2. Presentation, Analysis and Interpretation of the Finding**

This part of the study is dedicated to the presentation, analysis and interpretation of the data gathered from various groups of respondents in relation to the practice of financial management in government secondary schools of Jimma zone. For this purpose, teacher's and Administrative workers responded to both open and closed ended questionnaires. The close ended questionnaires were responded to and resulting answers interpreted in terms of percentage. In addition items across each category were arranged under the rating scales with five points. These five points scale range from 1= strongly disagree, 2= disagree, 3= undecided, 4= agree and 5= strongly agree. Finally the five points combined as follows:-strongly disagree add on disagree, undecided as it is and strongly agreed add on agree. As a result of this the analyzing data was based on the three points (Disagree, Agree and Undecided).

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### 4.2.1.1. Problems of financial management

**Table 3:** Respondent views on the Problems Associated with Financial Management in Secondary Schools.

No	Item	Respondents	Responses								Computed $X^2$
			DA		UD		A		Total		
			No	%	No	%	No	%	No	%	
1	Inadequate funding of schools	Teachers	76	74.5	8	7.8	18	17.6	102	100	4.077
		Administrative workers	33	62.2	5	9.4	15	28.3	53	100	
		Total	109	70.32	13	8.4	33	21.3	155	100	
2	Management of available funds	Teachers	77	75.5	4	3.9	21	20.5	102	100	5.151
		Administrative workers	36	67.9	6	11.3	11	20.8	53	100	
		Total	113	72.9	10	6.45	32	20.64	155	100	
3	Inadequate financial management skills by principals and bursars.	Teachers	81	79.4	11	10.8	10	9.8	102	100	2.536
		Administrative workers	37	69.8	7	13.2	9	16.9	53	100	
		Total	118	76.12	18	11.6	19	12.25	155	100	
4	Principals do not take time to consider the likely problems to be encountered in Procuring funds for financing projects.	Teachers	67	65.7	4	3.9	31	30.4	102	100	21.923
		Administrative workers	17	32.1	3	5.7	33	62.2	53	100	
		Total	84	54.2	7	4.5	64	41.3	155	100	
5	Hurried preparation of budget by finance officers	Teachers	83	81.4	4	3.9	15	14.7	102	100	35.929
		Administrative workers	19	35.8	2	3.8	32	60.4	53	100	

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6	Bursars neglecting their duties.	Teachers	76	74.5	6	5.9	20	19.6	102	100	9.345
		Administrative workers	32	60.4	5	9.4	16	30.2	53	100	
		Total	108	69.7	11	7.1	36	23.22	155	100	
7	Lack of trained human resources in financial management	Teachers	64	62.7	5	4.9	33	32.3	102	100	18.891
		Administrative workers	15	28.3	2	3.8	36	67.9	53	100	
		Total	79	50.96	7	4.5	69	44.51	155	100	
8	The process of budget utilization is not appropriate	Teachers	23	22.5	3	2.9	76	74.5	102	100	1.849
		Administrative workers	16	30.2	1	1.9	36	67.9	53	100	
		Total	39	25.2	4	2.6	112	72.3	155	100	
9	The budget allocation doesn't coincide with the need	Teachers	60	58.9	5	4.9	37	36.3	102	100	22.139
		Administrative workers	15	28.3	1	1.9	37	69.8	53	100	
		Total	75	48.4	6	3.9	74	47.7	155	100	
10	The budget allocation is not disbursed on time	Teachers	68	66.7	5	4.9	29	28.5	102	100	1.838
		Administrative workers	36	67.9	5	9.4	12	22.7	53	100	
		Total	104	67.1	10	6.45	41	26.45	155	100	
11	Inadequate accounting procedure	Teachers	78	76.4	7	6.9	17	16.7	102	100	4.584
		Administrative workers	33	62.2	6	11.3	14	26.4	53	100	
		Total	111	71.6	13	8.4	31	20	155	100	
12	Unplanned activities of budget	Teachers	70	68.6	7	6.9	25	24.5	102	100	5.614
		Administrative workers	33	62.3	8	15.1	12	22.6	53	100	
		Total	103	66.45	15	9.7	37	23.9	155	100	

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As it can be observed from the above Table for item 1, teachers and administrative workers were asked whether or not Inadequate funding of schools are problems associated with financial management in schools. In this case, 76(74.5%) of teachers and 33(62.2%) of Administrative workers respondents reported their disagreement that Inadequate funding of schools in this regard was not a problem. Hence, as it can be seen from the table, the computed chi-square  $\chi^2=4.077$  is less than the critical value of chi-square value  $\chi^2=9.487$  at alpha level 0.05 level with four degrees of freedom which shows there is no statistically significant difference among the views of teachers and Administrative workers respondents on the item.. The results of the study illustrates that inadequate funding of schools did not make problems on financial management.

In similar Table above for item 2, 77 (75.5%) of teacher and 36(67.9%) of Administrative workers responded that Management of available funds are not problems associated with financial management in secondary schools. Therefore, the data showed that Administrative workers practice in respect to this supposed to be efficient. The computed chi-square value  $\chi^2=5.151$  is lower than the critical value of chi-square,  $\chi^2=9.487$  at alpha level 0.05 with four degrees of freedom. This implies that there is no statistically significant difference between the opinions of the two groups of respondents on the item.

As indicated in Table3, item 3, respondents were asked whether or not inadequate financial management skills by principals and bursars are problems associated with financial management in secondary schools. Accordingly, 81(79.4%) of teachers and 37(69.8%) of Administrative workers respondents asserted their disagreement. The computed chi-square value  $\chi^2=2.536$  is less than the critical value of  $\chi^2=9.487$  at alpha level 0.05 with four degrees of freedom. This indicates that there is no statistically significant difference between the views of the two groups of respondents. From the result of the findings, it is possible to say that the applications of inadequate financial management skills by principals and bursars are not a problem, for this reason they have skills to coaching techniques.

As shown in the Table3 item 4, respondents were asked regarding Principals do not take time to consider the likely problems to be encountered in Procuring funds for financing projects. Consequently, 67(65.7%) teachers disagreed with this statement while, 33(62.2%) of the Administrative workers claimed that the Principals do not take time to consider the likely problems to be encountered in Procuring funds for financing projects. A chi-square was

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computed to test the significance difference between the teachers and Administrative workers. Therefore, the result of computed chi-square value  $\chi^2$  21.923 at alpha level 0.05 with four degrees of freedom is far above the critical value of chi-square,  $\chi^2=9.487$ . This implies that there is a statistically significant difference among the responses from teachers and Administrative workers on the issue.

Regarding Table 3 item 5, both groups of the respondents were asked about hurried preparation of budget by finance officers are problems associated with financial management in secondary schools, with regard to this activity, 83(81.4%) of teachers responded that the hurried preparation of budget by finance officers are not a problems, Whereas, 32(60.4%) of Administrative workers confirmed their agreement. The computed chi-square value  $\chi^2=35.929$  is greater than the critical value  $\chi^2=9.487$  at a significant level of 0.05 with four degrees of freedom. This implies that there is significance difference between teachers and Administrative workers views concerning the hurried preparation of budget by finance officers. It is therefore, Administrative workers are responsible to assist financial personnel develop their profession through financial programs.

The Administrative workers and teachers respondents were requested about their views whether the Bursars neglecting their duties are problems associated with financial management in secondary schools on the table3 item 6. Consequently, 76(74.5%) of teachers and 32(60.4 %) of Administrative workers remarked that they never hold the practice. The chi-square test was calculated to check whether the opinion difference exists among the two groups or not. As a result, the computed value  $\chi^2=9.345$  is lower than the critical value of  $\chi^2=9.487$  at a significant level of 0.05 with four degrees of freedom. This implies that there is no significance difference between the two groups of respondents concerning the provisions of support to promote duties of bursar's improvement. Hence, it is possible to say that the role of Administrative workers to promote the bursars for the purpose of improving their duties is insufficient.

As one can see on the Table 3 item 7, respondents were asked to indicate their level of agreement on the Lack of trained human resources in financial management is problems associated with financial management in secondary schools. As a result, the majority, 64 (62.7%) of teacher respondents reported that Lack of trained human resources in financial management is not problems. On the other hand, 36(67.9%) of Administrative workers and 33 (32.3%) of teachers agreed with the presence of the Lack of trained human resources in financial management



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practice. The computed chi-square value for the item  $\chi^2=18.891$  is greater than the critical value of chi-square  $\chi^2=9.487$  at alpha level 0.05 with four degrees of freedom. This implies that there is a statistically significant difference between the opinions of teachers and those of Administrative workers respondents on the issue. Thus, from the result it is possible to say that Administrative workers did not encourage teachers to identify and solve actual financial problems. However, Administrative workers are expected to encourage teachers to identify and solve actual financial problems confronting them and find ways for improvement. In this regard, Mohanty (1900: 195) confirms that encouraging and arranging meetings is a vital part of Administrative workers to solve financial problems, without this Administrative worker should not be complete. To sum up, from the finding the teacher desire to improve and solve their current and immediate financial problems through the support of Administrative workers deteriorated and the Administrative workers who are supposed to be responsible for such financial practices seem to fail to meet a minimum expectation of teachers.

On the above Table 3 item 8, respondents were asked to give their opinion whether or not the process of budget utilization is not appropriate in financial management. Accordingly, 76(74.5%) of teachers and 36(67.9%) of Administrative workers respondents were make agreement. Since the computed chi-square value  $\chi^2=1.849$  is lower than the critical value  $\chi^2=9.487$  at 0.05 significant level with four degrees of freedom, there is no significance difference between the two groups of respondents regarding the item. Therefore, from the finding it is possible to say that Administrative workers were in the right direction to motivate financial personnel to achieve their budget utilization.

Concerning the awareness about the budget allocation doesn't coincide with the need is problems associated with financial management in secondary schools on Table 3 of item 9, the teacher and Administrative workers respondents had different views. The majority, 60(58.9%) of teachers revealed that budget allocation doesn't coincide with the need is not the problems associated with financial management in secondary schools. However, 37(69.8%) of the Administrative workers revealed that budget allocation doesn't coincide with the need were problems associated with financial management in secondary schools. The computed chi-square value  $\chi^2=22.139$  is exceeds the critical value of chi-square,  $\chi^2=9.487$  at alpha level 0.05 with four degrees of freedom. This shows that there is a statistically significant difference between the views of

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administrative workers and teachers. Hence, we can deduce that Administrative workers get awareness about the benefit of involving in budget allocations in schools.

As indicated on the above Table of item 10, respondents were requested to rate their agreement whether or not the budget allocation is not disbursed on time is problems associated with financial management in secondary schools. Hence, 68(66.7%) of teachers and 36(67.9%) of Administrative workers responded as disagree. The computed chi-square test,  $\chi^2=1.838$  is lower than the table value  $\chi^2=9.487$  at a significant level of 0.05 with four degrees of freedom. This shows that there is no a statistically significant difference between the opinions of teachers and Administrative workers. This further show that the government disbursed on time the budget allotted.

As presented in Table 3 of item 11, 78(76.4%) of teachers and 33(62.2%) of Administrative workers showed their agreements that Inadequate accounting procedure did not the problems associated with financial management in secondary schools. The chi-square was computed for the item to see whether or not a significance difference exists between the response of the teacher and Administrative workers. Hence, the computed chi-square value  $\chi^2=4.584$  is lower than the critical value of chi-square  $\chi^2=9.487$ . This implies that there is no statistically significant difference between the views of the two groups of respondents. This asserted that there is an agreement of teachers and Administrative workers that Inadequate accounting procedure did not affects financial personnel to select appropriate financial management objectives to improve the procedure.

The Administrative workers and teacher respondents were requested about their views whether or not unplanned activities of budget are problems associated with financial management in secondary schools. To this end, 70(68.6 %) of teachers and 33(62.3%) of Administrative workers revealed that they never practiced or observed the activity. The computed chi-square value  $\chi^2=5.614$  is less than the critical value of chi-square,  $\chi^2=9.487$  at alpha level 0.05 with four degrees of freedom. This implies that there is no statistically significant difference between the views of both respondents. From the finding it is possible to say that unplanned activities of budget not problems associated with financial management in secondary schools.

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### 4.2.1.2 Financial management practices

**Table 4:** Respondents views on the Financial Management Practices of the Funds Made Available to Schools.

No	Item	Respondents	Responses								Computed X <sup>2</sup>
			DA		UD		A		Total		
			No	%	No	%	No	%	No	%	
1	The principal spend the funds available In line with the planned objectives.	Teachers	66	64.7	3	2.9	33	32.4	102	100	2.137
		Administrative workers	33	62.3	4	7.5	16	30.2	53	100	
		Total	99	63.9	7	4.5	49	31.61	155	100	
2	The principals involve the sectional and Departmental heads in budget preparation.	Teachers	56	54.9	3	2.9	43	42.1	102	100	16.311
		Administrative workers	13	24.5	2	3.8	38	71.7	53	100	
		Total	69	44.51	5	3.2	81	52.3	155	100	
3	Schools bursar ensures that expenditure is based On approved estimates for the year.	Teachers	78	76.4	4	3.9	20	19.6	102	100	1.846
		Administrative workers	36	68	4	7.5	13	24.6	53	100	
		Total	114	73.55	8	5.2	33	21.3	155	100	
4	Receipts are issued for all monies collected from Students, parents and other agencies.	Teachers	77	75.4	10	9.8	15	14.7	102	100	5.882
		Administrative workers	31	58.4	8	15.1	14	26.4	53	100	
		Total	108	69.7	18	11.6	29	18.71	155	100	

Key; SD, strongly disagree, DA, disagree, UD, undecided, A, agree, SA, strongly agree

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As can be indicated in Table 4 item 1, teachers and Administrative workers were asked whether or not the principal spend the funds available in line with the planned objectives. To this end, 66(64.7%) of teachers and 33 (62.3%) of Administrative workers respondents confirmed the non existence of principal spend the funds available in line with the planned objectives. The computed chi-square value  $\chi^2=2.137$  is lower than the table value  $\chi^2=9.487$  at significant level 0.05 with four degrees of freedom. Thus, this implies that there is no statistically significant difference between the views of the two groups of the respondents.

Regarding item 2 on the same Table, respondents were asked about the principals involve the sectional and departmental heads in budget preparation. The majority 38(71.7%) of Administrative workers indicated their agreement. Whereas, 56(54.9%) of teacher respondents revealed their disagreement. The chi-square test indicated that significant difference between the opinions of respondents as the computed chi-square  $\chi^2= 16.311$  is greater than the critical value of the chi-square,  $\chi^2=9.487$  with four degrees of freedom at the significance level 0.05. This revealed that principals were in a position to take important points indicating the sectional and departmental heads in budget preparation.

As shown under item 3 in Table 4, 78(76.4%) of teachers and 36(68%) of Administrative workers accepted that did not make agreement on Schools bursar ensures that expenditure is based on approved estimates for the year. Accordingly, the computed value  $X^2=1.846$  was found to be less than the table value of  $X^2=9.487$  with four degrees of freedom at the significance level 0.05. This implies that there is no statistically significance difference on the response of the two groups of respondents.

As indicated in Table 4 of item 4, 77(75.4%) of teachers and 31(58.4%) of Administrative workers showed their agreements that teachers and principals did not follow up the Receipts are issued for all monies collected from Students, parents and other agencies. The computed chi-square value  $\chi^2=5.882$  is less than the critical value of chi-square,  $\chi^2=9.487$  at alpha level 0.05 with four degrees of freedom. This implies that there is no statistically significant difference between the responses of the two groups.

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### 4.2.1.3 Financial Accounting Practices

**Table 5:** Respondents views on the Financial Accounting Practices of the principals.

No	Item	Respondents	Responses								Computed $X^2$
			DA		UD		A		Total		
			No	%	No	%	No	%	No	%	
1	Collect all receipts and invoices for every item bought /purchased	Teachers	78	76.4	9	8.8	15	14.7	102	100	5.401
		Administrative workers	32	60.3	7	13.2	14	26.4	53	100	
		Total	111	71.6	16	10.32	29	18.71	155	100	
2	Pay and account for money spent on maintenance	Teachers	50	49	15	14.7	37	36.3	102	100	4.718
		Administrative workers	29	54.7	4	7.5	20	37.7	53	100	
		Total	79	50.96	19	12.3	57	36.8	155	100	
3	Supervise all financial activities on the school	Teachers	76	74.5	6	5.9	20	19.6	102	100	3.269
		Administrative workers	34	64.2	7	13.2	12	22.7	53	100	
		Total	111	71.61	13	8.4	32	20.64	100	10	
4	Investigate every imbalances of staff found waiting	Teachers	27	26.5	4	3.9	71	69.6	102	100	4.278
		Administrative workers	10	18.9	5	9.4	38	71.7	53	100	
		Total	37	23.9	9	5.8	109	70.32	155	100	

Key; SD, strongly disagree, DA, disagree, UD, undecided, A, agree, SA, strongly agree

As it can be shown in Table 5 for item 1, teachers and Administrative workers were asked whether or not principals collect all receipts and invoices for every item bought/purchased. Consequently, 78(76.4%) of teacher respondents and 32(60.3%) of Administrative workers agreed that did not make agreement on principals collect all receipts and invoices for every item bought/purchased. As it is indicated, the computed chi-square value  $x^2= 5.401$  is less than the critical value of chi-square value  $x^2= 9.487$  at alpha level 0.05 with four degrees of freedom which shows there is no statistically significance difference among the views of Administrative

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workers and teachers on the item. The result of the study shows that Administrative workers did not make an effort in informing the principals to collect all receipts and invoices for every item bought/purchased. They instead, conduct financial management observation on the basis of their good will (interest).

As depicted in the same Table item 2, 50(49%) of teachers and 29(54.7%) of Administrative workers agreed that principals did not Pay and account for money spent on maintenance. The computed chi-square value  $\chi^2=4.718$  is also lower than the critical value of chi-square  $\chi^2=9.487$  at alpha level 0.05 with four degrees of freedom. This shows that there is no statistically significant difference between the views of both teachers and Administrative workers. Thus, the result indicates that principals did not focus on important agreement on the Pay and account for money spent on maintenance.

As it can be seen on Table 5 item 3, respondents were asked whether or not the principals supervise all financial activities on the school. Accordingly, 76(74.5%) of teachers and 34(64.2%) of the Administrative workers reported that the principals did not discuss on the supervise all financial activities on the school. From this result, it is possible to say that principals were ineffective in discussing on the supervision of financial activities. The computed chi-square value  $\chi^2=3.269$  is lower than the critical value of chi-square  $\chi^2=9.487$  at alpha level 0.05 with four degrees of freedom, this shows that there is no statistically significant difference between the views of the two groups.

As shown in the above Table for item 4, respondents were asked regarding the principals Investigate every imbalances of staff found waiting. Consequently, a majority 71(69.6%) of teachers and 38(71.7%) of Administrative workers agreed that, the principals Investigate every imbalances of staff found waiting. The computed chi-square,  $\chi^2=4.278$  is lower than the critical value of chi-square,  $\chi^2=9.487$  at alpha level 0.05 with four degrees of freedom, this shows that there is no statistically significant difference between the views of the two groups. Therefore, from the finding, it is possible to say that the principals Investigate every imbalances of staff found waiting in the school.

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### 4.2.1.2 The Major Sources of Funds

**Table 6.** Views of respondents on the major sources of funds for the management of secondary schools.

No	Items	Respondents	Responses								Computed $X^2$
			DA		UD		A		Total		
			No	%	No	%	No	%	No	%	
1	Parents Teachers Association (PTA)	Teachers	30	29.4	8	7.8	64	62.7	102	100	1.087
		Administrative workers	19	35.8	3	5.7	31	58.5	53	100	
2	School fees paid by students	Teachers	56	54.9	12	11.8	34	33.3	102	100	33.954
		Administrative workers	18	33.96	7	13.2	28	52.8	53	100	
3	Foreign loan	Teachers	78	76.4	4	3.9	20	19.6	102	100	1.846
		Administrative workers	36	68	4	7.5	13	24.6	53	100	
4	Internally generated funds	Teachers	19	18.6	12	11.8	71	69.6	102	100	2.638
		Administrative workers	10	18.9	7	13.2	36	67.9	53	100	
5	Foreign aid	Teachers	77	75.5	5	4.9	20	19.6	102	100	3.047
		Administrative workers	34	64.2	2	3.8	17	32.1	53	100	
6	Federal, State and Local Government	Teachers	22	21.6	9	8.8	71	69.6	102	100	1.619
		Administrative workers	13	24.5	2	3.8	38	71.7	53	100	
7	Labor education	Teachers	67	65.7	11	10.8	24	23.5	102	100	3.446
		Administrative workers	35	66	3	5.7	15	28.3	53	100	

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8	Community contribution	Teachers	80	78.4	10	9.8	13	12.7	102	100	4.055
		Administrative workers	39	73.6	9	17	11	20.7	53	100	
9	Philanthropic	Teachers	36	35.3	9	8.8	57	55.9	102	100	5.149
		Administrative workers	18	34	11	20.8	24	45.3	53	100	
10	Donations	Teachers	83	81.4	12	11.8	7	6.9	102	100	2.272
		Administrative workers	43	81.2	6	11.3	4	7.5	53	100	

Key SD, Strongly disagree, DA, Disagree, UD, Undecided, A, Agree, SA, Strongly agree

As it can be indicated in Table 6 item 1, respondents were asked whether or not Parent Teachers Association (PTA) is the major sources of funds for the management of secondary schools. Accordingly, 64(62.7%) of teachers and 31(58.5%) of Administrative worker respondents agreed on the existence of the opinion. The chi-square test was also calculated to check whether significance difference in opinion exists between the study groups. Accordingly, the computed chi-square value  $\chi^2=1.087$  is far below the critical value of chi-square,  $\chi^2=9.487$  at 0.05 level of significance with four degrees of freedom. This implies that there is no significance difference in opinions of the two groups of respondents. Therefore, from this analysis, it can be concluded that Parent Teachers Association (PTA) is the major sources of funds for the management of secondary schools adversely helps the practice of financial management in Jimma Zone.

As it is also shown in the above Table item 2, respondents were requested to rate their agreement on the perception of School fees paid by students is the major sources of funds for the management of secondary schools. As a result, 56(54.9%) of teachers responded disagree whereas, 28(52.8%) of Administrative worker agreed on the issue. The chi-square test was calculated to check whether significant difference in views exist between the study groups. Accordingly, the computed chi-square value  $\chi^2 33.954$  is greater than the critical value of chi-square value,  $\chi^2=9.487$  at alpha level 0.05 with four degrees of freedom. This implies that there is significant difference in opinions of the two groups on the item. Thus, from the analysis it can be concluded that students also contributed funds for the management of secondary schools.



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With regard to Table 6 item 3, Administrative workers and teachers were asked to show their agreement concerning whether or not foreign loan is the major sources of funds for the management of secondary schools. Accordingly, 78(76.4%) of teachers and 36(68%) Administrative workers indicated their disagreement. This shows that foreign loan did not the major sources of funds. The chi-square value  $\chi^2=1.846$  is lower than the critical value  $\chi^2=9.487$  implying that statistically there is no significant difference among teachers and Administrative respondents.

As can be seen on the above Table item 4, respondents were asked whether or not internally generated funds are the major sources of funds for the management of secondary schools. Hence, 71(69.6%) of teachers and 36(67.9%) of Administrative workers indicated their agreement. The computed chi-square value also confirmed this idea as  $\chi^2=2.638$  is less than the critical value of  $\chi^2=9.487$  with four degrees of freedom at 0.05 significance level.

With regard to the views of Administrative worker and teachers respondents on the level of Foreign aid is the major sources of funds for the management of secondary schools, the majority 77(75.5%) of teachers and 34(64.2%) of Administrative workers asserted that disagreed. The chi-square value of,  $\chi^2=3.047$  is lower than the critical value of chi-square  $\chi^2 =9.487$  at alpha level 0.05 with four degrees of freedom. This shows that there was no statistically significant difference on the response of teachers and Administrative workers. Thus, from the finding it is possible to conclude that Foreign aid is not the major sources of funds for the management of secondary schools in the practice of financial management in Jimma zone. During the interview of WEO and WFEDO revealed that the major source of school fund is totally come from the foreign aid.

As in Table 6 item 6 indicated, respondents were asked to rate their level of agreements concerning the existence of Federal, State and Local Government is the major sources of funds for the management of secondary schools. Consequently, 71(69.6%) of teachers and 38(71.7%) of Administrative workers claimed that Federal, State and Local Government is the major sources of funds for the management of secondary schools. The computed chi-square value  $\chi^2=1.619$  is less than the critical value of chi-square,  $\chi^2=9.487$  at alpha level 0.05 with four degrees of freedom which shows there is no statistically significant difference on the response of both groups of respondents. One of the school principal also explained that Federal, State and Local

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Government is the major sources of funds for the management of secondary schools. During interview WEO and WFEDO revealed that the major source of school fund is totally come from the foreign aid.

According to Table6 item 7, about 67(65.7%) of teachers and 35(66%) of Administrative workers did not agree on the Labor education effort. The chi-square value for the item  $\chi^2=3.446$  is lower than the table value of chi-square  $\chi^2=9.487$  at 0.05 significant levels with four degrees of freedom. This shows that there is no significant statistical difference between the views of both groups of respondents. Thus, from the finding it is possible to say that Labor education is not the major sources of funds for the management of secondary schools.

On the same Table item 8, respondents were requested to give their views whether or not Community contribution is the major sources of funds for the management of secondary schools. Regarding this, the majority 80(78.4%) of teacher and 39(73.6%) of Administrative workers did not agreed on the practice. The computed chi-square value  $\chi^2=4.055$  is lower than the table value of  $\chi^2=9.487$  at 0.05 significant levels with four degrees of freedom. This implies that there is no significant difference between both respondents.

On Table 6 item 9 Teachers and Administrative workers were requested whether or not Philanthropic is the major sources of funds for the management of secondary schools. Thus, the majority 57(55.9%) of teachers and 24(45.3%) of Administrative workers agreed. The computed chi-square value  $\chi^2=5.149$  is lower than the critical value of  $\chi^2=9.487$  which implies that there is no significant difference among the response of both groups.

As in Table6 item 10 indicated, respondents were asked to rate their level of agreements concerning the Donations is the major sources of funds for the management of secondary schools, , respondents were asked their opinions. As a result, 83(81.4%) of teachers and 43(81.2%) of Administrative workers reported that Donations are not the major source of school funds. With regard to item of the same table, the computed chi-square value  $\chi^2=2.272$  is less than the table value of  $\chi^2=9.487$  at alpha level 0.05 with four degrees of freedom. This revealed that there is no statistically significant difference among the two groups of respondents' opinions on the item.

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### 4.2.1.4 Opinion on the practices of the auditing systems in schools

**Table 7:** Respondents' views about the budget preparations

Items	Responde nts										
		Planning committee		Principals		School administrat ions		depart ment heads		Total	
		N <sub>o</sub>	%	N <sub>o</sub>	%	N <sub>o</sub>	%	N <sub>o</sub>	%	N <sub>o</sub>	%
The annual budget plans in your school is prepared by	Teachers	45	44.18	20	19.61	37	36.8	-	-	102	65.81
	Administr ative workers	35	66.04	8	15.1	10	18.86	-	-	53	34.19
	Total	80	51.6.	28	18.1	47	30.32	-	-	155	100

As indicated in table 7 above, respondents were asked to indicate answerable body for the preparation of the annual budget of the school. Accordingly, the majority, 80(51.6%) of the respondents replied that the school planning committee performed the activity. While 47(30.32%) of the school administration also involved in the school budget plan preparation. The others, 28(18.1%) of the respondents responded that the school budget plan is prepared by principals. As indicated in the table, in the schools under study there was no active participation of department heads and teachers in school budget plan preparation. It is true that once different components of an organization have agreed on planned resource allocation for coming fiscal year, it becomes crucial to ensure that resources are indeed allotted in accordance with the agreement, and that expenditures are consistent with the budget. So, the less participation of, department heads and other school components create problems on budget implementation practices.

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**Table 8:** Teachers and Administrative workers Responses on whether schools are engaged in income generating activities and the budget allocated is equal to the amount required or not.

Item	Response	Teachers and Administrative workers	
		No	%
Is the budget allocated to your school equal to the amount required	Yes	15	9.68
	No	140	90.32
	Total	155	100

As can be seen from table 8, shows that the responses of teachers and Administrative workers on whether the allocated budget fit with the required amount. The majority of the respondents 140(90.32%) disagree with the fit between the allotted budget and the required amount of budget to the schools. Whereas the other respondents of responses 15 (9.68%) shown as the allocation of budget was equal with the required amount of budget in the schools. The most of responses of the respondents implies as there was insufficient budget allocation in the schools.

**Table 9:** Respondents opinion on budget release time

Items	Respondents	Responses									
		July		August		September		October		Total	
		No	%	No	%	No	%	No	%	No	%
When is the budget allotted to your school released	Teachers	20	12.90	22	14.2	15	9.7	45	29.03	102	65.83
	Administrative workers	15	9.7	7	4.52	6	3.9	25	16.13	53	34.25
	<b>Total</b>	35	22.6	29	18.72	21	13.6	70	45.16	155	100

As indicated in table 9, the majority, (57.53%) of the respondents confirmed that the school budget is released in October and 22.6% of the respondents reported that the school budget was

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released in July, at the beginning of the budget year. As we observe from the table, the respondents indicated that the school budget released also in other times which indicates that the irregularity of budget disbursement for schools. The overall report indicates that the budget of the New Year is approved after the new fiscal year is started. A budget, an organization's resource allocation plan, is intended to cover a fixed period, generally a year. The fiscal year for an organizations begins on July1 and concludes at the end of the following June, in the next calendar year. So, the late arrivals of budget to the schools have negative impact on the implementation of schools plan and objectives.

**Table 10:** Teachers and Administrative workers responses on whether budget transfer is possible from one head to the other head and schools are autonomous regarding financial management and utilization.

Item	Response	Teachers and Administrative workers	
		No	%
Is budget transfer in your school possible from one head to the other head?	Yes	68	43.9
	No	87	56.13
	Total	155	100
Does your school independent with Regard to financial management and utilization?	Yes	57	36.8
	No	98	63.23
	Total	155	100

Table 10, item1 shows the responses of teachers and Administrative workers on budget transfer from one head to the other head. 68(43.9%) of the respondents indicated that budget transfer from one head to the other was possible and the others 87(56.13%) of respondents reported as budget transfer from one head to the other is impossible.

As indicated in table 10, item 2, 98(63.23%) of the respondents confirmed that the schools were not autonomous to manage and utilize their budget according to their need and desire. On the

other hand, 57(36.8%) of the respondents reported as their schools were autonomous in budget management and utilization.

### **4.3 Discussion on Observation, document analysis and Interview**

As deep-rooted by observation, each of the school under study has a separate office for its accounting task. However, most of the accounting office's do not have obligatory office furniture and equipments and their overall arrangement do not enable them to accomplish the work in a good way. The researcher observed un arranged office for accounting work and misses placed files in each of the accounting offices and mixed with student's documents. In majority of the schools under study, there was shortage of professional personnel assigned according to secondary school structure and regulation. Most schools have been carrying out their financial activities by non- professional subject expert representative teachers. The results obtained from document analysis also confirmed that there was no any document related to feedback for the financial personnel.

According to the discussion made with head of woreda education office and head of woreda FEDO, budget allocation is based on the number of students' population in the schools. There are two heads of budget that were allocated for the schools according the responses of these heads. These budgets are block-grant and school grant. The block grant was given based on the plan of schools and it was not given in cash. Schools prepared their plan to woreda education offices and according to their plan, educational materials are bought by woreda FEDO and sent to the schools. The duty of managing this budget was WEO. The other budget was school grant which was given in cash and was used for the improvement of quality of education. The source of this school grant was from foreign aids. During the interview of WEO and WFEDO revealed that the major source of school fund is totally come from the foreign aid. WEO and school managements were accountable for the appropriate management of these budgets based on the responsibility that was given by the government.

According to the response given by the interview with woreda FEDO and WEO heads on the distribution of the allocated budget for schools, confirmed that the budget was distributed after the budget was allocated for WFEDO and WEO from regional government. . The implication is

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that no definite budgeting time schedule is set by the finance and economic development offices at woreda level.

The response given by the interviewee, the woreda FEDO used to support schools in budget preparation and auditing. According to the respondents report, no regular auditing period and they made auditing when they asked by WEO and where there is problem on financial management.

As respondents' response, no budget transfer is permitted from one head to the other head and vice versa. It is not also possible to transfer part of the regular budget to salary and wage.

With regard to the accounting method used by the schools, all schools are using the double entry book keeping system. However, there is still a need to improve the system.

They were asked about the training of financial personnel's of schools and they respond that they only receive a short orientation and short discussion on some matters of financial management when necessary and that is not sufficient to improve financial management system at school level.

As indicated in the discussion with the interviewee, the Finance and Economic Development Offices capacity and willingness to give training about accounting, budgeting and auditing was not satisfactory. Therefore, if these employees are not given short-term training and workshop by the next higher office the financial management of the schools will be deteriorated.

The possibility of even using the allotted budget by transferring from one head to other is hardly possible. Even the woreda Finance and Economic Development Offices receive their budget from the Regional Finance and Economic Development Office in the form of a block grant. They have no way to rearrange the budget allocated to them from one head to the other. It is only the administration function that is decentralized according their response. Viewed from the above – mentioned constraints and problems therefore, it is only gradually and with practical steps that the goal of establishing a workable school based financial system can be achieved.

Regarding to document analysis specially based on financial management checklist, feedback given for financial personnel, plans of financial management, financial guidelines and other

recorded documents in relation to the practice of financial management is not available in all Jimma zone secondary schools.

### 4.4 Discussion of the results

The finding of this study revealed that the major source of funding is Federal, state and local government. This study agrees with Ezeocha (2000) who upheld the importance of government in funding and identified the two types of budget necessary and the importance of prudent management.

It agrees with Ezra (2006) that funds should be committed and recommitted to new and ongoing uses. Morelus (2001) supported this by stating that the goals and objectives must generate new work, but in government, these must degenerate into fiscal plan of operation which is the budget. The study is in support of the importance of the budget, and that the principal involves the sectional heads and heads of departments in budget preparation.

The study revealed that principals and financial personnel of secondary schools in jimma zone have inadequate skills for good financial management as receipts are issued for all monies collected, budgets prepared and expenditure based on approved estimate and supervise all financial activities on the school; for according to Maurice (2007) a good way to appreciate what financial management is all about is to relate it to economics, which concerns itself with scarce resources and skilful management of available resources. The major financial management problem as is evident in this study is the process of budget utilization is not appropriate.

The study revealed that school bursar did not ensure that expenditure is based on approved estimates for the year. According to Jackson in Bisschoff and sayed,(1999:314),states that with regard to budget as a tool in financial school management, whether we approve of it or not, the delegation budgets to school has meant that words like accountability, clients, efficiency, effectiveness managers, are with us and are not going away.

Regarding to the preparation of the annual budget plan in secondary schools the finding of the study shows that the annual budget plan is prepared by the school planning committee performed the activity. This study disagrees with generally speaking a budget should be jointly made by the chief officers of departments and the chief financial officer, the duty of the latter being to put his



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special skill and experience at the disposal of his colleagues. Draft budget should entertain competing claims of departments (Marshal, 1974:77).

The finding of this study confirmed that the schools were not autonomous to manage and utilize their budget according to their need and desire. According to Blanchard, Lovell and Ville (1989:105), school will be free to deploy resources to their own needs and priorities within the requirements of the national curriculum. Principal will have power to match their existing responsibilities. Better management will mean better education for learners.

## CHAPTER FIVE

### 5. SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

This part of the study deals with the summary of the major findings, conclusion and recommendations that are supposed to be vital to enhance the current practices of financial management in various schools. In connection to this, the general objectives of this study were to describe the financial management practices of Jimma Zone government secondary schools.

#### 5.1 Summary of Major Findings

The following constitute the summary of the findings:

1. Secondary school teachers and Administrative workers agreed strongly that the problem associated with financial management in secondary schools include the following; the process of budget utilization is not appropriate and the budget allocation doesn't coincide with the need of the schools. The respondents all disagreed with items 1-7 and 10-12 being the cause of financial management problems.
2. There was no significant difference between the opinions of secondary school teachers and Administrative workers with regards to the problems that are associated with financial management in secondary schools in Jimma Zone.
3. It was the opinion of secondary school teachers and Administrative workers in Jimma zone that they are following the practices in managing the available funds; principals did not spend funds available in line with planned objectives, the majority of respondents agreed on the principals involve the sectional and Departmental heads in budget preparation, school bursar did not ensure that expenditure is based on approved estimates for the year. In addition to this receipts are not issued for all monies collected from students, parents and other agencies.
4. Regarding to the practices of financial accounting of the principals the majority of the respondents all disagreed with principals to collect all receipts and invoices for every item bought/purchased, pay and account for money spent on maintenance and supervise all financial activities on the school, the principals not implemented in their schools. Also the

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majority of the respondents agreed on the principals investigate every imbalance's of staff found waiting.

5. The major sources of funds for the management of secondary schools come from Federal, State and Local Government, internally generated funds and Parents Teachers Association (PTA). During the interview of WEO and WFEDO revealed that the major source of school fund is totally come from the foreign aid.
6. Regarding to the preparation of the annual budget plan in secondary schools the majority of the respondents reply that the annual budget plan is prepared by the school planning committee performed the activity.
7. Regarding on budget preparation as exposed in the interview, in its place of the schools management body, the upper governmental body at woreda level resolute how the money should be divided into different types of budget in order to accomplish educational programs of schools. In the schools budget has not been regarded as a continuous process which required an adequate preparation starting from the first day of developing a new budget all the way through the process of budget formulation, budget implementation and the budget review. Rather the budget of the schools for the fiscal year was prepared without adequate preparation.
8. The majority of the respondents' responses indicated that there were incomes generating activities in their own schools. It was ascertained by almost all of the respondents that the basic cost amount was based on the educational purpose and the largest amount was spent for this purpose.
9. It was exposed by the respondents' replay that the amount of allocated budget was not plenty to achieve the educational objectives set, and this in turn seriously locate the quality of the educational program at risk.
10. As ascertained through interview, budget is allocated for secondary schools sometimes per-student population and some other time by negotiation. No definite budgeting time is set by the woreda Finance and Economic Development Offices. No budget transfer is acceptable

## **FINANCIAL MANAGEMENT PRACTICES**

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from one head to the others. The Finance and Economic Development Offices capacity to give training about accounting, budget planning and auditing was unsatisfactory.

### **5.2 Conclusion**

The following conclusions were made based on the findings of the study:

1. As shown in the findings of the study, Secondary school teachers and Administrative workers agreed strongly that the problem associated with financial management in secondary schools include the process of budget utilization is not appropriate and the budget allocation doesn't coincide with the need of the schools. These evidences allow us to conclude that, secondary school teachers and Administrative workers in Jimma zone were not utilize the given budget properly and doesn't coincide the budget allocation with the need of the schools.
2. The findings of the study confirmed that, between the opinions of secondary school teachers and Administrative workers with regards to the problems that are associated with financial management in secondary schools in Jimma Zone have the same.
3. Based on the findings of the study, it is possible to conclude that, the actual practices in managing the available funds; principals did not spend funds available in line with planned objectives, the principals involve the sectional and Departmental heads in budget preparation, school bursar did not ensure that expenditure is based on approved estimates for the year. In addition to this receipts are not issued for all monies collected from students, parents and other agencies.
4. The findings of the study revealed that, principals did not collect all receipts and invoices for every item bought/purchased, pay and account for money spent on maintenance and supervise all financial activities on the school. These findings allow us to conclude that, principals in Jimma zone were not well organized to give the required services.
5. The major sources of finance for the management of secondary schools in Jimma Zone considered were drained from Federal, state and local government. From the external sources loans and assistances were generated in the form of soft as well as hardwires. The capital budget drawn from external sources showed a fluctuation though the recurrent budget from domestic sources grew in size very steadily. However, it could be said from this that there was

complete dependency on government sources which were unreliable to base future plans upon.

6. Based on the findings of the study, it is possible to conclude that, the preparation of the annual budget plan in Jimma zone secondary schools is prepared by the school planning committee.
7. As the findings of the study indicated that, there were incomes generating activities in their own schools. It is possible to conclude that, incomes are generated in jimma zone secondary schools.
8. There is no reliable accounting system over the woreda Finance and Economic Development Offices regarding the management of finance. Although the main purpose of financial audit is to verify the truth and totality of the financial management, the audit section of the woreda Finance and Economic Development Office was found to be inefficient to perform its activities and its responsibilities accordingly. No definite budgeting time is set by the woreda Finance and Economic Development Offices. This may affect the schools plan in different way. The presence of pre- audit activities would help to protect the schools money from misuse and unnecessary wastage. Yet in the school under study, there was no timely auditing activities and effective internal control system.
9. The amount of allocated budget in Jimma zone secondary school is not sufficient to achieve the educational objectives.

### **5.3 Implication of the Study**

This study implies that adequate implementation of educational programmes, adequate funding and prudent management of available funds is needed for the achievement of educational objectives. It equally has implication for effective modern management concepts like Financial Regulation Approach (FRA), etc. The study is also considered useful for the promotion of prudent and efficient management of available funds in the secondary schools and all other financial institutions.

### 5.4 Recommendations

This study was conducted to describe the practices of financial management in public secondary schools, to recommend the possible solutions. Thus, based on the findings of the study, the following recommendations were drawn to minimize and solve the problems that impede the practice of financial management in jimma zone:

1. Government should authorize principals of secondary schools to expend the source of funds for management of their schools by exploring other possible avenues. The three arms of government, especially the State Government should provide adequate funds for the management of secondary schools.
2. School fees should cease to be the major source of funds as it is in other states funds secondary schools. Secondary school principals and bursars should continue to ensure that all monies collected are paid in promptly into the government's account, so as to minimize inadequate funding of secondary schools.
3. Principals and bursars of secondary schools should continue to maintain good financial management practices in their schools, such as issuing receipts for all monies collected; involving the sectional heads and heads of departments in budget preparation and base expenditure on approved estimates for the year.
4. Likewise widen the organizational structure in education to a reasonable degree to embrace the necessary manpower, like that of auditors, accountants and project personnel.
5. Recruit and hire standardized and qualified workers for the posts of accounting, auditing and personnel management.
6. The woreda Finance and Economic Development Offices should accurately control the utilization of government budget and accounting system of the schools through timely reports and should be alert to investigate and audit the school finance.
7. Woreda financial offices should audit schools at least quarterly and emphasis should have, however, a freedom to use the budget allocated to them according to their desire in a flexible way.

## FINANCIAL MANAGEMENT PRACTICES

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8. Upgrade professional competences of workers.
9. Encourage educational organizations to generate additional sources of income on their own to enable them better meet educational goals and at the same time strengthen the control and custody of organizational resources.
10. Appoint and place financial personnel on objective basis for effective' financial transactions.
11. Increase resources for education at least by 3% annually to keep pace with population growth.
12. Allow the community to assist and nurture schools in addition to the government endeavors.
13. Further investigations are needed to be carried out regarding the problems that impede financial management practice.

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**Appendix A**  
**Institute of Education and Professional Development Studies**  
**Department of Educational Planning and Management**

**Questionnaire to be filled by secondary school Administrative workers.**

Dear respondents, the main purpose of this questionnaire is to assess the financial management practices of secondary schools of Jimma Zone in order to obtain relevant information that would facilitate the formulation of a sustainable financial management practices for secondary schools.

Since the research findings will assist practitioners in the financial management process and decision making, your cooperation in filling the questionnaire is of paramount importance.

Hence, please take your time to fill in the questionnaire, be objective, and honest in your response.

Note: The respondent will remain anonymous to ensure confidentiality.

It is the right and the duty to each respondent to give the objective information he/she has.

Thank you in advance for your cooperation

**Part one: Background information.**

**Instructions**

Please consider the following points before filling out the questionnaire;

1. You do not need to write your name.
2. Read all instructions before you answer the questions.
3. Use only a tick (“√”) mark to your response for the closed ended questions.
4. Give detail explanation for the open ended questions.
5. Please give appropriate answer on the basis of your school background/experience/you have.

## FINANCIAL MANAGEMENT PRACTICES

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### Direction

Please make a tick (✓) in the boxes provide and write brief answers in the blank spaces where necessary.

.Please, give only one answer to each item unless you are requested to give more.

1. Name of your school \_\_\_\_\_

2. Write your present job title \_\_\_\_\_

3. Age 25 and below           26-35 years   
36-45 years           above 45 years

4. Sex    Male           Female

5. Level of education

T.T.I. graduate           Diploma   
B.A/B.S.C           M.A/M.Sc. and above

Other (please specify) \_\_\_\_\_

6. Field of specialization

Subject specialist           Accountant   
Educational administration           other (please) \_\_\_\_\_

7. Total service years

1-5           6-10           11-15   
16-20           21 and above

## FINANCIAL MANAGEMENT PRACTICES

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### Part I: Problems Associated With Financial Management in Secondary Schools.

Please provide your response using the tick mark “√” to the corresponding items.

**Key:** - 5= strongly Agree (SA), 4= Agree (A), 3= Undecided (UD), 2= Disagree (D), 1= strongly disagree (SD).

No.	Items	SD	D	UD	A	SA
		1	2	3	4	5
1	Inadequate funding of schools					
2	Management of available funds					
3	Inadequate financial management skills by principals and bursars.					
4	Principals do not take time to consider the likely problems to be encountered in Procuring funds for financing projects.					
5	Hurried preparation of budget by finance officers					
6	Bursars neglecting their duties.					
7	Lack of trained human resources in financial management					
8	The process of budget utilization is not appropriate					
9	The budget allocation doesn't coincide with the need					
10	The budget allocation is not disbursed on time					
11	The process of budget utilization is not appropriate					
12	Unplanned activities of budget					

## FINANCIAL MANAGEMENT PRACTICES

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### Part II: Financial Management Practices of the Funds Made Available to Schools.

Please provide your response using the tick mark “√” to the corresponding items.

**Key: - 5= strongly Agree (SA), 4= Agree (A), 3= Undecided (UD), 2= Disagree (D), 1= strongly disagree (SD).**

No.	Items	SD	D	UD	A	SA
		1	2	3	4	5
1	The principal spend the funds available In line with the planned objectives.					
2	The principals involve the sectional and Departmental heads in budget preparation.					
3	Schools bursar ensures that expenditure is based On approved estimates for the year.					
4	Receipts are issued for all monies collected from Students, parents and other agencies.					



## FINANCIAL MANAGEMENT PRACTICES

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### Part III: Financial Accounting Practices of the principals.

Please provide your response using the tick mark “√” to the corresponding items.

**Key:** - 5= strongly Agree (SA), 4= Agree (A), 3= Undecided (UD), 2= Disagree (D), 1= strongly disagree (SD).

No.	Items	SD	D	UD	A	SA
		1	2	3	4	5
1	Collect all receipts and invoices for every item bought/purchased					
2	Pay and account for money spent on maintenance					
3	Supervise all financial activities on the school					
4	Investigate every imbalances of staff found waiting					

## FINANCIAL MANAGEMENT PRACTICES

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### Part IV: opinion on the practices of the auditing systems in schools

1. Who prepares the annual budget plans in your school?

- 1) The school management committee  2) the principal   
3) Teachers  4) the school administration   
5) The Department heads  6) others (please specify) \_\_\_\_\_

2).Is the budget allocated to your school equal to the amount required?

- 1) Yes  2) No

3).If your answer to question 2 is 'No' how is balanced? \_\_\_\_\_

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4).When is the budget allotted to your school released?

- 1) In July  2) In August  3) in September   
4) In October  5) other (please specify) \_\_\_\_\_

5). is budget transfer in your school possible form one budget head to another budget head?

- 1) Yes  2) No

6).If your answer to question 5 is "No" how do you manage budget shortage and/or excess in a given budget head? \_\_\_\_\_

\_\_\_\_\_

7).Who is authorized to approve the allotted budget? - write them in their order of most important to least important (by using 1-5) the same with question number two

- \_\_\_\_\_ The school planning committee  
\_\_\_\_\_ The principal  
\_\_\_\_\_ Teachers  
\_\_\_\_\_ The school administration  
\_\_\_\_\_ The Department heads others (please specify) \_\_\_\_\_

8). Does your school autonomous with regard to financial management?

- 1) Yes  2) No

### Part V: The major sources of funds for the management of secondary schools.

## FINANCIAL MANAGEMENT PRACTICES

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Please provide your response using the tick mark “√” to the corresponding items.

**Key: - 5= strongly Agree (SA), 4= Agree (A), 3= Undecided (UD), 2= Disagree (D), 1= strongly disagree (SD).**

No.	Items	SD	D	UD	A	SA
		1	2	3	4	5
1	Parents Teachers Association (PTA)					
2	School fees paid by students					
3	Federal, State and Local Government					
4	Internally generated funds					
5	Foreign aid					
6	Foreign loan					
7	Labor education					
8	Community contribution					
9	Philanthropic					
10	Donations					

## Appendix B

### Jimma University, Department of Educational Planning and Management

#### Questionnaire to be filled by Teachers, in secondary schools.

Dear respondents, the main purpose of this questionnaire is to assess the financial management practices of secondary schools of Jimma Zone in order to obtain relevant information that would facilitate the formulation of a sustainable financial management practices for secondary schools.

Since the research findings will assist practitioners in the financial management process and decision making, your cooperation in filling the questionnaire is of paramount importance.

Hence, please take your time to fill in the questionnaire, be objective, and honest in your response.

Note: The respondent will remain anonymous to ensure confidentiality.

It is the right and the duty to each respondent to give the objective information he/she has.

Thank you in advance for your cooperation

#### **Part one: Background information.**

##### **Instructions**

Please consider the following points before filling out the questionnaire;

6. You do not need to write your name.
7. Read all instructions before you answer the questions.
8. Use only a tick (“√”) mark to your response for the closed ended questions.
9. Give detail explanation for the open ended questions.
10. Please give appropriate answer on the basis of your school background/experience/you have.

## FINANCIAL MANAGEMENT PRACTICES

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### Direction

Please make a tick (✓) in the boxes provide and write brief answers in the blank spaces where necessary.

Please, give only one answer to each item unless you are requested to give more.

1. Name of your school \_\_\_\_\_

2. Write your present job title\_\_\_\_\_

3. Age 25 and below  26-35 years

36-45 years  above 45 years

4. Sex Male  Female

5. Level of education

T.T.I. graduate  Diploma

B.A/B.S.C  M.A/M.Sc. and above

Other (please specify) \_\_\_\_\_

6. Field of specialization

Subject specialist  Accountant

Educational administration  other (please) \_\_\_\_\_

7. Total service years

1-5  6-10  11-15

16-20  21 and above

## FINANCIAL MANAGEMENT PRACTICES

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### Part I: Problems Associated With Financial Management in Secondary Schools.

Please provide your response using the tick mark “√” to the corresponding items.

**Key:** - 5= strongly Agree (SA), 4= Agree (A), 3= Undecided (UD), 2= Disagree (D), 1= strongly disagree (SD).

No.	Items	SD	D	UD	A	SA
		1	2	3	4	5
1	Inadequate funding of schools					
2	Management of available funds					
3	Inadequate financial management skills by principals and bursars.					
4	Principals do not take time to consider the likely problems to be encountered in Procuring funds for financing projects.					
5	Hurried preparation of budget by finance officers					
6	Bursars neglecting their duties.					
7	Lack of trained human resources in financial management					
8	The process of budget utilization is not appropriate					
9	The budget allocation doesn't coincide with the need					
10	The budget allocation is not disbursed on time					
11	The process of budget utilization is not appropriate					
12	Unplanned activities of budget					

## FINANCIAL MANAGEMENT PRACTICES

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### Part II: Financial Management Practices of the Funds Made Available to Schools.

Please provide your response using the tick mark “√” to the corresponding items.

**Key: - 5= strongly Agree (SA), 4= Agree (A), 3= Undecided (UD), 2= Disagree (D), 1= strongly disagree (SD).**

No.	Items	SD	D	UD	A	SA
		1	2	3	4	5
1	The principal spend the funds available In line with the planned objectives.					
2	The principals involve the sectional and Departmental heads in budget preparation.					
3	Schools bursar ensures that expenditure is based On approved estimates for the year.					
4	Receipts are issued for all monies collected from Students, parents and other agencies.					

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## FINANCIAL MANAGEMENT PRACTICES

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### Part III: Financial Accounting Practices of the principals.

Please provide your response using the tick mark “√” to the corresponding items.

**Key:** - 5= strongly Agree (SA), 4= Agree (A), 3= Undecided (UD), 2= Disagree (D), 1= strongly disagree (SD).

No.	Items	SD	D	UD	A	SA
		1	2	3	4	5
1	Collect all receipts and invoices for every item bought/purchased					
2	Pay and account for money spent on maintenance					
3	Supervise all financial activities on the school					
4	Investigate every imbalances of staff found waiting					



## FINANCIAL MANAGEMENT PRACTICES

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### Part IV: opinion on the practices of the auditing systems in schools

2. Who prepares the annual budget plans in your school?

- 1) The school management committee  2) the principal   
3) Teachers  4) the school administration   
5) The Department heads  6) others (please specify) \_\_\_\_\_

2). Is the budget allocated to your school equal to the amount required?

- 1) Yes  2) No

3). If your answer to question 2 is 'No' how is balanced? \_\_\_\_\_

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4). When is the budget allotted to your school released?

- 1) In July  2) In August  3) in September   
4) In October  5) other (please specify) \_\_\_\_\_

5). is budget transfer in your school possible form one budget head to another budget head?

- 1) Yes  2) No

6). If your answer to question 5 is "No" how do you manage budget shortage and/or excess in a given budget head? \_\_\_\_\_

\_\_\_\_\_

7). Who is authorized to approve the allotted budget? - write them in their order of most important to least important (by using 1-5) the same with question number two

- \_\_\_\_\_ The school planning committee  
\_\_\_\_\_ The principal  
\_\_\_\_\_ Teachers  
\_\_\_\_\_ The school administration  
\_\_\_\_\_ The Department heads others (please specify) \_\_\_\_\_

8). Does your school autonomous with regard to financial management?

- 1) Yes  2) No

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## FINANCIAL MANAGEMENT PRACTICES

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**Part V: The major sources of funds for the management of secondary schools.**

Please provide your response using the tick mark “√” to the corresponding items.

**Key: - 5= strongly Agree (SA), 4= Agree (A), 3= Undecided (UD), 2= Disagree (D), 1= strongly disagree (SD).**

No.	Items	SD	D	UD	A	SA
		1	2	3	4	5
1	Parents Teachers Association (PTA)					
2	School fees paid by students					
3	Federal, State and Local Government					
4	Internally generated funds					
5	Foreign aid					
6	Foreign loan					
7	Labor education					
8	Community contribution					
9	Philanthropic					
10	Donations					

## Appendix C

### Jimma University, Department of Educational Planning and Management

#### Interview questions conducted with woreda MoFED office financial personnel and head of woreda education offices.

The purpose of this interview is to gather information on current practices of financial management of secondary schools of Jimma Zone.

Since the research findings will assist practitioners in the process of financial management practices and decision making, your cooperation in giving answers has a paramount importance.

Hence, please take your time to give answer for my questions and please be objective, and honest in your response.

Thank you in advance for your cooperation

#### 1. Personal information

1.1 Name of your office\_\_\_\_\_

1.2 Age\_\_\_\_\_

1.3 Sex \_\_\_\_\_

1.4. Level of Education\_\_\_\_\_

1.5. Field of Specialization\_\_\_\_\_

1.6 Your present job title\_\_\_\_\_

1.7 Service year in your current position\_\_\_\_\_

## **FINANCIAL MANAGEMENT PRACTICES**

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1. What are the major problems associated with financial management practices in secondary schools?
2. How do principals manage the funds available to them?
3. What is the practice of school principals for financial accounting?
4. What are the practices of the auditing system in Jimma zone government secondary schools?
5. What are the major sources of funds for the management of secondary schools?