

**HEADTEACHERS' PREPAREDNESS IN MANAGING FINANCES IN PUBLIC  
PRIMARY SCHOOLS IN RACHUONYO NORTH SUB COUNTY, HOMA BAY  
COUNTY, KENYA**

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**DECLARATION**

This Thesis is my original work and has not been presented for award of a degree in any other university.

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## **DEDICATION**

This Thesis Report is dedicated to my dear wife Linet Aoko Obong'o, my dear daughter Andriannah Akinyi Obong'o and sons Ambrose Okoth Obong'o, Chrispine Oduor Obong'o, Raphael Omondi Obong'o and Churchil Ochieng Obong'o for their patience and support during the entire process of research and report writing.

## **ABSTRACT**

The Kenya government and donor communities are investing large sums of money in free primary education which is vital to the general development of the school. It is against this background that this study sought to establish headteachers' preparedness in managing finances in public primary schools specifically in Rachuonyo North Sub-county, Kenya. The study aimed to specifically answer various research questions which include; what knowledge and skills do headteachers require in effective financial management? What are the financial management challenges head teachers' experience? And what are the appropriate ways of addressing challenges facing headteachers in financial management in Rachuonyo North Sub-County? The study adopted concurrent mixed methods designs whereby concurrent triangulation strategy was applied. From the target population of 166 schools, stratified random sampling technique was adopted to select primary schools on the basis of zones, thereafter simple random sampling was used to select 33 (20%) schools and from each school the sample participants included; headteachers, BOM representative plus Sub County Director of Education. The researcher administered questionnaires to the headteachers while interview guides was employed to collect data from the BOM representatives and the Sub County Director of Education. The SPSS was used for data analysis. The results show that most headteachers took time as classroom teachers before being promoted to administrative position of headteacher the majority going up to between 16 to 20 years. Yet, they were not exposed to management of school finances hence they might not have been well prepared for it. The researcher concludes that Headteachers of Rachuonyo North Sub-County are prepared to manage school finances only to a little extent.

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## **LIST OF ABBREVIATIONS AND ACRONYMS**

<b>BOM:</b>	Board of Management
<b>CEB:</b>	County Education Board
<b>EFA:</b>	Education for All
<b>FPE:</b>	Free Primary Education
<b>IPAR:</b>	Institute of Policy Analysis and Research
<b>KEMI:</b>	Kenya Education Management Institute
<b>KEPSHA:</b>	Kenya Primary School Heads Association
<b>KESI:</b>	Kenya Education Staff Institute.
<b>MoEST:</b>	Ministry of Education, Science and Technology
<b>NACOSTI:</b>	National Commission for Science, Technology and innovation
<b>PA:</b>	Parents Association
<b>PTA:</b>	Parents Teachers Association
<b>SMC:</b>	School Management Committee
<b>SCDE:</b>	Sub County Director of Education
<b>SCQASO:</b>	Sub County Quality Assurance and Standards Officer
<b>SMC:</b>	School Management Committee
<b>SPSS:</b>	Statistical Package for Social Sciences
<b>TSC:</b>	Teachers Service Commission
<b>TTC:</b>	Teachers Training College

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Background of the Problem**

Financial management is defined as the system by which the resources of an organization's business are directed and controlled to support the organization's goals (United Kingdom Report 2009). The Report further give emphasis to that good financial management is a critical element of strong corporate governance and forms part of the foundations of an organization, strengthening service quality and improvement, and is the basis of accountability to stakeholders for the stewardship and consumption of resources. Hence the need to offer training programmes introduced to train teachers on how to handle finances among other duties. For example, in Spain, Catalonia, headteacher must have a certificate on school management issued by the Ministry of Education, similarly in Europe Slovenia, teachers have to follow a special course to become headteachers while in Eastern Europe; Estonia, at least five years of teaching experience was required coupled with training in leadership. Furthermore, the UK (2009) report confirms that good financial management supports an institution in meeting its responsibilities to the community, while also bringing value for money for taxpayers.

In global context, the financial management skills deficiency poses a challenge to headteachers in financial management in schools. Any state teacher can be appointed as head in Greek and United Kingdom provided he or she has completed a certain number of years of teaching. Such headteachers are required to ensure acquisition of resources, allocation of resources and evaluation of the implementation of plans. Each school in Greek has a savings or current bank account and it is only the headteacher who is eligible to carry out bank transactions. Headteacher is expected to repair the premises, clean the school, and manage energy and office

costs. Apart from income and expenditure, the headteacher is also responsible for income and expenditure, book-keeping, income tax payment, social security contributions payments and accounting work regarding cleaners. Internal audit is also undertaken by the headteacher in the school (Argyropoulou & Hatira, 2014). Such enormous duties delegated to a headteacher without proper knowledge and skills are a challenge to financial management in schools.

At regional level, Wushe, Ndlovu and Shenje, (2014) note that most developing countries in Africa have a shortage of headteachers with well-honed management skills. The headteachers are often not well prepared for tasks they must undertake and is neither given sufficient training to perform these tasks. The lack of financial skills leads to massive corruption and financial mismanagement, whereas the lack of financial resources leads to the retrenchment of educators. Such poor performance by headteachers is located in the schools themselves, in the match of goals, resources and expertise that enact and deliver educational programs.

In African countries context, financial management skills initiation courses and support are usually limited, nevertheless, in most of these developing countries, primary school headteachers are usually appointed on the basis of their past teaching records rather than their leadership potentials and capabilities (Bush, Joubert, Kiggundu & Rooyen, 2010). According to Orlosky (2010) avers that as much as the teaching experience is essential, it should not be the only factor for a teacher to be appointed to be headteacher of the school. In Africa, secondary education has expanded rapidly. The transition rate to secondary schools has continued to grow in Uganda, Rwanda and Burundi (UNESCO, 2006). This rapid and apparently unplanned, expansion has exacerbated the shortage of basic education facilities and teachers. Headteachers in most sub-Saharan countries have inadequate resources and staff to perform expected duties. A research by Akinfolarin (2017) which involved analyzing principals' managerial competencies

for effective management of school resources in public schools in Anambra State in Nigeria established that a less satisfied and committed individual is likely to leave the job or profession and so perform poorly in financial management.

A Comparative Analysis on Universal Primary Education Policy and Practice in Sub-Saharan Africa in four sub-Saharan countries namely Ghana, Kenya, Malawi and Uganda indicated that headteachers face serious problems with students who cannot pay fees, teacher shortage and inadequate teaching and learning resources (Ogawa & Nishimura, 2014). At a Kenya Primary School Heads Association annual general meeting in August 2018, headteachers lobbied to be trained to make them effective managers. They further necessitated that the position of school headteacher be professionalized and a clear policy on identification, selection, appointment and training of headteachers be set (KEPSHA, 2018). Actually, Storbacka (2011) in his study on a solution business model: Capabilities and management practices for integrated solutions which involved a group of ten multi-nationally operating firms from different industries found out that there was no proper internal auditing set up in schools and that government auditing was irregular and therefore school funds could have been misappropriated.

To date, the government has not validated all of the allegations in the fiduciary review. Besides, the donors had asked that officials found by the audit to have committed fraud be appropriately sanctioned and their cases passed to the Kenya Ethics and Anti-Corruption Commission (EACC) for criminal investigation and prosecution if found to have broken the law. It is on this front that action is being taken against some Ministry of Education officials some of whom have since been arraigned in court. Besides the UK, the other partners who had been providing 'pooled' funding directly through the Government to the Kenya Education Sector Support Program included the World Bank, Canada and the United Nations Children's Fund

(UNICEF). There was also a requirement that the ministry of Education provide evidence of suitable progress against an action plan agreed by all pooling partners for strengthening financial management.

Appropriate financial management is thus central to the overall development of the school and the responsibility for collecting and accounting for school funds in the school is held with the School Board of management (BOM); nevertheless, the BOM through the headteacher must seek out the approval of the County Education Board (CEB) in order to pull together and use the funds (Sigilai & Bett, 2013).

The public schools in Kenya are under the ministry of education. The schools are partially funded by the government through the free secondary education programme (Mito & Enose, 2012). They are run by school administrators and the board of management. The board deals with the standards of education provided and balance cost and effectiveness (GoK, 2013). Nevertheless, the primary responsibility of management of school finances remains with the principals (Ministry of Education, 2012). Headteachers' main financial management responsibilities are preparation of school budgets, procurement of goods and services, controlling incomes and expenditures, maintaining accounting records and preparation of final financial statements and manage facilities.

Kinyua and Ngobolya (2016) note that management of resources in schools is the responsibility of the headteacher of the school. Whilst discharging this responsibility, the headteachers may delegate to teaching and support staff as appropriate in writing in a letter. The Board of Management (BOM) and other stakeholders may lend their support to the principal in respect of resources management but that support does not constitute a change of primary responsibility. According to Kinyua and Ngobolya (2016), the Basic Education Act 2013 in



Kenya placed the management of finance in public schools under the headteacher or Principals (Chief Accounting Officer). However, it has been noted that school administrators in learning institutions experience thorny issues while managing institution funds as also pointed out by Ministry of Education (2012). Magak, (2013) conducted a study on challenges facing head teachers in financial management in public secondary schools in case of Kisumu East District, Kenya and established that several challenges faced school administrators in managing school finances and these include; inadequate and irregular auditing, incompetency in procurement, lack of accounting supporting documents and records and inability to prepare end year financial statements among others.

Headteachers of primary schools or sometimes referred to as Principals as for the case of the secondary schools. Headteachers are the Chief Executives in their institutions and chief accounting officers managing all physical, human and financial resources in their school set up (Baraka, 2010). A good number of headteachers work in poorly equipped schools in terms of physical facilities and that is why during the 2011 Kenya Primary School headteachers Association's conference held in Mombasa (21st to 26th June 2011), the headteachers outlined the major challenges facing primary and secondary schools as: high handedness in the management of schools, lack of financial management skills, poor fees payment. Baraka (2010) in a study of principals in Kitui also noted that the day primary schools are more financially challenged as most of their students come from poor parents who are not able to afford boarding schools leading to poor academic performance.

Worldwide, education is well-thought-out as a basic tool for social, cultural, political and economic development (Norman, 2010). In the 45<sup>th</sup> Session of International Conference on Education held in Geneva (1996) education is defined as a person's individual and social

development that the person gains in the teaching and learning process in school. This type of gains should lead to a person's intellectual, spiritual, emotional, and physical abilities to mature and develop, consequently enabling him or her to fully participate in community matters (United Nations International Children's Education Fund (UNICEF, 1996). Headteachers are the Chief Executives in their institutions and chief accounting officers managing all financial, physical and human resources in their school set up (Abari-Ibolya & Baráth, 2010). Hence, they play the most crucial role in mobilizing and translating all these resources to school effectiveness in terms of improving their students' performance in academics and co-curriculum.

A report by Department for International Development (DFID) indicates that Free Primary Education in Kenya lost Sh1.3 billion between 2007 and 2008 (UK -DFID, 2009). The report points out that Sh1.3 billion meant for FPE was not traceable and data gathered from 18,014 schools countrywide indicated that primary schools have bought 52 million books since the commencement of FPE. Moreover, the data also shows that a good number of schools might have paid a much higher average price for their textbooks than is expected. The report further outlines' that when the Free Primary Education (FPE) was introduced in the year 2003, majority of people had their own reasons as to why it would fail and one of the major obstacle sighted was, lack of adequate funds.

Nevertheless, now that funds have been obtainable, FPE has to adequately deal with mishandling of the moneys. DFID findings sights examples like textbooks disappeared, textbooks were thrown away or textbooks were never bought in the first place. Since the beginning of this program, a total of Sh45billion is mentioned to have been sent to schools according to the Ministry of Education. Preparing budget for school programmes: In most times a headteacher should be encouraged to prepare a budget for the school programme to run

effectively so as to use the funds available maximally for the benefit of students and the school. There should be prudent management to ensure appropriate contingency in the budget but not insofar as it leads to a substantial under-spending or over spending of the resources at hand.

Stating educational management: theory and practice, Okumbe (2007) reiterates that the Kenya Ministry of Education, Science and Technology's mission is to provide, promote and coordinate lifelong education, training and research for Kenya's sustainable development which include Teacher Education and Management which touches also on how financials are managed in schools. Referring to Kiprono, Nganga and Kanyiri (2015) in their assessment of school management committees' capacity in the implementation of FPE funds in public primary schools: a survey of Eldoret East District, Kenya remarked that financial management in education is the performance of management actions which are essentially regulatory task connected with the financial aspects of schools' institutions with the chief aim of achieving effective education, in addition carried out by a person in a position of authority. They also noted that financial management is a process of several activities which are identification, accumulation, measurement, analysis, preparation, interpretation, and communication of information which includes both financial and operational. Financial management at a school is a process of ensuring that the board of management and the school management committees with the principal as head ought to organize, plan, delegate and control the funds of the school in such a way that it achieves its desired goals and objectives.

Sigilai and Bett (2013) in their evolution of headteachers' effectiveness in managing Public Primary School Finances in Bomet Sub-County, Kenya affirm that as the financial controller as well as the accounting officer of the school is the headteacher who is responsible for all the revenue and expenditure rendered on behalf of the school. They confirmed that

management of the resources of a learning institution will always be the responsibility of the head of that institution. Whilst discharging this obligation, the headteacher may delegate to teaching or support staff as appropriate in writing. They also aver that internal controls are an essential part of cautious financial management in every school setting and situation. Internal controls permit a system of checks and balances to detect and sense financial errors and irregularities in a timely manner. Furthermost internal controls are designed and used as measures to prevent mistakes and errors from happening or to correct operational or recording mistakes.

Mbaabu and Orodho (2014) affirm that financial accounting is a critical component of the financial management of a school intuition. Therefore, schools need to process then analyze and interpret financial data and information in order to function effectively and efficiently. The study by the Institute of Policy Analysis and Research in Kenya (2008) found out that public primary schools in Kenya have been slow in embracing prudent financial management policies. Encompassed in the issues, those that were cited as negatively affecting education are mismanagement of school funds and ineffective inspection of schools.

The same gap was also identified by Cheruto and Kyalo (2010) who conducted a descriptive survey study where questionnaires, interview schedule and observation were used to collect data from the headteachers, teachers and Education Officers from Keiyo District. They examined the management challenges facing implementation of FPE in Kenya, a case of primary schools in Keiyo District. They found out that primary school management face challenges in the implementation of the program among the issue they raised included shortage of staff and limited financial management skills. They also recommended that headteachers financial management skill should be well researched on since the headteachers require more training in financial

management aspects and other managerial skills; in addition, they suggested that accounts clerks should be employed in primary schools to assist in book-keeping.

Akech and Simatwa (2010) in their study in Kisumu, Kenya also noted deficiency in financial management among headteachers. They conducted an analytical assessment of Opportunities and challenges for public primary school headteachers in the implementation of free primary education in Kisumu Municipality, Kenya. They found out that The that headteachers faced many challenges in the implementation of Free Primary Education High which included enrolments, inadequate physical facilities, inadequate teaching and learning resource materials, inadequate government funding, poor teaching, heavy workload for teachers due to understaffing, uncooperative parents, overcrowded classes, poorly constructed classrooms, student indiscipline and poor financial management skills.

In a bid to find out the Influence of Government Financial Management On Kenyan Public Secondary Schools: A Case of Sameta Division Maronga, Weda and Kengere (2013) conducted an investigation on the influence of government financial management on Kenyan public schools. Whereby they assessed the effect of Government Financial Regulations on financial management practices in public secondary schools in Sameta Division of Gucha District, Kenya by investigating how headteachers managed the school cash, inventories, account receivables and account payables. Additionally, they also aimed at assessing problems principals encountered when applying these financial management practices. Questionnaires with open ended and closed ended questions were used to collect primary data. Secondary data were collected from the District Schools Auditor's financial records and from the financial records of the sampled schools. Their findings indicated that the major problems arising from the government financial regulations include lack of monitoring and evaluation unit on financial

usage, long procurement procedures, lack of financial management training, late disbursement of funds and lack of audit personnel in secondary schools. They noted that these problems hinder good Financial Management Practices in public schools. The capability of the headteachers in terms of skills, knowledge and training in matters financial as a factor of financial management preparedness is a gap in the study that the current study intends to address.

The arms of the management authorities such as the school management committees, schools' boards of managements and PTAs are in question since there are numerous cases where head teachers having mismanaged school finances being reported and no action taken against them (Baraka, 2010). The capability of the headteachers in terms of skills, knowledge and training in matters financial as a factor of financial management preparedness is a gap in the study that the current study intended to address.

The study by Abdulatif (2010) on factors influencing public primary schools headteachers' competence in financial management in Kilifi district, Kenya, came up with several ways of effective financial management in public primary including provision of additional funds. The study has not addressed the prudent management of such funds and challenges the headteachers in management of the funds in public schools, an eminent gap that this current study explored. Additionally, her study focused on secondary schools excluding primary schools which this study proposed to cover.

There are number of challenges facing headteachers in managing finances of public primary schools especially with the lucrative 2003 government of Kenya initiative of free primary education (Ndiang'ui, (2012).). Institute of Policy Analysis and Research (2008) noted that mismanagement of school funds is rampant in Kenya and that there have been cases where school heads are reported to have mismanaged school funds without adequate action being taken

by concerned authorities. Proper financial management is important to the general development of the school. The responsibility for collecting and accounting for school funds in the school lies with the School Management Committee (SMC). Nevertheless, the SMC through the headteacher must seek the approval of the District Education Board (DEB) in order to collect and use the funds.

The headteacher as the secretary to this committee is the Principal Accounting Officer for the school. Headteachers need to acquaint themselves with the principles governing sound management funds. Some of these include benefit of the pupils; finances must be approved by the School Management Committee; funds received must be receipted and the official receipt issued immediately, and any expenditure must be made on a payment voucher (Ministry of Education, 2012). As the financial controller as well as the accounting officer of the school, the headteacher is responsible for all the revenue and expenditure made on behalf of the school (GoK, 2013). Management of the resources of a learning institution shall be the responsibility of the head of that institution. In discharging this responsibility, the headteacher may delegate to teaching or support staff as appropriate in writing. The SMC, the PTA or other stakeholder group may lend their support to the headteacher of the institution in respect of resources management but that support does not constitute a change to the primary responsibility of the headteacher (MOE, 2013).

Headteachers are expected to have knowledge of finance, accounting, construction and maintenance of physical facilities (Ndiang'ui, 2012). Rendering to Baraka (2010), headteachers are overall in charge of all matters pertaining to budgeting and accounting of school funds, record-keeping and maintenance of facilities and supplies in the school. In addition, headteachers

have to make budgeting, correspondence, accounting verification, checking up-to-date entries in the registers and documents of the school.

Kiayiapi cited in Republic of Kenya (2011) asserts that the children of Kenya deserve quality service delivery and education resources should be managed in a competent and effective manner. In addition, Kiayiapi said that education managers must lead in promoting sound leadership and good governance of public schools. The ministry of Education established the Kenya Education Management Institute (KEMI) to continually upgrade the core competencies (knowledge, skills and attitude) of education managers. The capacity building helps the head of schools to implement management policies, procedures and reforms in the education sector and utilize modern management tools in education.

Financing of education, has been a partnership between the government, parents and communities even before the introduction of cost sharing in 1988. The government has always been responsible for financing teacher salaries and offering limited development finance for specific projects. In developed countries like United Kingdom and Greek, financial management in education has been heavily centralized and its funding and general management delegated to the ministry. In Greek, there is a bulk of legislative regulations arranging and or designing school financial management which the headteacher should know or have access to. Despite this the Ministry of Education and Religious Affairs (MINERA) has never issued a handbook or a guide on the law to facilitate the heads work (Argyropoulou & Hatira, 2014).

Mito and Simatwa (2012) in their study on challenges faced by newly appointed principals in the management of public secondary schools in Bondo district, Kenya revealed that poor budgeting made it difficult for headteachers to effectively run schools as some were overspending on some vote heads and under-spending on some leading them into other problems



such as misappropriation and mismanagement of school funds, a mistake punishable by interdiction and demotion as per the Teachers' Service Commission (TSC) code of regulations. The delay in disbursement of Free Secondary Education Funds was a challenge in school management as the settlement time of most transactions would not be met. Fee defaulting and late payment of fees, as a result of the high poverty index, posed a challenge to management as educational objectives are rarely achieved in a timely manner. These findings concur with that of Ogawa and Nishimura (2014) who did a Comparative Analysis on Universal Primary Education Policy and Practice in Sub-Saharan Africa the Cases of Ghana, Kenya, Malawi and Uganda and found out that parents were reluctant to pay fees and again it is the heads who must ensure that the fees are paid.

Mobegi, Ondigi and Simatwa (2012) in their study on Factors contributing to financial mismanagement and misappropriation in Public Secondary Schools in Gucha District, Kenya noted that a majority of the headteachers had no financial management and accounting skills and so majority took books of accounts to pseudo accountants to update them to fit their interests. It further notes that majority of the headteachers were not in a position of identifying wrong entries and anomalies in financial records if done by the bursars. The study further noted that the headteachers training workshops conducted by the Kenya Education Management Institute (KEMI), took short duration and the trainers were not conversant with financial management (Mito & Simatwa, 2012). The training did not equip the few who attended with adequate financial and accounting skills. The long duration of stay of head teachers in one school, low salaries and incentives given to headteachers and not involving teachers in financial management also contributed to the financial challenges facing headteachers in schools. Unqualified bursars and accounts clerks also contributed to financial mismanagement in schools. In addition, the

findings of the same study further showed that sixty-nine percent of the bursars and accounts clerks had no accounting background yet they handled a lot of money with poor pay (Mobegi, Ondigi and Simatwa, 2012).

As Wamba (2015) notes, the ill preparedness in managerial duties prior to their appointment have made school headteachers vulnerable to making blunders which sponsors capitalize onto to demand for their removal. In January 2010, as schools in Kenya were reopened for first term, shock hit the whole country as eleven secondary school headteachers were demoted in Nyanza province (Akech & Simatwa, 2010). Four out of the eleven demotions occurred in Kisumu East District. The district experiences a problem of non – submission of books of accounts from schools on time, an indication that preparing such books is a challenge. A report by the district education office, Kisumu East (2010) posits that in the district head teachers face the challenges of financial mismanagement and misappropriation, student absenteeism, inadequate teaching and learning resources, teacher shortage and financial constraints.

The donor communities along with the Kenya government are investing large sums of money in free primary education, taking for instance Kenya needs Kenya shillings. 8 billion annually to furnish for instructional materials and for the schools' general purposes (Odhiambo & Simatwa, 2012). These funds are trusted in the hands of school Board of management (BOM) and the headteachers to manage however without adequate training in financial management (Ministry of Education Science and Technology, 2005). Primary school headteachers as the accounting officers of their respective schools are therefore expected to manage the funds together with the School Board of management (Sigilai & Bett, 2013). Though, the training of head teachers in financial management was in doubt as posited by Ndiang'ui (2012).

Thamsanqa and Sithenjwa (2014) in their study done in South Africa on School Governance, Financial Management and Learners' Classroom Needs: Perspectives of Primary School Teachers posit that the core responsibility of the school is to educate its learner population. For this to materialize, school governance is of great importance, and policy imperatives require active participation of all key stakeholders, including teachers. Teachers as well as both members of the School Governing Body (SGB) which includes Board of Management and Parents Association and ordinary classroom teachers, have the responsibility to ensure that the school budget responds to classroom learner needs. Consequently, their participation in financial management is important. Given this background, two primary schools were purposively selected and a case study of was conducted using Semi-structured interviews. Document analysis was also used to generate data. The participants included four teachers (two from each school) who were interviewed. The results showed that although teachers wanted to play a meaningful role in the decisions about financial issues in their schools, their participation was largely superficial and cosmetic.

According to Republic of Kenya Report (1999) lack of accountability and misappropriation of finances in schools was mainly due to inadequate management training of officers assigned management responsibility. In Kenya little training is given to training of would be school headteachers they work by trial and error method resulting to serious administrative blunders hence the headteachers need training to boost their competence in financial management. Mbaabu and Orodho (2014) in their study on constraints faced by headteachers in managing primary schools in Chogoria Division, Meru County admit that headteachers had inappropriate academic qualifications, they experienced a many of intertwined challenges that gravitated around lack of fundamental leadership acumen, nonexistence of skills

in curriculum and instruction, in addition to inefficient physical, human and financial management. Consequently, there was no mutual interrelationship among various key stakeholders in education leading to low quality school outcomes in terms of student discipline and academic performance in internal and national examinations. It was therefore recommended that the Government of Kenya through the Kenya Education Staff Institute (KEMI) should intensify the professional training of headteachers and members of School Board of Management in school leadership, mainly in resource acquisition and financial management techniques.

It is evidence that establishing the level of headteachers in managing finances is significantly wanting in Rachounyo North Sub County. Thus, basing on the recent studies none has been conducted in Rachounyo North sub county especially public primary schools which this research study targeted.

### **1.1.1 Concept of Financial Management**

McLean, J. (2011) reiterates Henry Fayol (1841-1925) who stated that to manage is to focus and plan, to coordinate, to command and to control. Cole (2004) maintains that there is no acceptable definition of management as an activity who maintains that classic definition is still held to be that of Henry Fayol. Barasa (2007) defines management as utilization of physical and human resources through cooperative efforts. Proper management helps organization to achieve its objectives and is also important for the general development of the school.

Grobler (2003) defines finance as the art and the science of managing money which is concerned with the process/ procedure, institutions, instruments and markets involved in the transmission of money among individuals, also among institutions which includes schools and governments. On the other hand, Hellriegel, Jackson and Slocum (2005) indicate that management includes the tasks and activities involved in directing an institution or organization.

Hellriegel, Jackson and Slocum (2005) add that general management rests on four main pillars which are planning, organising, controlling and leading. Hellriegel et al., (2005) further noted that management involves designing and carrying out plans and ensuring getting things done, completed and working effectively. As per Ogbonnaya (2005), effective financial management skills should improve financial well-being in a positive way and failure to manage finances well can lead to long term negative social consequences. Ogbonnaya (2005) further stated that financial management is mainly concerned with the good management skills. Failure to manage finances well can lead to long term consequences not only at a personal level but also for an enterprise or society, hence management skills has received increasing concern of researchers in recent years.

Management of finances in schools remains the core duty of the Bursars and Accounts clerks but it is the responsibility of the head of the school to ensure that resources are managed well. The principal must have a basic understanding of financial management so as to give the necessary instructions, as the head of the school. Mito and Enose (2012) posit that the financial Managers skills, competence and the trust that persons establish with the headteacher are invaluable. Many principals and BOM members do not have the necessary financial skills, Wamba (2015), hence they are not in a position to solve financial crisis in the schools.

According to Nombasa (2004), headteachers have many challenges when it comes to financial management. She further expounded that both the principal and District Quality Assurance and standard officer suggested that the teachers be trained on financial management. Headteachers have financial limitations especially in keeping financial books. Van (2009) agree when stating that the term management refers to getting things done efficiently and effectively, through and with other people whereby the “things” include exploiting and utilizing the

resources of the institution in such a way that the school can attain its set goals and objectives at the right time. Strydom (2008) also concur that management is the process of utilizing an organization's resources to achieve specific objectives through the functions of planning, leading, organizing and controlling.

Hendricks (2009) states that the financial management aspect of planning involves accurately forecasting the company's revenues, expenses and resulting net profit. The business owner uses the forecast and sometimes called a budget which is a tool to manage the company. Noteworthy negative variances to prediction indicate that the business environment and the organization or institution's performance in the marketplace were not what he assumed they would be when he created his annual plan. Analyzing these variances focuses attention on changes he needs to make to his strategies or operations to get the company back on course to reaching its goals. According to Harber and Davies (2012), a business owner and his or her management team require timely and accurate reports in order to make decisions and run the company effectively. The employed staff members answerable and obligated for financial management must determine the key pieces of information the owner and his team need for decision making. Additionally, they then design reports to provide this information in a format that is most useful to the management team.

Oosthuizen (2003) renders that financial management in education is the distribution and use of money for the purpose and determination of providing educational services and producing learner achievement and accomplishments. Financial management in current education management aims to: estimate the needs of local educational training; obtain finances in accordance with the estimated needs and administers the finances thus obtained in a legally correct manner. In order to facilitate the earlier mentioned, Owen (2006) indicates that financial

numeracy is a core skill for all managers like the school headteachers and board of managements as the schools' governing bodies. Most financial management skills involve the allocation of resources and then setting of targets, expectations and prioritizing them. The core financial skills required by all managers allow them to successfully include setting budgets; managing budgets; and managing costs.

Financial management is a core function of institutional heads and it refers to planning, organizing and controlling of financial resources to achieve educational goals (Van, 2009). Financial management is a core function of institutional heads and it refers to planning, establishing and controlling of financial resources to achieve educational goals (Van, 2009). Kenya Education Management Institute (KEMI) was mainly established to continually upgrade the core skills, competencies and knowledge of education managers (Republic of Kenya 2011). Rotich & Kipkoech (2012) emphasizes that financial management also relate to the process of funds and the essential principles and techniques of budgeting and accounting and information collection.

Current economic conditions in the world over have raised serious concerns about individuals' financial security. Financial literacy has varied definitions as per different studies. Mafisa (2008) presented a paper on School leadership at the cutting-edge of educational change in Durban at CCEAM conference; South Africa stated that, for instance the US Financial Literacy and Education Commission, defines financial literacy as the ability to make informed judgments and to take effective actions regarding the present and forthcoming use and management of cash. Financial literacy should include the ability to understand financial choices, plan, spend wisely, manage, and be ready for life events such as job loss or saving for retirement. Maynard and Szathmary (1995) concludes that money skill is that the ability to scan, analyze,

manage and communicate regarding personal money conditions that have an effect on material wellbeing, the power to pick out money decisions, discuss cash and money problems while not or despite discomfort, arrange for the longer term, and respond ably to life events that have an effect on everyday money selections, together with events within the general economy.

There is less information accessible for middle- and low-income countries; however levels in these countries seem to be even lower. Whereas it's vital to assess however financially literate individuals square measure, in apply it's tough to explore however individual's method economic data and create advised selections regarding home finances. Financial skill encompasses variety of ideas, together with money awareness and data, money skills and money capability, and it's difficult to capture all of this data during a survey of cheap length (Bruhn & Bilal 2011). In step with Norman (2010) is in agreement that, the parameters for measurement money skill embody data on savings, investments, debt management, budgeting, and retirement edges among others. money education is taken into account to be vital as a result of it helps individuals create decisions, protects them from 8 surprising events, fraud and scams, and allows them to own a voice as shoppers and voters.

At macro level, personal money prosperity contributes to the potency and prosperity of the financial system (Menzies, 2013). Having money skills are additionally a necessary basis for each avoiding and determination money issues, which, in turn, square measure important to living a prosperous, healthy and happy life (Menzies, 2013). It facilitates the decision making processes like payment of bills on time, correct debt management that improve the credit good of potential borrowers to support livelihoods, economic process, sound money systems, and impoverishment reduction. It additionally provides bigger management of one's money future, more practical use of monetary product and services, and reduced vulnerability to fanatical



retailers or dishonest schemes. Facing an informed lot, money regulators square measure forced to boost the potency and quality of monetary services (Wachira, 2012).

Budgeting is referred to as the financial statements that provide information needed to match individual's goals with current income. Nyamwea (2006) contends that a budgeting knowledge should include the purpose, elements of the budget, the benefits accrued of tracking cash flow and a spending plan, money beliefs and financial goals. He noted that individuals should acquire skills like construction of budgets, make a spending plan and track cash flows in order to change their attitudes towards financial matter. The outcome for a proper budgeting process would be commitment towards a financial goal, following the budget, discipline to stick to the spending plan, confident about money and confidents about managing money and motivate on to plan ahead.

Revai and Kirkham (2013) contends that financial knowledge helps to inculcate individuals with the financial knowledge necessary to create household budgets, initiate savings plans, and make strategic investment decisions. Putting in place appropriate applications of that knowledge helps institutions or organizations or household to meet their financial obligations through wise planning, and resource allocation to derive maximum utility. Some effects of financial literacy include; reduction to access of credits, increase its cost in many developing-country markets. Financial literacy can help prepare consumers for difficult financial times, by promoting risk mitigation strategies such as accruing savings, diversifying assets, and purchasing insurance. In addition, it also reinforces behaviors such as timely payment of bills and avoidance of over-indebtedness that help consumers to maintain their access to loans in tight credit markets (Miller, 2009).

Rotich and Kipkoech (2012) conducted a study and suggested that budgeting can change spending patterns of individuals through the successful regulation of finances. As a result, unnecessary spending is restricted and budgetary control met with a favorable boldness. It was established that forty-five percent of students with better financial knowledge keep detailed financial records, compared with only twenty-nine percent of the students with inferior financial knowledge. This was confirmed by research conducted by Orodho et al., (2013), in which they suggest that groups who are more knowledgeable regulate their spending patterns and decisions by keeping detailed financial records.

Bush, Joubert, Kiggundu and Rooyen (2010) aver that saving is one aspect of managing cash. It is important, given the volatility of the modern economic climate and related factors that are often beyond an individual's control, that individual is encouraged to create a contingency fund. They noted that personal savings is one of the most important financial sources for investment or initial capital outlay for individuals, thus, lack of personal savings and shortage of financial knowledge will contribute to the low incidence of new ventures creation. They also focused on personal savings and personal debt with relation to investment; He argued that personal savings is one way for the single most important variable in investment, he therefore noted that excessive debt and very low savings can be destructive and growth hindrance of investments. Individuals could come up with a saving plan on a monthly basis to assist in creating a contingency fund or save the money through investment insurance premium that will accumulate returns upon maturity.

In addition, Sturm (2019) in his study on the effect of employed- based financial education, examined the effect of having an employer offer financial education on retirement contribution. He focused on the availability of financial education rather than participation in

financial education and found out that employees of firms that offer financial education had significantly high levels of participation rates and contribution towards their retirement savings. Lautenbach and Heyder (2019) undertook a similar analysis MacBeath (2011) on his study on school leadership development in England and Scotland carried out a study to find the levels of competence in financial management by primary headteachers in United Kingdom.

Clark (2008) conducted a firm-level study whereby he did this by distributing surveys one month before, immediately after, and several months following a one-hour retirement saving seminar. The key finding is that the seminar had a noteworthy significant effect on people's stated retirement objectives, but there was little follow-up in terms of changes in behavior several months after the experiment. From the above surveys, the researchers focused majorly on retirement savings behavior excluding the remaining aspects of personal financial management.

This study critically focused on all the aspects of personal financial management. Pont, Nusche and Moorman (2008) reports that according to a 2004 Retirement Confidence Survey, only 58 percent of workers are currently saving for retirement and even these workers do not compute the amount of money or cash they have to put in savings in order to live comfortably by the time they retire. A shocking finding was that half of the workers who are not saving for retirement feel confident that they will have enough retirement money by the time they need it, proving once again that there exists a great need for financial literacy training in developing and developed countries as well. (Pont et al., 2008). Miller (2009) concurs that financial innovations and the increased complexity of financial markets have highlighted vulnerabilities in the economy. He notes that, loan products have become too complex for consumers to easily understand, and disclosure is inadequate to clarify the risks to the consumers.

Investment planning highly relies on budgeting and saving plan of Individuals, without proper planning investment decisions may not be viable for an individual to make. Gem (2003) affirms that personal saving is the principal source of venture capital in the case of most entrepreneurs, thus deduce that lack of saving could sizably reduce new venture creation. He further noted that, the lack of confidence in money management, and the lack of control that individuals experience in managing their personal finances could also have a negative effect on financial management of small and medium enterprises (SMEs) and could possibly lead to failure of these SMEs, should their managers have such limited knowledge of how to manage their personal and business finances.

Collard (2009) conducted a study on Individual investment behavior with an aim to understand individual attitude to investment risk and if people were making conservative investment decisions. The findings from the study indicated that Attitudes to risk depend on a wide variety of factors including age, income and wealth, gender, marital status, personality, educational attainment, and level of financial knowledge and experience. There was fairly consistent evidence that women were more risk-averse than men in their attitudes and behaviours towards investment decisions. Attitudes to risk change over time. She noted that Willingness to take financial risk tends to decrease significantly among people at or near retirement and that investors' appetite for risk sharply falls during economic crises.

On conservative investment decisions she indicates that there was a widespread lack of knowledge and understanding about pensions and investment choice. Consumers were found to focus more on minimizing financial losses than maximizing financial gains, even when making long- term investment decisions.

Collard (2009) further noted that when individuals are faced with complex investment choices, they use different diversification strategies known as naïve diversification strategies which may result in sub-optimal decisions with regard to their potential income in retirement. Persons' or individuals' investment choices while making decisions are also strongly influenced by the number and mix of investment choices that are offered known as framing effects, highlighting the importance of pension plan design in achieving desired outcomes Olima (2013) conducted a study on the effect of financial literacy on personal financial management on employees at Kenya Revenue Authority in Nairobi, the study was to establish the level of financial literacy among its employees and how the literacy has impacted on their skills to management finances.

The findings from the study indicated that thirteen financial literacy impacts to a great extent on the financial management because of financial education guide programs. He asserts that programs should be developed aimed at increasing the level of financial literacy on the aspects considered in the study, which included retirement planning, estate planning, management of credit and other liabilities, insurance and tax planning. However, from his findings, most participants considered retirement planning less important, and were less aware of the effects of estate planning, insurance planning ad tax plans. The respondents also were less literate on the effects of good credit and other liabilities hence making poor financial decisions on this aspect of financial management.

Financial resource is an important key input into any public or private system as it provides the means of running all the affairs of an institution or organization and acquires all the resources needed to achieve organizational/ institutional aims. In the case of public schools, these financial resources are obtained through government allocations, school internal sources,

donor organizations and from parents' contributions. Revenue element of the financial resources is converted into human and physical resources through planning and budgeting. Clearly, this is the responsibility of the school headteacher and members of the school Board of management.

Financial management is a core function of institutional heads and it refers to planning, establishing and controlling of financial resources to achieve educational goals (Van, 2009). Kenya Education Management Institute (KEMI) was mainly established to continually upgrade the core skills, competencies and knowledge of education managers (Republic of Kenya 2011). According to Rotich and Kipkoech (2012), Financial Management also relate to the process of funds and the essential principles and techniques of budgeting and accounting and information gathering. School headteachers need to acquaint themselves with sound management of funds which comprises budgeting, accounting and auditing as stressed by Ministry of Education, Science and Technology (20014) and Sisungu (2002).

Okumbe (2007) refers to the management of school finance and stores as the business management in an educational organization. The headteacher is concerned with three main sub-tasks; understanding the sources of revenue for the school. The headteacher should be concerned with the various sources of school revenues such as government funds, donations, fund raising and income generating projects. Preparation of the school budget and monitoring the expenditure in light with the improved budget According to the Teachers Service Commission (2007) policy on human resource management, high quality in the management of educational institutions in the country will be ensured by identifying, selecting and training the right people to head institutions. This is expected to boost smart performance in education establishments and minimize incidents of discontent and unrest. Failure to produce adequate and relevant coaching for institutional directors, in the past, has led to under-performance; and this has resulted to

declining education standards. The policy aims at providing clear and clear criteria for distinctive, selecting, appointing, deploying and training of heads of post primary institutions; and provide for effective succession management.

The criteria include: qualifications for potential heads of institutions; the method for distinctive and choosing heads of institutions; procedure for appointment and readying of heads of institutions; coaching necessities and career progression for heads of institutions; standards for guiding prospective candidates to arrange and vie for institutional management positions with multiplied involvement of major stakeholders; and modalities for succession management. When the recommended policy on identification, selection, appointment, deployment and training of heads of institutions is effectively implemented, it is expected that heads of institutions will be more effective in the performance of the following duties; and in particular, the following will be expected: 8 the organization, management and implementation of the approved institution curriculum, supervising specific teaching and learning activities within the establishment as laid out in the timetable, the management and control of institution resources, the management and motivation of the human resource in the institution, the management and maintenance of the institution facilities, plant and equipment, materials and textbooks, serving effectively as the secretary to the Institution Board of Governors and the Parents Teachers Association.

Wichenje, Enose. Simatwa and Kegode (2012) point out in their study on challenges for headteachers in Public Secondary Schools in Kenya, a case study of Kakamega East District, that the job of head of establishment is extraordinarily difficult and there's want for the Ministry of Education and also the lecturers Teachers Commission to develop viable ways and mechanisms on teacher motivation and morale which would cater for the following: induction of new teachers, continuous in-servicing of teachers to update their competence, commitment and

capability, specialized in-service to cope with curriculum changes and reforms, retirement preparation as part of succession management plan, status recognition, personal safety and security in the work environment, protection against losses and risks at the workplace.

Institution management system ought to enhance and support the work of the teacher within the category, the system ought to have structures and resources that ensures the subsequent dynamic and progressive aspects: bring about humanization of the teachers work and environment, democratize the decision-making process, ensure effective implementation of approved conditions of service and addressing of grievances, provide socioeconomic emancipation of the teaching profession through systematic and continuous teacher education and staff development programmes and empowerment of women teachers.

Van Deventer and Kruger (2003) point that an important characteristic of the present approach to education management in general and financial management specifically, is the emphasis on accountability, transparency and information sharing among all stakeholders. As for the school headmaster and School Governing Body this means that they must deal with funds in a responsible manner and that they are accountable to the parents, the learners, the community and the MoEST. Van Deventer and Kruger (2003) mention further that to be able to provide a clear picture of the state of a school's finances and funds, headteachers should see to it that monthly and quarterly statements are kept for ease of retrieval for reference and audits. According to the Orodho et al., (2013), the School Governing Body needs to monitor the budget of the school during the year meaning that the SGB are required to check that expenditure and income are in tandem with the budget. In order to ensure that this occurs is for the treasurer to prepare a budget control statement for each meeting of the School Governing Body.



Wamba (2015) states that the SGB and headteachers must be trained in financial management by the School Management and Governance Developers (SMGD) or external service providers like colleges. There exists a positive correlation between sound financial management and effective and efficient SGBs. Financial management training is very significant in preparing and capacitating school headteachers and Finance committee members of the SGB with financial skills (Bush & Oduro, 2006). Where the government is unable to provide training due to financial constraints, it is important that the schools to take the initiative by forming a partnership with higher education institutions or may use external service providers that offer training in financial management in order to train all members responsible for the school finances. These kinds of trainings would enable the SGB to be responsible and accountable for funds that have been received and utilized for the attainment of specific school objectives set.

Bush, Joubert, Kiggundu and Rooyen (2010) reiterated that for a school to function economically which specifically mean that the school is using resources prudently to avoid expenditure above a reasonable level and efficiently meaning that that the school is achieving the best possible results relative to spending, it is imperative that the school financial governance through the School Governing Body must be knowledgeable regarding the amount of money in the bank account; how the money will be spent; the money that is still needed and why it is needed; as well as how and where will it get the money it still needs.

Khumalo (2001) asserts that all decisions made by financial managers have financial implications and therefore the financial manager or the headteacher as the accounting officer has to consider whether the decisions made are realistic with regard to the size of a school and enrolment. In addition, progress or improvement should not be delayed by budget snags.

## 1.2 Statement of the Problem

Major problems arising from the government financial regulations include lack of monitoring and evaluation unit on financial usage, long procurement procedures, lack of financial management training, late disbursement of funds and lack of audit personnel in schools. These problems hinder good Financial Management Practices in public schools. The capability of the headteachers in terms of skills, knowledge and training in matters financial as a factor of financial management preparedness is the main social concern (Akech and Simatwa, 2010). Ndiang'ui, 2012; IPAR, 2008; Sigilai and Bett, 2013). Whereas several studies have been done on the mismanagement of school funds in primary schools in Kenya, for instance Sigilai and Bett (2013) observed at the processes of school financial management and challenges in the implementation of the Free Primary Education Program. Little have been done on headteachers' preparedness in managing finances in public primary schools

Cheruto and Kyalo (2010) in addition to constraints faced by headteachers in managing primary schools, (Mbaabu & Orodho, 2014) studied factors influencing public primary schools headteachers' competence in financial management same to (Abdulatif, 2010). Little has been done on headteachers' preparedness to manage the funds and specifically in Rachounyo North Sub County. According to Orodho, Waweru, Ndichu and Nthinguri (2013), there are School Governing Body members and headteachers who have little knowledge of the contents of the Schools Act with regard to the financial aspects therein; with the result that too many schools are falling victim of mismanagement or misappropriation of funds in the form of embezzlement, fraud and theft.

Regrettably, studies have established that most school managers should have basic accounting skills in the general, (Mito & Enose 2012). This should therefore be taken as a

priority by the government that schools managers acquire some skills in financial management for them to be effective. The effect of poor Financial Management comprises: lack of basic school facilities, misplaced priorities, poor learning environment and therefore poor performance which effectively defeats the government objective of ensuring that majority receives education by 2030. Poor performance in public Primary schools is closely related to improper financial management by school management in which case it becomes very hard for them to implement school programs, (Thamsanqa & Sithenjwa, 2014). The school managers must not only use what they receive from the parents and government but they should come up with projects that generate funds to enhance the implementation of school projects. According to Hill (2018), effective financial management entails proper planning and budgeting. The use of budgets is the only way for the school to ensure that resources are utilized well on the right projects, to bring sanity in the education sector with regard to finances.

Although the Kenya Education Management Institute (KEMI) has been inducting school Headteachers on financial management skills and knowledge, some Principals are still involved in financial mismanagement through various means which include; misallocation, misappropriation, and embezzlement of school inadequate financial resources. Moreover, there has been unprecedented continuous poor students' academic performance in national examinations especially in schools with poorly managed finances leading to outcry from stakeholders. Kuria (2012) point out that the poor students' academic performance in national examination is associated to deficiency of facilities among other factors which are linked with financial management in schools. Baraka (2010) adds that the situation is also aggravated by the fact that most headteachers are highly educated teachers but with limited financial management skills. There has been an upsurge in dissatisfaction with the way Principals have been managing

the school finances resulting to students' violence, community and parent's demonstrations as well as interdiction of some headteachers in public schools.

Primary school headteachers in many sub-counties including Rachuonyo North manage large budgets and they are involved in procurement and accounting for funds given to them to manage (District Education Officer, 2007). Reported in the District Education Officer (2007), Rachuonyo District Audit Report; one of the weaknesses in primary school management in Rachuonyo North Sub-County was mismanagement of funds which involves exaggerated costs, diverting funds intended for FPE to construction, and because of these, cases of head teachers' interdictions and demotions as a result of financial mismanagement in public primary schools in Rachuonyo north sub county are on the increase (Odhiambo & Simatwa, 2012).

Financial management capability prevails when the headteacher has the knowledge and understanding of the basic processes involved in managing the school's accounts, the budgeting process and the systems and controls that are necessary to ensure that the school's monies are not misappropriated. Financial management in schools involves efficient and effective utilization of institutional financial resources in order to meet educational goals. Poor management of finances by heads of educational institutions has been cited as a serious impediment in the achievement of educational goals in Kenya. This milieu might be caused by lack of head teachers' preparedness to manage the funds. It is against this background that this study sought to establish headteachers' preparedness in managing finances in public primary schools specifically in Rachuonyo North Sub-county, Kenya.

### **1.3 Research Questions**

- 1) What knowledge and skills do headteachers of public primary schools require in effective financial management in Rachuonyo North Sub-county?
- 2) What are the financial management challenges headteachers' of public primary schools experience in Rachuonyo North Sub-County?
- 3) What are the appropriate ways of addressing challenges facing headteachers of public primary schools in financial management in Rachuonyo North Sub-County?

### **1.4 Significance of the study**

The Ministry of Education (MOE) may use the findings of the study to develop a policy in the use of finances in school management. The study hoped to provide an insight into the factors that influence the headteachers' competence in management of finances.

The study may also help stakeholders of education to gain the most recent and detailed information about public primary school head teachers' financial achievement, challenge gaps and limitations to ensuring that resources allocated to the provisions of education are used efficiently and effectively.

This study is of great importance to several groups of people; the school principals and headteachers can significantly benefit from this study by getting to understand the factors affecting financial management hence be in position to deal with them. The research will benefit managers from different sectors to be able to manage finances. It is also of great benefit to scholars who are undertaking financial management courses.

Information from the findings may be used by the government policy makers to develop policies and procedures to enhance management of finances in all schools in Kenya as well as provide knowledge base upon which further studies and research can be undertaken

This study pursued to found the challenges headteachers of public primary schools face in financial management of school funds and involved public primary school headteachers from Rachuonyo North Sub-County, Homa Bay County. Ranging from the many cases of outright theft to mismanagement of funds meant for FPE Programme in the country reported in the last few years, the findings of this current study may assist education officials, parents, teachers, Ministry of Education, civil society organizations, development partners and local leaders to initiate necessary structural adjustments in policy and practice to address weaknesses in financial management at the primary school level. Results obtained from this study may also be used for further research in the area as may be appropriate.

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

### **1.5 Scope and delimitation of the study**

The current study focuses on Headteachers' Preparedness in Managing Finances in Public Primary Schools in Rachuonyo North Sub County, Homa Bay County, Kenya. Headteachers, school governing bodies which are Board of Management and Sub-County Director of Education from Rachuonyo North Sub County in Homa Bay County were targeted.

The anticipated limitations of this study included; for more irrefutable results, all public and privately owned primary schools in Rachuonyo North Sub County should be included in the

study since financial management challenges facing primary school managers is a problem which cuts across the divide. Nevertheless, this was not possible. Therefore in order to mitigate this, the researcher only sampled public primary schools.

## **1.6 Theoretical framework**

This study was guided by Organization Systems theory by Hegel. Organization Systems theory which Hegel developed in the 19th century to explain historical development as a dynamic process which was used by Marx and Darwin in their work. The Organization Systems theory is supported by the New Public Management Model (NPM) by Boston, Martin, Pallot & Walsh (1996) which is a management viewpoint model used by governments since the 1980s to modernize the public segment. System theory was used by Ludwig von Bertalanffy, who was a biologist, by way of the basis for the field of study known as ‘general system theory’, which is a multidisciplinary field. He defines a system as a complex of interacting elements. Von Bertalanffy adopts systems thinking in all fields in order to find overall principles binding to all systems by introducing “system” as a new scientific paradigm contrasting the analytical, mechanical paradigm, characterizing classical science (Bertalanffy, 1968).

The Organization Systems theory was also applied in America arms industry and later found application in education preparation, development and evolution amongst educationists (Kaufman, 1972). The Organization System theory is that which consists of various components and is the interdisciplinary study of systems in general, with the objective of elucidating principles that can be applied to all types of systems at all levels in all fields of research (Cole, 2004). Management of funds is not a stand-alone or an isolated activity but a process that exist in the school structure. Financial resources form the first important input in primary schools. Monetary resources are mainly derived from the parents and government. It is used in human and

physical resources such as teaching and auxiliary staff, teaching and learning resources and school physical plant through a budget. The procedures within the system are the professional training and development offered by KEMI, regulation supervision services and professional growth. The output would be competence in financial management thus effective financial management system in place in public primary schools and in this case of Rachuonyo North Sub County, Kenya. Therefore, it emerges that the school headteachers play a most important role in the management of school funds in public primary schools.

In current times, rendering Boston et al., (1996), NPM can be viewed as a combination of splitting large bureaucracies into lesser, more fragmented and efficient units, rivalry between different public agencies, and between public agencies and private firms and putting incentives on more economic lines. They observed that NPM has been an intellectual force in public management outside the USA from the late 1980s to date and according to them, NPM compared to other public management theories is more concerned with outcomes which goes with efficiency through well and better management of public budget. In this case, the public budget includes FPE funds which are provided by the Government to fund education activities in public primary schools in the Kenya. According to Boston et al., NPM can be achieved by applying competition as it is well known in the private sector. This is done to organizations in the public sector, highlighting economic and leadership principles. Hitherto again, in the same setting, management leadership principles in the public sector encompass administration framework for primary school resources by headteachers and school committees or governing bodies. The New public management discourses recipients and beneficiaries of public services much like customers, and conversely citizens as shareholders.



According to the model, there are three levels of conversion component which are interrelated and they include physical (school finances and infrastructure among others) and human resources (teachers and other support staff), time and effective education process. When managed skillfully, each conversion can expand the available resources and contribute to positive feedback. The education process can be affected by three major variables namely resources provision, material on which to work on and regulatory policies, ideas and attitudes which contribute to the education process.

The Organization Systems Theory is relevant to the study in that one of the main objectives of FPE is to ensure that the Government avails funds for running school curriculum. Nevertheless, it is through a combination of strict implementation, prudent budgeting and good reporting for FPE funds and all the other elements of primary education that primary schools in Rachuonyo North Sub-county can achieve their goals. The model system outcome is the process of both measurable and non-measurable value and in the long term process the measurable outcomes will lead to the benefits of the society and to individual learners. Again, this theory is relevant to the current study since it advocates for a public sector management system that encourages prudent management of public resources. Additionally, this in turn demands that those in charge of the system should possess the necessary skills to effectively manage the resources as envisaged.

### **1.6.1 Strengths of Organization System Theory**

Organization System Theory allows organizations and individuals to take full advantage of any element within their system. It also allows the individual to be Problem Loving: Rather than avoiding complexity that comes in an organization, Organization System Theory inculcates

thinking that helps individuals discover the exciting opportunities that problems offer for innovation and creative development.

Organization System Theory enables the study of interrelations among themselves. Another important strength of the Organization System Theory is that it defines the system in relationship with the environment.

### **1.6.2 Weaknesses and measures to address the weaknesses of Organization System Theory**

The systems theory has some inherent weaknesses. It has a tendency of offering generalized ideas. This deficiency of specificity translates into inefficacy when applied in specific case scenarios. Its non-prescriptive nature is also its undoing. This is because it fails to give outright measures to take in specific situations. However, this has been deemed by others as a leeway for practitioners to apply a broad range of solutions and strategies rather than sticking to one possibly infective strategy. It has also been criticized for not being to offer a single functional theory by itself and instead relying on connections to seek coherence. Organization System Theory is also not the most comprehensible of all theories; can be quite technical, yet too conservative whereby it creates systems that are too stable or too self-reliant while overstating social cohesion. Some quarters have concluded that it includes too much unwanted items in its explanation and therefore advocated for a leaner theory that explains with emphasis the most important aspects of human interactions.

These weaknesses will be mitigated by allowing consistency with values and roles of headteachers who ought to support development in schools and communities. In this regard, Systems theory ought to help headteachers develop attributes and understanding of the target communities. At the same time, the headteacher should appreciate the stakeholders' intrinsic worth and therefore carry themselves (the workers) professionally. Allowable to mitigate the

weaknesses of the system theory, the researcher recognizes the players of school management which include; school administration, parents, teachers, pupils and all other resources which are necessary to achieve the school objectives as the fundamentals of a public primary school system. The researcher also acknowledges that these elements are interdependent. At the center of these, school management of finance is one of the major interactive elements within a school system which the study aims to mainly focus on.

### **1.6.3 Application of Organization Systems Theory**

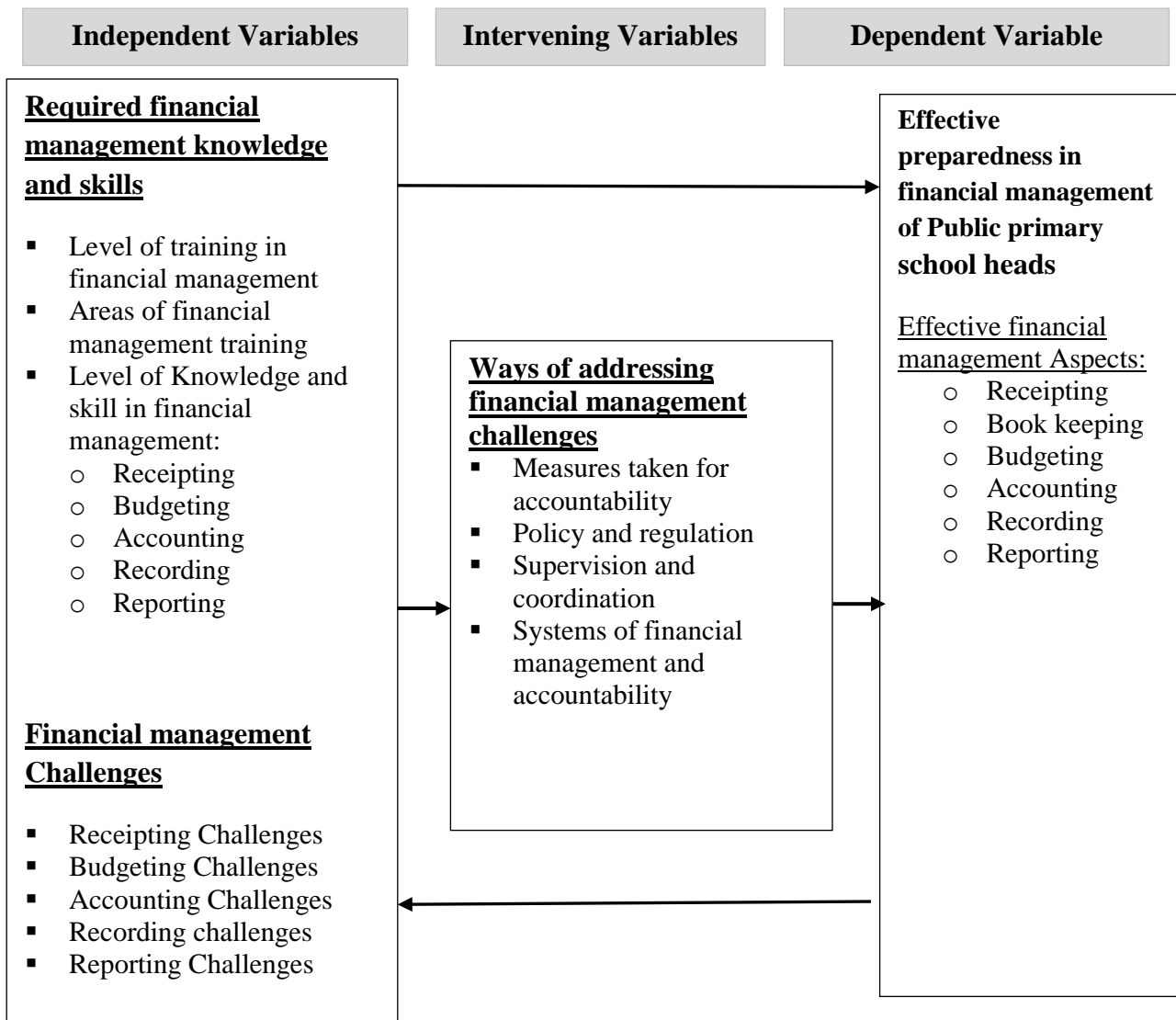
Since the business environment which include managing institution as being a headteacher is constantly being challenged and pushed in new directions, much of research and thinking that has governed the understanding of the organization or institutions throughout the 20th century has been built around the mechanistic view which stems from the industrial revolution. As the world now move from the industrial revolution to the next revolution, that being information and knowledge, so the understanding of the organization and its role can be model using organization systems theory.

This application of a systems theory approach of the value chain has a number of implications for the Institution as an organization. Firstly, leaders of the organization (headteachers) are no longer able to control the business environment in which their services compete. As governments struggle to reduce barriers, new entrants are continually entering traditional management of schools. Hence, organization systems theory enables leaders to deal with the issues of complexity and potential dynamics like financial management and free education in dealing with numerous variables in plotting a future strategy. Secondly, institutions as organizations can no longer stand alone and complete with the potentially aggressive and nimble new changes. In responding to such challenges, established organizations have been out

sourcing, partnering and entering alliances which have all challenged the traditional boundaries of the organization.

Organization Systems theory is useful in this context as the organization can adopt a number of strategies in either responding or challenging the environment. Organization Systems theory when applied in this context provides the schools and its leaders a holistic approach to view the complete value chain and the impact of the schools in creating a favorable environment in which to achieve the stated goals. Being able to either understand dynamics through the use of feedback loops and training will provide the organization a potential competitive advantage for the value chain and organization.

## 1.7 Conceptual Framework



(Researcher; 2018)

*Figure 1:* Conceptual Framework indicated Independent variables effects on dependent variable of head teachers' preparedness in managing finances in public primary schools.

The conceptual framework (Figure 1) shows how independent variables influence the dependent variable. The researcher conceptualizes that the independent variable –Level of training in financial management will automatically impact positively on the dependent variable effective financial management by headteachers. The required financial management challenges

which include; being well equipped on areas of financial management training, Level of Knowledge and skills in financial management like: Receipting, Budgeting, Accounting, Recording and Reporting.

Again on independent variable; Financial management Challenges which includes; Receipting Challenges, Budgeting Challenges, Accounting Challenges, recording challenges and Reporting Challenges are conceptualized to have a positive relationship on Effective financial management of Public primary schools only if the intervening variables which are mostly pegged on ways of addressing the challenges- these include; enforcing accountability and transparency by creating measures taken for accountability, having friendly and comprehensive Policies and regulations, Supervision and coordination, and putting in place proper systems of financial management and accountability.

It is also conceptualized that financial management knowledge and skills which includes; Level of training in financial management, areas of financial management training, and level of knowledge and skill in financial management have relationship on Effective financial management of Public primary schools can have a positive effect on effective financial management in schools. The researcher bears that headteachers who are well equipped with financial management knowledge either through experience or attending training courses on financial management aspects, stands a better chance in managing school finances.

## **1.8 Operational Definition of Terms**

### **Management:**

Management is the utilization of physical and human resources through cooperative efforts (Barasa, 2007). In this study, management is the utilization of physical and human resources through cooperative efforts in order to realize the established aims and is accomplished by performing the functions of planning, organizing, staffing, directing and controlling.

### **Financial Management:**

In the current study financial management is the system by which the resources of an organization's business are directed and controlled to support the organization's goals. It also relates to the process of funds and the essential principles and techniques of budgeting and accounting and information collection.

### **Financial Management Challenges:**

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

### **Effective financial management:**

In this current study effective financial management refers to proper use of funds.

### **Financial Management Skills:**

Skills is used in this study to mean financial management training and development that is provided to an individual in order to provide and improves their ability to deliver quality financial management services to the people.

**Preparedness:**

Preparedness is the state or quality of being ready for something to happen, or in unanticipated changes.

**Headteacher:**

Headteacher is the staff member of a school with the greatest responsibility for the management of the school.

**Headteacher's Preparedness:**

The staff member of a school with the greatest responsibility for the management of the school being in the state or quality of being ready for something to happen. For example, ready to manage school finances.



## **CHAPTER TWO**

### **REVIEW OF RELATED LITERATURE**

#### **2.1 Introduction**

This chapter reviews theories and concepts related to the study in the first section. In the second section, it reviews empirical studies which are done according to themes drawn from the research questions. In the last section, it summarizes the reviewed literature and identifies the gap this study intended to fill.

#### **2.2 Review of Theories and Concepts**

This study was guided by Organization Systems Theory which was advanced by Knight (1993), Financial Agency Theory by Michael C. Jensen and Management theorist William H. Meckling and they published it in the journal of financial Economics in 1976. The researcher grounded the study on Organization systems theory.

##### **2.2.1 Organization Systems Theory**

Organizations' Systems Theory model for school financial management by Knight views the school as a system constituting interrelating elements which contribute to the effective operation of the system. As per the systems theory, each element is dependent on the other within the giant school system. Based on this study context; school administration, teachers, pupils, parents and all other resources which are necessary to achieve the school objectives are the elements of a public primary school system. Knight (1993) pointed out that these elements are interdependent. Amongst these, school finance is one of the major interactive elements within a school system.

The organization Systems Theory is grounded upon the analytic division of the natural biosphere into environment and systems (Charlton and Andras, 2003; Luhmann, 1995) and this

division constitutes the major foundational, axiomatic philosophical assumption of Systems Theory. On the one hand there is an infinitely complex environment, and on the other hand there are self-replicating systems. These Systems are engaged in processing information and also model the environment, again they can respond adaptively to environmental changes. Earth as a planet presumably began as pure 'environment' with only simple self-organizing physical and chemical systems which arose by the chance contiguity of components and energy (Cairns-Smith, 1982). For instance, the water cycle is a system by which water molecules associate and dissociate in processes such as evaporation and condensation. Additional more complex systems can only be built incrementally, well that over time, unassuming simple physical and chemical systems must have evolved into complex biological systems such as those observable and biological systems eventually led to the social systems generated by human culture (Maynard & Szathmary 1995).

A system might therefore include entities such as a single cell, a multicellular organism such as a human or social organizations of varying sizes from a corporation, to the UK National Health Service, to a whole nation (Pokol, 1991). For a human organization such as an autonomous school, the environment external to the system might include physical aspects such as climate and geography, instead also other organizational systems such as politics, the media and law. Management systems (where they occur) are a form of social organizational system which is engaged in modelling the organization it manages. In the system of management all other than itself is 'environment' and the organization that is being managed constitutes the most immediate environment.

Harry (1990) defines various elements which are indicators of an Ideal quality system which are: Components- A system consists of more than one part called component elements of

a system whereby a component refers to anything that is part of a system or sub-system. Term element suggests the smaller components that anyone would wish to identify separately. On the same not, organization of a system is the specification of relations between its elements. Interaction: The components affect each other by their presence in or removal from the system which results from mutual interaction with the systems environment. Connection- These components of a system are connected together. Identity: The properties of a system that enable it to be identified and separated from other things which are not part of the system. Structure- This is the form of connection which is fixed in an organized way called structure. The concepts of structure and organization become more interesting in larger systems, where more than just one or two possible structures or organizations may be well-thought-out. Process- these are the changes resulting from these interactions which are called processes. Holism and emergent properties- This means a system is some whole and exhibits properties which only have meaning in terms of the interactive processes of its components. Environment- These are things which are not part of the system, and they significantly affect it, nonetheless which the system can only marginally influence, called the environment of the system. Conceptualization- Whereby a system is a concept whose particular form reflects the aims and values of the individual or group whose concept it is.

According to Weirich (2008), just like living systems, majority of organizations or institutions if not all, function in constant interchange with their environment since they have many multifaceted interactions and interrelationships within their boundaries. In order to survive, institutions like schools must grow and achieve a dynamic equilibrium rather than simply return to a steady state. Consequently, for these reasons that general organization systems theory has

evolved to be applied to the study of organizational phenomena for example design of management planning and control systems necessary for effective financial management.

Organization Systems Theory is supported by the New Public Management Model (NPM) by Boston et al., (1996) which is a management philosophy model used by some governments since the 1980s to revolutionize the public sector. New Public Management is a comprehensive and very complex term used to describe the trend of public sector transformations throughout the world since the 1980s. As viewed by Boston et al., (1996) the main hypothesis in the New Public Management reform wave is that the more the market orientation in the public sector the better cost-efficiency for governments, short of having negative impact or side effects on other purposes and considerations. The central notion of general systems theory is its emphasis on interactions.

The midpoint in relationships lead to sustenance that the behavior of a single autonomous element is different from its behavior when the element interacts with other elements or when elements are put together. Alternative core principle is the distinction between open, closed and isolated systems. Whereby, in open systems there are exchanges of people, matter, energy, and information with the external environment. Whereas in closed systems there are no exchanges of information and matter, but just exchanges of energy. Coming to isolated system, there is no exchange of elements. Building on general systems theory many approaches developed. Some among others notes that there is open system theory, viable system model and viable system approach. The Open system theory (OST) expresses at the relationships between the organizations and the environment in which they are involved and this focus reflects on organizations' ability to adapt to changes in environmental conditions (with or without the need for information processing) (Boulding, 1956; Katz and Kahn, 1978).

The organization management theory assumes that units or entities able of processing information about own specific environment show more adaptation skills to shifts in contextual circumstances. Two orders of adaptive levels are identified by both referring to the informative deviation which are: counteraction – This is the first level which means to process information from an organism’s environment, related to the ability of steering through a personal purposive behavior (Geyer & van der Zouwen, 1990), and amplification – which is the second level, related to constructivism theory (as opposition realism) resulting in work on organisation (Von Foerster, 1981). Katz and Louis Isadore Kahn (1978) apply the thought of open system to the organization. The organization is seen as a system designed by energetic input-output wherever the energy coming back from the output reactivates the system.

Pask and Von Foerster (1961) address organizations as socio-technical systems, underlining the two main components of the firm seen as a system: a social component (people), and a technical component (technology and machines). Viable System Model (VSM), on the other hand, outlines a system as an entity that is adaptable for the purpose of surviving in its changing environment (Luhmann, 1995). The viable system is an abstracted system description that's applicable to autonomous organizations.

Since information science represents a knowledge base study of the structure of restrictive systems, it refers to the study of how actions by a system cause changes in the environment that are understood by the system itself in terms of feedback, allowing the adaptation of the system to new conditions. In different words, the system can change its behavior. In cybernetics, the system and the environment present different levels of complexity, as the environment has degrees of complexity that are not perceptible to the system (Maynard, & Szathmary, 1995; Barile, 2005). When applied to organizations viable system model focuses on

conceptual tools for understanding the organization of systems in order to redesign them through: evaluating the essential functions of implementation, coordination, change management; understanding the organization as an integrated whole; control, intelligence and policy (Maynard, & Szathmary, 1995; Luhmann, 1995; Barile, 2005). Lastly, Viable system approach (VSA) suggests a replacement interpretation of consolidated strategic structure and social control models: sub-systems and supra-systems. Sub-systems target the analysis of relationships among enterprises' internal elements whereas supra-systems target the connections between enterprises and different influencing general entities in their context (Maynard, & Szathmary, 1995; Barile, 2005).

The strengths of organization systems theory are summarized by Forrester (1995) to include; the satisfaction of needs for survival, incorporates the role of the environment and finally the theory needs of sub system satisfied within overall system. Conversely, Heylighen, Rosseel and Demeyred, (2001) summarized the weaknesses of organization systems theory include; viewing the organization and environment as concrete items; harmony and functional unity not always possible; in addition to metaphor of an organism becomes an ideology. Permissible to mitigate the weaknesses of the system theory, the researcher identifies the players of school management which include; school administration, parents, teachers, pupils and all other resources which are necessary to achieve the school objectives as the fundamentals of a public primary school system. The researcher also acknowledges that these elements are interdependent. At the center of these, school management of finance is one of the major interactive elements within a school system which the study aims to mainly focus on.

In present times, according to Boston et al., (1996), New Public Management can be supposed as a combination of separating large bureaucracies into lesser, more disjointed and

efficient units, competition between different public and private firms on more economic lines. Boston et al., (1996) also observed that New Public Management has been an intelligent force in public management outside the USA from the late 1980s up to date and according to them, New Public Management in comparison to other public management philosophies, is more oriented towards outcomes and efficiency through well management of public budget. In this case, the public budget includes FPE funds which are provided by the Government to fund education activities in public primary schools in the country. According to Boston et al., (1996) NPM can be achieved by applying competition, as it is known in the private sector, to organizations in the public sector emphasizing economic and leadership principles. Also, in this framework, leadership principles in the public sector encompass administration framework for primary school resources by head teachers and school boards. New public management addresses recipients of public services much like clients and contrariwise citizens as shareholders.

According to the model, there are three levels of conversion component which are interrelated and they include physical (school finances and infrastructure among others) and human resources (teachers and other support staff), time and effective education process. If managed skillfully, each conversion can expand the available resources and contribute to positive response. The education process can be affected by three major variables namely resources provision, material on which to work on and regulatory policies, attitudes and ideas which contribute to the education progression. The model system outcome is the process of both measurable and non-measurable value and in the long term process the measurable outcomes leads to the benefits of the society and to individual learners. Similarly, this theory is relevant to the current study since it advocates for a public sector management system that encourages

prudent management of public resources. This in sequence demands that those in charge of the system should possess the necessary skills to effectively manage the resources as envisaged.

Therefore, it emerges that the school headteachers play a most important role in the management of school funds in public primary schools. Organization Systems Theory is relevant to the study in that one of the main objectives of FPE is to ensure that the Government avails funds for running school curriculum. Nonetheless, it is through a combination of prudent budgeting, strict implementation/ execution, and good reporting for FPE funds and all the other elements of primary education that primary schools in Rachuonyo North Sub-county can achieve their goals.

### **2.2.2 Financial Agency Theory**

Financial Agency Theory may be put as an approach of checking/monitoring the work of a principal i.e. an employer by an agent i.e. an employee. The theory also emphasizes on the cost and benefits of the principal-agent relationship. Beneficial agency cost is one that increases a shareholders' value while unwanted agency cost arises when management actions conflict with those of shareholders. This theory was developed by money economists Archangel C. Jensen and Management theorist William H. Meckling and that they printed it within the journal of economic science in 1976. According to Jensen and Mackling, agency relationship is a contract whereby one person who is the principal hires another person who is the agent, to perform some duties on his behalf. The principal delegates deciding authority to the agent. They further argued that the theory postulates that the principal have to deal with the issue of being in control of all the affairs in an organization. They select the agents and monitor their actions so as to ensure that they are working to their level best. Jensen and Meckling (1976) outlined the agency relationship as a variety of contract between a company's homeowners and its managers, where the owners



(as principal) appoint an agent (the managers) to manage the company on their behalf. As a vicinity of this arrangement, the owners must delegate decision-making authority to the management.

The owners expect the agents to act in the best interests of the owners. Ideally, the 'contract' between the owners and the managers should ensure that the managers always act in the best interests of the owners. Though, it is impossible to arrange the 'perfect contract', because decisions by the managers (agents) affect their own personal welfare as well as the interests of the owners. This raises a fundamental question. How will managers, as agents of their company, be induced or persuaded to act in the best interests of the shareholders? Agency Conflicts/Problems Agency conflicts are differences in the interests of a company's owners and managers. They arise in several ways. Which include: Moral hazard: The prospect that a celebration insulated from risk could behave otherwise from the approach it might behave if it were totally exposed to the danger. A manager has associate interest in receiving advantages from his or her position as a manager. These include all the benefits that come from status, such as a company car, a private chauffeur, use of a company airplane, lunches, attendance at sponsored sporting events, and so on.

Jensen and Meckling (1976) urged that a manager's incentive to get these advantages is higher once he has no shares, or only a few shares, in the company. The biggest problem is in large companies. Effort level: Managers may match less onerous than they might if they were the homeowners of the corporate. The effect of this 'lack of effort' could be lower profits and a lower share price. The problem can exist in a very giant company at middle levels of management further as at senior management level. The interests of middle managers and the interests of senior managers might well be different, especially if senior management are given

pay incentives to achieve higher profits, but the middle managers are not. Earnings retention: The remuneration of administrators and senior managers is commonly associated with the scale of the corporate, rather than its profits. This gives managers an incentive to grow the company, and increase its sales turnover and assets, rather than to increase the returns to the company's shareholders.

Management are more likely to want to re-invest profits in order to make the company bigger, rather than pay out the profits as dividends. When this happens, companies might invest in capital investment projects where the expected profitability is quite small, and the net present value might be negative. Risk aversion: government administrators and senior managers sometimes earn most of their financial gain from the corporate they work for. They are so fascinated by the steadiness of the corporate, because this will protect their job and their future income. This means that management may be risk antipathetically, and reluctant to invest in higher-risk projects. In contrast, shareholders might want a company to take bigger risks, if the expected returns are sufficiently high. Shareholders typically invest in a very portfolio of various companies; so, it matters less to them if an individual company takes risks.

This theory is not sufficiently applicable to this study since it mainly touches on checking/monitoring the work of accounting officer- headteacher i.e. an employer by an agent i.e. an employee. It could have been fundamental if the research was looking at the role of BOM alone. In the current study, the researcher gives more weight to headteachers than the supervisors. The primary schools are managed by Board of Management (BOM) but they employ the Bursars and Accounts clerk to manage the finance on their behalf because they don't have the financial management skills. The BOM also delegate the decision making authority to the school principal. They then monitor however, well these agents are playing their duties. They

hold meetings annually to come up with strategies which will be used in the management of schools. In this regard the researcher dropped the financial management theory and used Organization management theory to guide the study.

### **2.3 Empirical Review**

The empirical review mainly draws from past studies starting from the global perspective, then regional and local. The review starts by exploring what has been studied and laying out the gaps that justifies the current study in regard to the research objectives which aimed to establish what knowledge and skills do headteachers of public primary school require in effective financial management in Rachuonyo North Sub-county; secondly, it outlines studies in regard to what are the financial management challenges head teachers' of public primary school experience in Rachuonyo North Sub-County and finally what are the appropriate ways of addressing challenges facing headteachers of public primary school in financial management in Rachuonyo North Sub-County.

#### **2.3.1 Knowledge and skills on Financial management required by Headteachers of Primary schools**

Primary school headteachers have a number of ways to acquire skills and knowledge for their management job. These ways include: reading books on management, self-discovery, observing others as they act and react to school situations, a mentor, course attendance in financial management and finally experiences on the job as noted by Moreno-Jiménez, Rodríguez-Muñoz, Sanz-Vergel, and Garrosa (2012) in their study on elucidating the role of recovery experiences in the job demands-resources model.

Gadušová, Malá and Zelenický (2008) emphasizes that knowledge of competencies that are necessary for economical skilled performance of a school leader position and data of up-to-

date wants and needs of active school leaders necessitate the basis to build for them a relevant coaching programme on required skills. Additionally, creation of teacher and school leader training programmes, based on required professional competencies, belongs to highly supported programmes of National Strategic Framework of all European Union member countries, as each country needs to own their lecturers and college leaders ready fittingly for his or her job (Ho, 2008; Pont, Nusche & Moorman, 2008; Pont, Nusche & Hopkins, 2008). School leader coaching programmes ought to involve social control, economical, personnel, legislative and other aspects, as these aspects of the school management influence also the whole quality of education processes carried out by schools.

According to World Bank (2007), Integrity concerns have emerged regarding the manner in which schools manage resources allocated from the ministry or generated internally. Like the free primary education, the recently introduced Free Day Primary Education (FDPE) policy aims at reducing the cost burden on parents through provision of state subsidy to schools for enrolled pupils. Allocations to schools are based on the enrolled population of pupils. The inequality alluded to the allocation criteria applied under FPE also extends to the FDSE. Thus, schools that are able to generate significant internal revenue through agriculture, hiring of school facilities (buses, school halls or compounds) for social functions end up receiving more in net terms than schools that are relatively “poorer”. Such additional income has therefore become a key vulnerable area for corruption in schools since accountability mechanisms on usage of such revenue are rather weak.

Lingdale (2017) in his study on Children and Young People’s Services Succession Planning Strategy (Schools) provides four stages of skills and knowledge journey to leadership in schools: developing exceptional learning regarding exceptional leadership, developing the

talents of remarkable leadership and at last, embedded exceptional leadership at intervals establishments and across networks. Thus required skills are essential before assuming the leadership position. In MN, USA, Feritzgerald (2010) presented the Growing Gap: Minnesota's Teacher enlisting and Retention Crises. He expressed that Minnesotans expect an excellent public education system comprising of top flight teachers, administrators and staff, outstanding curriculum and high graduation rates. It is Associate in Nursing expectation as previous as Minnesota; non-moving within the migrator tradition of exertions, sacrifice and also the drive to induce ahead. Here mentoring in school leadership is highly emphasized.

Financial management in school explained by Bisschoff (2003) indicated that it is important to provide experience which can effectively assist the trained head teachers to obtain knowledge for financial management, headteachers should possess such as financial management course, effective communication, human relation, educational level, organizational knowledge, administrative experience and political positioning. South Worth (1999) looked into primary headship and argued along the same lines and points a great extent of ineffectiveness and inefficiency in financial management that is so common due to deficiency of formal preparation for institutions' headteachers. Ogawa and Nishimura (2014) carried out a survey in six Sub-Saharan countries in Africa. Their findings established that school management in Africa, by means of all its uncertainties and complications, is significantly different from that found in the developed countries, where much of the theory originates and that current provision for headteacher training was insufficient. In their study they also emphasized that as an administrator and a manager of a school, headteacher is expected to be in the frontline in competencies necessary for effective management of the school and its resources.

Thamsanqa and Sithenjwa (2014) in their study done in South Africa on School Governance, Financial Management and Learners' Classroom Needs: Perspectives of Primary School Teachers say that the core responsibility of the school is to educate its learner population. For this to happen, school governance is critical, and policy imperatives require active participation of all key stakeholders, including teachers. Teachers as both members of the School Governing Body (SGB) and ordinary classroom teachers, have the responsibility to ensure that the school budget responds to classroom learner needs. Therefore, their participation in financial management is important. Given this background, a case study of two primary schools, purposively selected, was conducted using Semi-structured interviews and document content analysis to generate data where the findings were captured from. Four teachers, two from each school were interviewed. The results exposed that although teachers wanted to play an expressive and meaningful role in the decisions about financial issues in their schools, their participation was largely superficial and cosmetic.

According to the Mafisa (2008) on his paper presented in Durban on School leadership at the cutting-edge of educational change stressed that the outcome of poor financial skills in Kenya education system is in decay and general ineffectiveness of school leading to wastage of both local and foreign incomes. Sensible resource management is therefore very critical in a school or any business if it has to achieve its objectives. It involves acquisition and use of financial resources.

The Kenya Education Management Capability Assessment, 2008 rumoured that the matter of leadership in education in Kenya is that it presently suffers from Associate in nursing extreme lack of commitment. Since mid-level ranks are relatively unable to translate top-level vision into clear plans and strategies, the top level leadership has to over-invest time in re-

stating, re-confirming and communicating the vision. Written statements of the vision and mission as well as of the strategy, lack the clarity that is evident in verbal expression of the top leadership.

Kenya Education Management Capacity Assessment (Republic of Kenya, 2008) also reported that the functional area of teacher development, or as it used to be called ‘in-service training’ is an example of suboptimal division of labour in the education sector. Four agencies are currently delivering service to teachers in this area: The Ministry of Education, Science and Technology, through its Quality Assurance and Standards Directorate, the Kenya Education Staff Institute, the Kenya Institute of Education and the Teachers Service Commission. Although some of the training differs from organization to organization, there are also significant overlaps. The target population is often the same. Each organization is responding to emerging issues with relatively little coordination, simultaneously with these overlaps. While “everybody in the ministry and beyond is training” there is a functional gap: there is no single organizational home for teacher development in the education system and there is no leadership in this area.

Headteachers of public primary schools play a vital and multifaceted role in setting the direction for schools that are positive and productive workplaces for teachers and vibrant learning environments for children. According to Norman (2010), in a study of the importance of financial education in making informed decision on spending conducted in Iringa in Tanzania established that head teachers and principals are required to be educational instructors, visionaries and curriculum leaders, disciplinarians, assessment experts, community builders, public relations experts, financial managers and budget analysts, facility managers, special programs administrators, and expert overseers of legal and policy mandates and initiatives.

Therefore, resource management calls for skillful planning, execution and control of a institution's activities (GOK: A handbook on financial management (2006).

Rotich and Kipkoech (2012) in their study on the role of the School Principal in the implementation of the free education in Kenya established that there exist a range of critics including headteachers themselves, and this has created litany of concerns about the quality and effectiveness of the leadership preparation typically provided at teacher training colleges and elsewhere in the country. Moreover, the study found out that curricula offered in teacher training institutions often fail to provide grounding of effective management skills among learners, and that mentorship and internships often lack depth or opportunities to test their leadership skills in real-life circumstances (Rotich & Kipkoech, 2012). This finding concurs with Okumbe (2007) who emphasized on the need for training teachers and those in charge of handling public primary school management of finances. Norman (2010) emphasized that head teachers are expected to broker the often-conflicting interests of teachers, parents, students, education officials, state agencies and unions, and they need to be sensitive to the widening range of student and stakeholder needs.

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



conditions and are often not well-prepared for the tasks they must undertake the finding of Sessional Paper No.1 of 2005 and UNESCO (2006) head teachers having no training financial management leads the researcher to probe on the required skills and knowledge of financial management system by head teachers in Rachuonyo North Sub-county.

School headteachers need to acquaint themselves with sound management of funds which includes budgeting, accounting and auditing (MOEST, 2013). Remarkably the researcher concurs with earlier studies of Rotich & Kipkoech, (2012), MOEST (2013) that School head teachers and the governing bodies of the schools need to acquaint themselves with sound management of funds which encompasses budgeting, accounting and auditing.

The researcher also concurs with Norman (2010) in a study of the Importance of Financial Education in making informed decision on spending. Debatably the researcher also hypothetically takes the position of South Worth (1999) and The Ministry of Education Science and Technology (2006) that head teachers and their deputies appointed to head public primary schools are not trained in basic financial management which is admittedly a key reason for ineffective financial management, this might be the reason why Kaguri, Njati and Thiaine (2014) recently noted faults in reporting financial records on Imenti North Sub County schools. A good number of studies have been conducted on role of the School Principals in the implementation of the free education and some touching on factors influencing public primary schools head teachers' competence in financial management, nevertheless little is covered on linking knowledge skills and headteachers' preparedness in managing finances in public primary schools and especially in Rachuonyo North Sub-county. It is in the attention of the current study that the researcher aimed to determine whether the primary headteachers are fully equipped with all the

necessary skills and expertise to regulate, direct, account and report on financial resources under their custody.

Mobegi, Ondigi and Simatwa (2012) conducted a survey research and established that weak accounting control mechanisms were major factors contributing to financial mismanagement and misappropriation in schools. They found out that bursars and accounts clerks were mostly unqualified as so unable to prepare books of accounts. They also established that headteachers were not in a position of identifying wrong entries and irregularities in financial records if done by the accounts clerks/ bursars. It was revealed that due to the incompetence of the headteachers and bursars'/ accounts clerks, headteachers took books of accounts to other private accountants to update them to fit their interests. Mito and Simatwa (2012) however note that fee defaulting and late payment of fees affects financial management in schools therefore headteachers are not able to plan effectively as so at times ask students to go home for fees.

The school Bursars and/or Accounts Clerks are expected to be trained professionals in financial management and accounting fields, because they play an enormous role in assisting the Principals in various aspects of handling the school finances (Baraka, 2010), nevertheless, most of the Accounts Clerks are inadequately trained in handling financial management. Consequently, the poorly trained headteachers in various aspects of mobilizing and handling the school resources coupled with inadequately trained finance department's subordinate staff has been a problem that troubles most headteacher in Kenya (Baraka, 2010).

### **2.3.2 Financial Management Challenges headteachers experience in their institutions**

Christie (2010) note that the work of school headteachers in the world especially Africa is shaped by two major sets of constructs or ‘landscapes’: the literature on leadership and management which provides particular constructions of the field and its changes; and the terrain of new policy frameworks adopted transform the education system in different countries. In terms of the former, the influence of international debates may be seen in Africa, but these are situated adaptations rather than simple reflections. In terms of the latter, the new policies are underpinned by a tangled network of regulations on governance, labour relations and performance management, which bring complexity to the task of running schools. In addition, the enormous inequalities that continue to exist between schools mean that the work of headteachers is very different in different contexts. He argues that a mismatch between the ideal and the actual may impede, rather than assist, attempts to improve schools’ financial management. In particular, constructions of headteachers’ work in discourses that conflate leadership and management, that over-generalize, and that do not engage seriously with local conditions and the day-to-day experiences of headteachers.

There should be guidelines to review regularly questioning their cost effectiveness and monitoring the budgetary expenditure (Estyn, 2005). Accounting for the finances; a school like any other organization requires finance in order to run. There must be an efficient control of finance to keep the school afloat. Funds have to be obtained, utilized and budgeted for. Cases of irregular auditing of school funds was a key factor that resulted to financial mismanagement in Greek schools (Argyropoulou & Hatira, 2014). This study agrees with a study by Bush, Joubert, Kiggundu and Rooyen (2010) established that South Africa has a shortage of head teachers well

equipped with management skills and knowledge. The headteachers needed capacity to handle financial issues leading to enormous corruption and financial mismanagement.

Efficiency in handling schools' funds requires proper records to avoid misappropriation (Kioko, 2004). Monitoring of expenditures Okumbe (2007), says that business management is concerned with understanding the sources of revenue for the school, preparation of the school budget and monitoring expenditure in light of the approved budget.

Appropriate record keeping procedure; School financial management draws a lot of concern from parents, learners and central administration. It is therefore important that headteachers become transparent to the stakeholders on the way they spend finance. This will only be possible through appropriate record keeping procedures. Headteachers should be well acquitted with accounting procedures for auditing exercise to be meaningful. Auditing deals with the investigation of the financial records of an educational organization in order to ascertain the objectivity and accuracy of the financial statements (Okumbe, 2007). Auditing of school accounts is the final stage in the process of managing school funds. At the end of each financial year the headteacher must prepare and present to the school governing body (school management committee) an audited financial report.

Kiprono, Nganga and Kanyiri (2015) on their study on assessment of school management committees' capacity in the implementation of FPE funds in public primary schools: a survey of Eldoret East district, Kenya posit that there have been so many complaints from parents on embezzlement of FPE funds, cases of demonstrations have been reported in several schools in Eldoret East District due to mismanagement of FPE funds for instance in Kaptuktuk, Ilula primary, Lelit among other schools. They further noted that there are also cases of pending bills even when FPE funds have been released this are an indication of misappropriation of funds.

Complaints of poor management of the FPE funds have been reported where BOMs charged with the responsibility of ensuring that the funds are properly used are bent on its mismanagement. A good number of primary schools' committees are renowned of quoting inflated prices to gain from funded school projects (Onsumu et al., 2004). There are also other instances where the FPE cash end up in accounts of Institutions they were not meant for. These issues raise eyebrows especially when the program has been in place for the last seven years.

Budgetary estimates and administrative issues which are compounded by inadequate skills and knowledge in budget preparation are causes of financial mismanagement in public primary schools (Bold, Kimenyi, Mwabu, & Sandefur, 2009). According to Mito and Simatwa (2012), headteachers show poor performance in financial management because they lack appropriate adequate skills in budget preparation and administration.

Kaguri, Njati and Thiaine (2014) on their study of financial management challenges facing implementation of free day education in Imenti North District, Kenya observed that a number of headteachers did not submit on a monthly basis a Trial Balance and expenditure analysis to the District Education office, also did not prepare monthly bank reconciliation statements as required by the Government. Consequently, most headteachers were not effectively managing school finance which justifies to find explore headteachers required financial management skills and knowledge in Rachuonyo North Sub County.

Kitavi and Westhuizer (1997) in their study established that there was no proper internal auditing set up in schools and that government auditing was irregular and therefore school funds could have been misappropriated. The study of Mito and Simatwa (2012) exposed that poor budgeting made it difficult for headteachers to effectively run schools as some were overspending on some vote heads and under-spending on some leading them into other problems

such as misappropriation and mismanagement of school funds, a mistake punishable by interdiction and demotion as per the Teachers' Service Commission (TSC) code of guidelines.

The delay in disbursement of Free Secondary Education Funds was a challenge in school management as the settlement time of most transactions would not be met. Fee defaulting and late payment of fees, as a result of the high poverty index, posed a challenge to management as educational objectives are rarely achieved in a timely way. In January 2010, when schools in Kenya were reopened for first term, shock hit the whole country as eleven secondary school head teachers were demoted in Nyanza province. (Akech and Simatwa, 2010). Four out of the eleven demotions occurred in Kisumu East district. The district experiences a problem of non – submission of books of accounts from schools on time, an indication that preparing such books is a challenge. Report by the district education office, Kisumu East (2010) posits that in the district head teachers face the challenges of financial mismanagement and misappropriation, student absenteeism, inadequate teaching and learning resources, teacher shortage and financial constraints.

Irungu (2002) further postulates that schools lack budgetary programme planning and budgeting systems, whereby plans are on condition for obtaining educational goals. The study found out that headteachers made no attempts to measure if the desired results have been achieved against the results of expenditure and budget decisions. Consequently, the study recommended rigorous in service courses for head teachers in financial management.

Mito and Simatwa (2012) stresses that poor budgeting has made it difficult for head teachers of public Primary schools to manage the schools effectively and efficiently. Their finding showed that head teachers in Bondo district where the study was carried out were extravagance in spending whereby they overspent on some vote heads and underspent on some

leaving them with no option other than misappropriation and mismanagement of school funds which is a blunder punishable by, suspension, interdiction and subsequent demotion as per the Teachers Service Commission code of conduct and regulations. This is in agreement with Irungu (2002) who found out that training measures and support systems for headteachers in public Primary schools is feeble and do not adequately prepare them for obligations and responsibilities in financial management. Irungu (2002) further exposed in his study that school books of accounts took several years before they are audited and during the time of auditing government officers and auditors were bribed and blinded that all was well. Nevertheless, because of shortage of auditors, it was very difficult to rush the audit implementation. It is vital to determine the challenges facing headteachers in auditing to determine how these factors affect financial management in schools. The issue of headteachers having limited knowledge in accounting for school funds was also established by Mito and Simatwa (2012).

Mobegi, Ondigi and Simatwa (2012) also established that lack of financial management staff made headteachers double financial and administrative duties. This was justified by the fact that a majority of the schools have untrained staff on financial personnel. Another key point noted was that the headteacher receives the money, they receipt it and deposit it in the bank account, and then they withdraw it and do the procurement procedure. This blocked transparency and accountability of school funds thus exposing the headteacher to auditing challenges. They also found out that that Gucha district witnessed 47 cases of misappropriation and mismanagement of funds from the 2008 to the 2009. The main mistake was noted as posting of excess collection in a particular vote head for example tuition which resulted to mismanagement of funds.

According to Bii (2010) findings indicated that from 54.8% of bursars/accounts clerks showed that auditors were sometimes bribed by headteachers to cover up the irregularities in the financial records from different schools. He also established that sometimes the same auditors were used to balance books of accounts before they embark on the actual audit, which mean that they were auditing the books of accounts earlier prepared by them. Further, it was noted that the whole of the old Gucha district which at the time of the study had been sub divided into 5 districts had only 2 auditors. It was also additionally noted that school books and even accounts took several years to be audited and even at the time of auditing, the government auditors and officers were bribed to remark that everything was well.

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

According to Forman (2002), weaknesses in these internal control and financial management systems have continued to plague the objectives and goals of Education for All (EFA) in Kenya. Additionally, Ministry of Education, Science and Technology (MoEST, 2005)



revealed that some schools receive money for wages yet they do not have workers and instead use learners for manual work in these schools. Other schools, according to the report, were noted to receive money for general accounts on electricity and water vote heads and yet there is no water or electricity connected to these schools. The report further revealed that goods and services in many primary schools are procured from those organizations where headteachers and school management committees have vested interests. Kenya National Union of Teachers (KNUT, 2010) reported that two hundred head teachers have since been interdicted or forced to step down due to financial mismanagement in their schools.

According to IPAR (2008), Kenya government institutions like hospitals, colleges and schools have poor management systems that promote financial mismanagement in the establishments. mismanagement of school funds is rampant in Kenya and that there have been cases where school heads are reported to have mismanaged school funds without adequate action being taken by concerned authorities and this normally results to students' reactions to such cases violently and there exists a problem of ineffective inspection of schools and that there is no evidence that reports of school inspections are used to improve performance and it may not be likely, therefore, to put in place measures to prepare against possible under-performance and mismanagement of schools (IPAR, 2008).

Diversion of funds, misappropriation and imposition of unauthorized levies has always been the talk of the day. A good example, the secretary of the secondary schools management board (BOM) in different zones in Imo state during the annual conference held in march 2014, accused the principals on overspending, cooking figures, lacking skills on accounting and collusion with school Bursars, Oboegbulem (2014) The forensic audit carried out according to KESSP between April and September, 2010 that involved the Ministry of finance Internal Audit

Department (IAD), Ministry of Education audit unit it was confirmed that ineligible expenditure was Kshs 4.2 billion. Out of this expenditure a large percentage related to physical infrastructure in schools. Regrettably, physical visit to the schools during the auditing period established that Kshs 1.9 billion did not reach the schools. This is a clear indication that financial management is a challenge in the public secondary schools in Kenya. There is a growing interest of both the public and government on how well the funds provided for the implementation of school education are being managed hence making financial problem become a central issue (Kaguri, Njati & Thiaine, 2014).

According to Kelechukwu (2011), the accounts in some schools are rarely monitored. Resources in those accounts are open to over-withdrawals due to overpriced services and goods. This issue of undisclosed income is also witnessed in provincial and county schools that are officially registered as either two or three streamed schools yet they actually have four streams. With no proper planning and budgeting the school projects may not be accomplished. Headteachers come across numerous problems as they try to manage projects because they might have inadequate skills in financial management (Chepkonga, 2012).

Rendering to National College for School leadership (2010) all school heads are expected to have sound financial management practices that supports the financial objectives to establish proper financial management arrangements and accounting procedures, maintain a reliable arrangements and internal control, including safeguard against fraud, ensure funds are used for the purpose intended and fulfill the requirements of public finance accountability. In France, teachers who become head teachers are trained before appointment (Iravo, 2002).

The training is aimed at developing technical, human and conceptual skills in management. Other countries like Canada, USA, Ghana and Nigeria show that those who aspire

to be principals must have managerial training before appointment (Wambui. 2012). KESI started training headteachers mainly in secondary schools in 1981 and most of primary school headteachers were trained in school management through PRISM in 1996. In 1999, MoE issued a circular 1/99 which emphasized on the need to train school heads. After FPE was introduced in 2003, a 10-member taskforce under the chairmanship of Edda Gachukia set aside five hundred million shillings for training headteachers on management.

In Kenya, funding for school infrastructure has been a heavy investment that calls for collaboration and partnership with local communities, religions organizations, civil society and N.G.Os. In the use of funds, the central theme is transparency, decentralization, teamwork and performance based management and accountability. Thus, the headteacher should understand the financial processes of accounting, budgeting, procurement, record keeping and auditing for infrastructure development (Kamau & Nafula 2006).

Accounting provides a means for a headteacher to monitor supervise and control the school funds. The financial accounting provides a complete history of all transactions to the school committee and the information necessary for the management and operations of the school, a competent headteacher is expected to keep books of accounts and document well documented (Kenya Government, 2006). In Kenya the head teacher is the one in charge of any expenditure incurred in the school. The headteacher has authority to incur expenditure (AIE), and therefore the overall financial manager /accounting officer in the school (Wango, 2009).

Barasa (2009) reiterates that efficient management of financial resources is a central task for headteachers. Short of adequate financial resources, institutions cannot carry out their distinct tasks effectively. Funds should be made available and be adequate to run different departments of the school. Education is a human right. Article 26 of Universal Declaration of Human Rights

(UNESCO, 1948), states that “Education shall be free and shall be directed to the full development of the human personality and in addition to the strengthening and reinforcing of respect for human rights and fundamental freedoms associated”. At the World Education Forum in Dakar (2000), world leaders of 180 countries agreed that by 2015 all boys and girls of school-going age should be enrolled in school and be able to comprehensively finish a quality Free Primary Education (FPE). These international agreed upon declarations indicate that states or governments are required to provide both access to primary education by making it free and compulsory and quality by ensuring education should fully develop students and reinforce the respect for human rights and fundamental liberties. The quality of education includes the proper management of resources such as finance available in the learning institutions, however this is not so, as many Headteachers are faced with lack of financial training to manage the budgetary allocations, financial control practices such as Cash purchases restrictions, Petty cash limits, Budget restrictions, Expenditure authorization and financial management committees, in their respective schools.

Inadequate experience of headteachers; The government of Kenya established the Kenya Education staff institute to offer in-service training for the heads of educational institutions including head teachers of secondary schools (Republic of Kenya, 2013). In the 2005 Education sector report, the MOEST, included as one of its objectives; to enhance, equity and quality in primary and secondary education through capacity building for 45,000 education managers by 2015 (Republic of Kenya, 2005). It is worth noting that the fast and rapid expansion of education has further led to the appointment of heads that have little experience to fit them completely into the work they are required to do and this is a major cause of ineffective leadership in secondary schools. Weak accounting control mechanisms A survey research done by Mobegi, Ondigi and

Simatwa (2012) established that weak accounting control mechanisms were major factors contributing to financial mismanagement and misappropriation in schools. Bursars and accounts clerks were mostly unqualified as so unable to prepare books of accounts.

Headteachers were not in a position of identifying wrong entries and anomalies in financial records if done by the bursars'/accounts clerks. It was revealed that due to the incompetence of the headteachers and bursars, headteachers took books of accounts to pseudo-accountants to update them to fit their interests. They however note that fee defaulting and late payment of fees affects financial management in schools. Headteachers are not able to plan effectively as so at times ask students to go home for fees. Inadequate training of head teachers Headteachers are exposed to many challenges in financial management as the existing preparation measures and support for head teachers in financial management are basically weak and do not sufficiently prepare potential headteachers for responsibilities in financial management (Irungu, 2002). Some of these challenges that headteachers of secondary schools' face are therefore brought about by the means by which principals are identified, appointed and trained which do not prepare them to become effective managers.

The dominant tradition for identification and appointment of secondary school headteachers has been based on good classroom teaching, active participation in co-curriculum 15 activities and teaching experience which has resulted into ineffective leadership and subsequently a number of challenges in management of secondary schools (Komotho, 2008: Republic of Kenya, 1988). Their ill preparedness for managerial duties prior to their appointments have made secondary school headteachers vulnerable to making blunders which sponsors capitalize on to demand for their removal (Mosomi, 2008). On Unqualified bursar and

accounts clerks Mobegi, Ondigi and Simatwa (2012) observed that underperformance of headteachers in financial management resulted from employing less qualified accounting staff.

Majority of them have only trained to the level of Accounts Clerks National Certificate (ACNC) which demonstrated very low level of accounting knowledge. Another observation that they made was that there is poor record keeping and failure to adhere to accounting procedures. Owing to the rapid expansion of secondary education school in Kenya, it is significant that all financial management challenges facing head teachers of secondary schools are established.

A research by Mobegi, Ondigi and Simatwa (2012) established that Gucha district experienced 47 cases of mismanagement and misappropriation of funds from 2008 to 2009. This included the posting of additional collection in a specific vote head for instance tuition resulting to mismanagement of funds. On Delay in disbursement of FSE funds. The delay in disbursement of free secondary education funds is a challenge to the headteachers of public secondary schools. Such delays hinder effective running of schools and it puts headteachers in a very awkward position as most transactions settlement time would not be met. The financial year of the government ends in June and so the delay in financing is caused by delay in approval of such monies by parliament. However, headteachers may be forced to incur expenditure in vote heads like personal emoluments to take care of salaries. It is delayed payment of fees or non-payment that compromises accounting for the revenue as proper planning is compromised.

Budgetary estimates and administrative issues- Inadequate skills and knowledge in budget preparation for proper management of resources to achieve the educational objective in schools, Okumbe (2005) states that, education managers must draw a budget to establish priorities of the organization. Mito and Simatwa (2012) are of the opinion that head teachers exhibit inadequate performance in financial management. They lack sufficient skills in budget

preparation and administration. Their attitude is that they should provide services regardless of costs. Many head teachers are not well versed with accounting procedures.

On Poor budgeting Irungu (2012) further posits that schools lack budgetary programme planning and budgeting systems, where plans are provided for obtaining educational objectives. The study established that headteachers made no attempts to measure the results of expenditure to determine whether the budget decisions have achieved desired results. Subsequently the study recommended intensive in service courses for headteachers in financial management. Poor budgeting has made it difficult for head teachers of public secondary schools to run the schools effectively (Mito & Simatwa, 2012). Some headteachers in Bondo district where the study was conducted were overspending on some vote heads and under spending on some leading them into other problems such as misappropriation and mismanagement of school funds; a mistake punishable by interdiction and subsequent demotion as per the Teachers Service Commission code of conduct and regulations. This is in agreement with Irungu (2012), who established that preparation measures and support systems for head teachers in public secondary schools is weak and do not adequately prepare them for responsibilities in financial management.

Delay in disbursement of FSE funds -The delay in disbursement of free secondary education funds was established by Mito Simatwa (2012) to be a challenge to the budgetary process. School budgets are done and approved by the Board of Governors, Parents Teachers Association and the District Education Boards late in the year. Expenditure in all vote heads commence at the beginning of each year. However, delay in disbursement means 18 expenditure has to be incurred in excess in some vote heads. Subsequently, leading to mismanagement and misappropriation of funds and below is a table indicating the ministry of education school fees guideline released on 9th January 2008.

Insufficient experience of headteachers in financial management was noted as one of the main challenges faced. Consequently, the government of Kenya established the Kenya Education staff institute to offer in-service training for the heads of educational institutions which included head teachers of Primary schools (Republic of Kenya, 2013). In addition, Education sector report of 2005 encompassed therein as one of its objectives is to enhance equity and quality in primary and Secondary education through capacity building for 45,000 education managers by 2015 (Republic of Kenya, 2005). It is of value noting that the fast growth and expansion of education has further led to the choosing and appointment of heads that have little experience to fit them well completely into the responsibilities they are required to do and this is a main cause of ineffective leadership in Primary schools.

Mobegi, Ondigi and Simatwa (2012) survey research established that weak accounting control mechanisms were key factors contributing to financial mismanagement and misappropriation in schools. Majority of schools' accounts clerks and bursars were mostly unqualified thus unable to prepare books of accounts. Headteachers could not identify wrong entries and anomalies in financial records if done by the Accounts clerks/ Bursars because they also lacked sound financial management skills and knowledge. Also established was that due to the incompetence of the head teachers and bursars, headteachers took books of accounts to other accountants to apprise them to fit their interests. Fee defaulting and late payment of fees affects financial management in schools, therefore, headteachers are not able to plan effectively, so they are sometimes forced to ask students to go home for fees as revealed by Mito and Simatwa (2012).

Irungu (2002) notes that insufficient training of headteachers is also one of the challenges headteachers face in financial management. Most of these challenges that headteachers face is



then brought about by the means by which headteachers are selected, identified, appointed and trained which on the other hand do not prepare them to become effective managers and leaders. The usual way of Primary school headteachers identification and appointment has been pegged on good active participation in co-curriculum activities, classroom teaching, and teaching experience which has resulted into ineffective leadership and management of schools and subsequently leads to a number of challenges in management of Primary schools which includes financial matters (Komotho, 2008: Republic of Kenya, 1988).The headteachers' ill preparedness for managerial duties prior to their appointments have made Primary school headteachers vulnerable to making blunders which sponsors capitalize on to demand for their removal from work (Mosomi, 2008).

Underperformance of head teachers in financial management resulted from employing less qualified or unqualified accounting staff. Majority have only trained up to Accounts Clerks National Certificate (ACNC) which demonstrated very low level of accounting knowledge as observed by Mobegi, Ondigi and Simatwa (2012). They also established poor record keeping and failure to adhere to accounting procedures exist. Due to the quick expansion of Primary education school in Kenya, it is vital that all financial management challenges facing headteachers of Primary schools are mapped out. Their attitude is that they should provide services regardless of costs. Majority of headteachers are not well equipped with accounting procedures and processes. The delay in payout of free Primary education funds was mentioned by Mito and Simatwa (2012) as a challenge to the budgetary procedure and process. Budgets of schools are prepared then approved by the school Board of Governors, Parents Association and the District Education Boards later in the year and expenditure captured in all vote heads start at the beginning of each year. Nonetheless, delay in disbursing funds mean expenditure has to be

sustained in excess in some vote heads subsequently, resulting to mismanagement and misappropriation of funds.

Auditing as challenges that public primary school headteachers face is well-known. Irungu, (2002) defines Auditing as the inspection of financial statements covering the transactions over a period and determining the financial position of an organization on a certain date which enables the auditor to issue a report. Headteacher acts as an internal auditor of the school. He or She must initiate preparation of books of account to allow the external audit at the end of each year (MOE, 2000). The role of head teacher's is to constitute a procurement committee in charge of procuring services and goods for a school. The headteacher plays an oversight role by ensuring procurement of goods and services are done in line with laid down procedures (MOE, 2000).

Public procurement and disposal act (2005) is an act of parliament to establish procedures for efficient procurement of store assets and equipment by public entities and to provide for other related matters (RoK, 2005). The headteacher is supposed to be competent in procurement process. According to School Infrastructure Improvement Management handbook, the headteacher should define the scope of work and specification i.e. make clear to everyone the work involved. Then identify the person to undertake work or small contractors and invite quotations. The committee responsible for any infrastructure i.e. the School Infrastructure Committee (SIC) should open quotations and check the arithmetic. All work should be awarded to the person who demonstrates the best value for money. SIC should then supervise the work and ensure that it is completed in a satisfactory manner and in accordance with the quotation and specification. After work is completed and invoice issued then the contractor is then paid. Work done and transactions made should be recorded.

Lack of financial management staff made headteachers double administrative and financial duties was established by Mobegi, Ondigi and Simatwa (2012). This was because a majority of the schools use untrained financial personnel. They noted in their study that the head teacher receives the money, then receipts it, then deposits it in the bank account, later withdraws it and did the procurement procedure. This barred transparency and accountability of school funds hence exposing the headteacher to auditing challenges. According to Arygyropoulou (2009), what seem to annoy headteachers in Greek state schools is the enormity of the financial management workload and the absence of secretariat staff. Mobegi, Ondigi and Simatwa (2012) noted that underperformance of headteachers in financial management resulted from employing less qualified accounting staff. Greatest number of them has only trained up to Accounts Clerks National Certificate (ACNC) which demonstrated very low level of accounting knowledge not to mention financial management. They also established that there is poor record keeping and failure to adhere to accounting procedures which are laid down. Because of the rapid expansion of primary education school in Kenya, it is noteworthy that all financial management challenges facing headteachers of primary schools are established.

Because of deficiency on number of auditors at the Sub County level, very few qualified accountants utilized by schools are also temporarily positioned as auditors and this is a challenge to headteachers as the fitness of such auditors may be indeed imperfect. Mutembei and Ndumba (2013) further found out in their study that headteachers had insufficient financial training and subsequently they face challenges in financial management schools in Imenti South district.

Mutembei and Ndumba (2013) also noted that delay in pay-out of free primary education funds is a challenge to the headteachers of public primary schools. Such delays hinder effective running of schools and it puts headteachers in a very awkward position as most transactions

settlement time would not be encountered. The financial year of the government ends in June and so the delay in financing is caused by delay in approval of such monies by parliament. Though, headteachers may be forced to incur expenditure in vote heads like personal emoluments to take care of wages. It is delayed payment of fees or non-payment that compromises accounting for the revenue as proper planning is compromised (Irungu, 2002).

Notably the researcher can summarize the challenges as; inadequate training in financial management, schools are run on systems that are none inclusive to all stake holders, public primary schools do not employ accounts clerks, Headteachers do not benefit from any regularly organized training, refresher courses and induction programmes on financial management. The researcher also acknowledged verification of the challenges noted as a problem in Rachuonyo North Sub County, thus embarked to fill the eminent gap this current study aimed to identify what the financial management preparedness challenges headteachers' experience in Rachuonyo North Sub-County.

#### **2.3.4 Appropriate ways of addressing financial management challenges**

Thomson (2014) who conducted a study on Public policy, physical education and sport in English-speaking Africa countries state that from marginal access to schooling before 1960, African current education systems swollen steady throughout the Nineteen Sixties and Nineteen Seventies, prompted by high priority given to education. The Eighties seasoned stagnation and decline thanks to a forceful decrease in education finance any to the balance of payment and budget deficits, and also the succeeding structural adjustment programmes.

Since 1990, there are intense efforts to reverse the trend through national and international efforts.

Since then Adewole and Oyesola (2017) mention that the African education sector continues to face serious challenges of low and inequitable access to education, irrelevant curriculum and poor learning outcomes, inadequate political commitment and financing, weak education system capability, and weak link with the world of work. Drawing on relevant documents and knowledge, their paper discusses briefly those challenges and the education policy measures taken to address them. It also assesses to what extent the Bank response was relevant and effective in addressing the African education challenges.

Brett, Carolyn, Sharna & Katy (2017) aver that while progress has been created in transfer of a lot of primary school pupils to post-secondary institution of higher learning, the results in terms of quantity and quality have been far from the targets, particularly in Sub Saharan Africa. This may need letter of invitation for a replacement forum on education to require stock and check out of financial management which should be anchored on more realistic policies that can ensure effective implement.

Kiprono, Nganga and Kanyiri (2015) assert that capacity building of school management committees and local communities is a critical element of the education programmes. Reading SASA Section 19 recognizes the need for the enhancement of capacity of governing bodies to ensure that their roles are carried out optimally as supported by Wamba (2015) in the study on Headteacher Preparation and Accountability reiterate that the principal or school Governing Body Capacity building programmes of school governing bodies including the principals in South Africa which essentially revolve around that of financial management, learner discipline, legal matters, and duties of the school governing body, policy-making, communication skills, conducting meetings and conflict management

Segwapa (2008) in a study on Assessing the performance of school governing bodies of selected farm schools in the Limpopo province also points out that that school governing body must be able to control and raise funds, develop and draw up the school budget, manage rentals like water and electricity and also purchase learner support materials and other necessary equipment for school thus the need for Capacity which will need further development if FPE progress is to be sustainable as claimed with Grogan (2006) in the study on quest of who benefits from universal primary education in Uganda?

Because of the turnover of SMC members, boards and headteachers, capacity building cannot be limited to one-time training (Bertoli, 2008). It necessitates long term strategies, such as regular on-the-job training, advisory visits, support networks, and published guidelines. It is the responsibility of the Ministry of Education to ensure that this occurs, as much as KESI gives in-service training to other school leaders such as deputy principals, heads of departments and principals, it seldom trains other school leaders such as BOM and school committees (Antonowicz et al., 2010). Therefore, lack of capability can be traced to insufficient funding to KESI and lack of full time training facilities (Sessional Paper No. 1 2005: 65). Capacity development is needed for further progress if FPE progress is to be sustainable (Grogan, 2006) as also supported by Wango and Gatere (2012) in their study on School finance management mainly on fiscal management to improve governance and accountability.

The researcher supports the need of capacity building as pointed out by Kiprono, Nganga and Kanyiri (2015) and Bertoli (2008) in addition to the need for skills to understand budgets, bookkeeping, financial records and administrative systems as noted by Segwapa (2008). Markedly it is evident that the mentioned ways of addressing financial management challenges have not been identified in Rachuonyo North Sub County public primary schools, therefore the

current study aimed to fill this gap by investigating the appropriate ways of addressing challenges facing headteachers in financial management in Rachuonyo North Sub-County.

## **2.4 Summary of literature review and Identification of knowledge Gaps**

Most studies that have been done looked at the processes of school financial management (Sigilai & Bett, 2013); financial management policies done by IPAR in 2008; challenges in the implementation of the Free Primary Education Program (Cheruto & Kyalo (2010) and Constraints faced by headteachers in managing primary schools (Mbaabu & Orodho, 2014), and factors influencing public primary schools head teachers' competence in financial management (Abdulatif, 2010). No study has been done on headteachers' preparedness in effective financial management in public primary schools in Rachuonyo North Sub County, Kenya, therefore it is against this background that this study sought to fill this imminent gap by establishing head teachers' preparedness in managing finances in public primary schools specifically in Rachuonyo North Sub-county, Kenya.

## **CHAPTER THREE**

### **RESEARCH DESIGN AND METHODOLOGY**

#### **3.1 Introduction**

This chapter describes the methods, process and procedures to be employed in the study in order to achieve the research objectives of this study. It emphasizes on the research design, study area, target population, sample and sampling procedures, research instruments, data collection procedures and data analysis.

#### **3.2 Study Area**

The study was carried out in Rachuonyo North sub-county, Homa Bay County in Kenya. The choice of Rachuonyo North Sub-County is justified owing to District Education Officer (2007) Audit Report which stated that one of the weaknesses in primary school management in Rachuonyo North Sub-County was mismanagement of funds which involves overstated costs; diverting funds intended for FPE to construction, this backdrop might be caused by lack of headteachers' preparedness to manage the funds. Homa Bay borders five counties; Kisii and Nyamira to the east, Kericho and Kisumu to the north east and Migori to the south. The county also borders Lake Victoria to the north and west. The county receives between 250mm and 1200mm of rainfall annually, with the average annual rainfall estimated at 1,100mm. It has two rainy seasons; March-April-May (long rains) and September to November (short rains). Fishing and agriculture are the main economic activities in Homa Bay County. Fishing is practiced mainly by people living near the shores of Lake Victoria. Rachuonyo North sub-county has semi-arid climatic conditions with daily temperatures ranging between 26°C during the coldest months (April and November) and 34°C during the hottest months (January to March). (See Map in Appendix IX)



### **3.3 Research design**

The study adopted mixed methods approach specifically concurrent mixed method design whereby concurrent triangulation strategy was applied. Concurrent designs are characterized by the collection of both types of data during the same stage (Creswell, Plano Clark, Gutmann, and Hanson, 2003). The purpose of concurrent triangulation design was to use both qualitative and quantitative data to more accurately define relationships among variables of interest in the current study. The use of concurrent designs in the current study is justified because it best fit to confirm, cross-validate, and corroborate findings within the study under quantitative and qualitative paradigm. Under quantitative research descriptive survey was used whereas qualitative research method focused on discovering and understanding the experiences, perspectives, and thoughts of participants. Qualitative method was used because it provides depth and detail since it enabled the researcher to look deeper than analyzing ranks and counts by recording attitudes, feelings and behaviours. This method also creates openness since it encouraging participants to expand on their responses can open up new topic areas not initially considered.

A descriptive study is done in order to establish and be able to describe the characteristics of the variables of interest (Orodho & Kombo, 2002). The use of quantitative and qualitative approaches in combination provides a better understanding of research problems than either approaches alone (Alise & Teddlie, 2010; Creswell & Plano, 2007).

### **3.4 Target population**

The target population was 166 schools in Rachuonyo North Sub-county which included Kendu 16; Nyakongo 23; Rambira 15; Miriu 17; Omboga 20; Kandiege 23; Homa 14; Got Oyar 24 and Pala 14. The target participants in this study were 166 headteachers of public primary

schools, 166 BOM representative, and 1 Sub County Director of Education in Rachouonyo North Sub-county.

Table 1 shows Number of Primary schools per zone in Rachouonyo North Sub-county which was the target population and percentage representation of number school per zone.

Table 1  
*Number of Primary schools per zone in Rachouonyo North Sub-county*

<b>Zones of Public Primary Schools</b>	<b>Population of Schools</b>	<b>% of Population</b>
Kendu	16	10%
Nyakongo	23	14%
Rambira	15	9%
Miriu	17	10%
Omboga	20	12%
Kandiege	23	14%
Homa	14	8%
Got Oyaro	24	14%
Pala	14	8%
<b>Total</b>	<b>166</b>	<b>100%</b>

**Source: Ministry of Education, Rachounyo Sub County (2018).**

### **3.5 Sample Size and sampling procedure**

The researcher employed different sampling techniques to select participants in this current study who included Primary School, Headteachers, BOM Representative and Sub County Director of Education.

#### **3.5.1 Sampling of Schools**

Stratified sampling technique was used to select primary schools whereby the schools were stratified on the basis of zones in Rachouonyo North Sub-county; within the zones simple random sampling was used to select 20% of the schools (each school has one head teacher). This is because public primary schools are day and mixed and therefore homogenous and by using a sample frame of 20%, each school's headteacher of the zone had an equal chance of being

included in the sample. The researcher put all the primary schools name in a different rolled papers in a tin, close shake and pick with replacement until 20% was reached this was in order to ensure that each the school had equal chances of being selected as shown in Table 2.

Stratified random sampling technique is chosen for its advantages of focusing on important sub-populations and allows use of different sampling techniques for different sub-populations thereby improving the accuracy of estimation as showed in Table 2.

### **3.5.2 Sampling Headteachers**

Bryman (2008) hypothesized that at least 10% of the population is appropriate to be used as a sample of study. However, from the total population of 166 headteachers a sample of 33 headteachers which represents about 20 percent of the total population were selected whereby from each school one headteacher as showed in Table 2.

### **3.5.3 Sampling of BOM Representative**

All schools in Rachuonyo North Sub County have BOM with one being the treasurer or in charge of financial issues. Purposive sampling was applied to choose one BOM representative who is the signatory dealing with school's financial matters as a sample respondent. From the total population of 166 schools within the zones simple random sampling was used to select 20% of the schools (each school has one Parents association representative who is a signatory in th BOM). A sample of 33 BOM representative which represents about 20 percent of the total population were selected as showed in Table 2.

### **3.5.4 Sub County Director of Education**

The researcher then purposively approached the Sub County Director of Education (SCDE) Rachuonyo North Sub County who is a key informant to participate in the study. Notably, there is no policy advocating for direct auditing of primary school accounts but a

requirement that heads of primary schools furnish the office of the SCDE with relevant financial record of their schools which are verified by the Sub County Audit Department and hence the inclusion of the officer in this study.

The total sample included 33 headteachers, 33 Parents association representatives in charge of finance plus one Sub County Director of Education who participated in the study making a total of 67. According to Mugenda & Mugenda, (2003) a sample size of between 10% and 30 % is a good representation of the total population. Therefore, a sample of 67 respondents was utilized in this study as showed in table 2.

Table 2  
*Sample Matrix*

<b>Category</b>	<b>Target population</b>	<b>Sampling Technique</b>	<b>Actual Sample</b>	<b>Percentage</b>
Public Primary Schools	166	Stratified Sampling	33	20%
Headteachers	166	Random Sampling	33	20%
BOM representative	166	Purposive sampling	33	20%
SCDE	1	Purposive sampling	1	100%

(Source: Researcher 2018)

### **3.6 Validity, Pilot Testing and Reliability of Research Instruments**

#### **3.6.1 Validity of the instruments**

To ensure validity, the instruments to be used in this study were examined by the supervisor and other academic experts in the department. The corrections identified were incorporated in the instruments so as to increase the validity (Mugenda & Mugenda, 2003). In addition, the researcher pre-tested the instruments (questionnaire) so as to enhance data validity. Both construct validity and content validity were used. Construct validity was used in the study to ascertain theoretical framework and content validity was used to ascertain clarity of research instruments through the help of supervisors and expert opinion.

### **3.6.2 Piloting**

All the tools for data collection were pre-tested to ascertain the validity and reliability of the data collection instrument before actual administering. According to Mugenda & Mugenda, (2003), a pre-test sample of a tenth of the sample respondents is considered adequate for a pilot study. This assisted the researcher in correcting ambiguities in the questionnaire and to establish its validity and reliability. Based on the results of the pre-test; the researcher made necessary adjustments. The final instruments were administered by the researcher to the respondents.

### **3.6.3 Reliability of the instruments**

There cannot be validity without reliability hence the researcher had to ensure that the instruments were clear and consistent in their measurements. Reliability was established by pre-testing the instrument prior to conducting the study.

The internal consistency approach was used to estimate the reliability of the measurement scales in this study. This approach measures the degree to which instrument items are homogeneous and reflect the same underlying constructs (Zikmund, 2003). To test the internal consistency of the instrument, the study used Cronbach's Alpha, which ranges between 0 and 1. Thus the closer the value of Alpha to 1, the more reliable the results would be and the more it nears 0, the more unreliable the instrument or tool. The recommended value of 0.7 was used as a cut-off of reliability.

Then for the two interview guides the researcher used prolonged engagement whereby the researcher extended time in the field to improve trust with respondents and also extended understanding of participants' local construction and culture context (Onwuegbuzie & Leech, 2007). The researcher used member checking method which is another strategy of improving quality of qualitative data. Member checks mean the "data and interpretations are continuously

tested as they are derived with members of the various audiences and groups from which data are solicited” (Schwandt, Lincoln & Guba, 2007).). Member checks are a crucial process that any qualitative researcher should undergo because it is the heart of credibility (Onwuegbuzie & Leech, 2007). Researcher(s) are required to include the voices of respondents in the analyzed data and interpretation made from the data.

In this study a Cronbach alpha correlation coefficient of 0.890 was obtained on Headteachers’ questionnaire and Cronbach alpha correlation coefficient of 0.847 on BOM representative Questionnaire. This implies that both questionnaires had good Cronbach alpha coefficient. Thus was considered adequate to allow the researcher proceed with the study (see Appendix IV).

### **3.6.4 Credibility and Dependability of The Qualitative Instruments**

#### **Credibility**

Credibility is defined as the confidence that can be placed in the truth of the research findings (Macnee & McCabe, 2008). Credibility establishes whether or not the research findings represent plausible information drawn from the participants’ original data and is a correct interpretation of the participants’ original views (Graneheim & Lundman, 2004).The researcher established thoroughness of the inquiry by adopting the following credibility strategies: prolonged and varied field experience, time sampling, reflexivity (field journal), triangulation, peer examination, interview technique, and established authority of researcher and structural coherence.

#### **Dependability**

According to Bitsch (2005), dependability refers to the stability of findings over time|| . Dependability involves participants evaluating the findings and the interpretation and

recommendations of the study to make sure that they are all supported by the data received from the informants of the study (Cohen et al., 2011). The researcher ensured the research instruments' Dependability by using triangulation and peer examination or iterator comparisons

### **3.7 Description of data collection instruments**

The researcher used questionnaires as tools for collecting data which was administered to the headteachers. Structured questionnaire was developed and utilized in this study. The questionnaire had both open and close ended items for collection of primary data. The preference for a questionnaire for use was based on the fact that respondents were able to complete them without help, unanimously and it is cheaper and quicker than other methods while reaching out of larger sample (Bryman, 2008 & Cohen et al., 2007). The researcher also employed Interview Guide for the BOM representatives and the Sub County Director of Education.

#### **3.7.1 Questionnaire for the headteachers**

The self-administered questionnaire consisted six sections. The questionnaire solicited the demographic profile of the respondents in Section 1 followed by Section 2 on headteacher required financial management knowledge and skills and Section 3 solicited what knowledge and skills the headteacher require in effective financial management. Section 4 probed the types of financial mismanagement cases that have occurred and section 5 asked for the challenges the headteacher face in financial management of the school. Section 6 was on suggested appropriate ways of addressing challenges of financial management which was open ended. The measurements of other items in the first five sections were taken on a five-point, closed-ended Likert scale (see Appendix I).

### **3.7.2 Interview Guide for the BOM representative**

The interview guide consisted of six sections. The questionnaire solicited the demographic profile of the respondents in Section 1 followed by Section 2 on BOM representative required financial management knowledge and skills and Section 3 solicited what knowledge and skills BOM representative require in effective financial management. Section 4 probed the types of financial mismanagement cases that have occurred and section 5 asked for the challenges the BOM representative face in financial management of the school. Section 6 was on suggested appropriate ways of addressing challenges of financial management. The measurements of all the items in the first five sections were taken on a five-point, open-ended Likert scale (see Appendix II).

### **3.7.3 Interview Guide for the Sub County Director of Education (SCDE)**

The Key informant included SCDE. The schedule solicited the demographic profile of the key informant respondent in section 1. The questions that were included in the interview schedule were developed by reviewing previous literature and research, and finding the most appropriate questions that are closely linked to the current research aims and objectives in Section 2 which combines the rest of the research questions and probed if the required financial management knowledge and skills was in place; what knowledge and skills required in effective financial management; the types of financial mismanagement cases that have occurred and the challenges the faced in financial management of the school. Towards the end of the schedule was on suggested appropriate ways of addressing challenges of financial management (See Appendix III).



### **3.8 Data collection procedures**

In data collection procedure, the researcher obtained letter from the Catholic University of Eastern Africa to process National Commission for Science, Technology and innovation (NACOSTI) Permit and subsequently made an introduction meeting to seek clearance to carry out the work in the Sub County from Rachuonyo North Sub County Director of Education. Arrangements were made with the concerned headteachers on when to administer the questionnaires. The questionnaires were then administered in person by the researcher and one research assistant. Filled questionnaires were collected immediately they are filled in.

### **3.9 Data analysis procedures**

After data collection, the researcher checked the instruments for completeness, accuracy and uniformity of the information obtained and then coded and entered into the computer for analysis. The data was analyzed using Statistical Package for Social Sciences (SPSS) Version 22 which yielded frequency, mean and standard deviation. Tables, graphs and charts are employed to present the analyzed data and a detailed interpretation of the data are given below the tables and charts used. Qualitative data were analyzed using content analysis and findings presented according to the research objectives thematically. According to Martin and Acuna (2002) and Orodho and Kombo (2002), SPSS program is in a position to handle huge amounts of data and it has a wide spectrum of statistical procedures which are designed for social sciences. It is also very effective. The data was coded and entered into the program to help in generating descriptive statistics. Frequencies, mean scores and percentage measures were used. Descriptive statistical analysis was also used to analyze the data collected.

### **3.10 Ethical considerations**

Proper care was taken to ensure that all information from the respondents is treated with maximum confidentiality. To increase the degree of confidence among the respondents no names or personal identification details were required for the purpose of filling the questionnaires. The researcher did not divulge any information used to third parties and the information gathered is only used for academic purposes. Participation by respondents was on voluntary basis and their consents were taken into account. The sources of data and other information for literature review are also acknowledged effectively in this study. Ethics in this research refers, to the rules and regulations that shall guide the conduct of this research work. It is an imperative part in the planning and application process of this project. The researcher used the following principles to guide this research work; Informed Consent; the participants decided whether to be involved or not to be, in the research project. Beneficence; this was deployed with the aim of maximizing good outcome in relation to the participants and avoiding unnecessary harm, risk or wrong.

Justice; this was also employed and ensured to guarantee reasonable, non-exploitative procedures and their fair administration in regard to costs, benefits among participant. Privacy; this research ensured privacy, the control over access to individual and associated information against giving unwanted information. Confidentiality; the study ensured to make arrangement with participants on what was to be done or not done with their data. Anonymity; this study made use where applicable; the lack of identifiers, meaning information that collected could not be related to individual school or names of participants. The use of the data and report is intended to be relayed to those it is intended on basing on integrity, and quality of research work.

## CHAPTER FOUR

### PRESENTATION, INTERPRETATION AND DISCUSSION OF THE FINDINGS

#### 4.1. Introduction

This chapter presents the research findings and discussions of the results. The chapter deals with the questionnaire return rate, demographic characteristics of the study respondents, analysis of study of objectives, findings of the research questions, data presentation and data analysis. The data was analysed according to research questions of the study and the findings were then considered and discussed.

#### 4.2 Questionnaire return rate

The response rate was overwhelming high at 90%. Out of the targeted population of 33 respondents, the researcher managed to get complete feedback from 30 respondents from targeted sampled schools.

Table 3

#### *Questionnaire Return Rate*

<b>Zones of Public Primary Schools</b>	<b>No. of Headteachers sampled</b>	<b>HT Questionnaire Return</b>	<b>No. of BOM Representative sampled</b>	<b>BOM Rep Questionnaire return</b>
Kendu	3	3	3	3
Nyakongo	5	4	5	4
Rambira	3	3	3	3
Miriu	3	3	3	3
Omboga	4	4	4	4
Kandiege	5	4	5	4
Homa	3	3	3	3
Got Oyaro	4	3	4	3
Pala	3	3	3	3
<b>Total</b>	<b>33</b>	<b>30</b>	<b>33</b>	<b>30</b>

Despite the extreme care taken in the survey administration, such response rates from schools is unusual, this indicated the interest the headteachers had on the subject which was being studied.

#### **4.3 Demographic Characteristics of the respondents**

Descriptive analysis was used to analyze the demographic characteristics of the respondents which included sampled participants of 33 headteachers of public primary schools, 33 BOM representative, and 1 Sub County Director of Education in Rachuonyo North Sub-county. The aspect of demographic capture included gender, age, designation, level of education and work experience of the employees. Table 4 shows the demographic characteristics of the headteachers.

### 4.3.1 Demographic Characteristics of the Respondents- Headteachers

Table 4

*Demographic Characteristics of the Respondents- Headteachers (n<sup>th</sup> 30)*

<b><u>Variable</u></b>	<b><u>Frequency</u></b>	<b><u>Percent %</u></b>
<b>Gender Headteachers</b>		
Male	21	70%
Female	9	30%
Total	30	100%
<b>Age bracket Headteachers</b>		
Under 35 years	3	10%
35-40years	4	13%
41-45 years	6	20%
46-50 years	9	30%
51 years and above	8	27%
Total	30	100%
<b>Headteachers' teaching experience</b>		
Below 10 years	2	7%
10-15 years	4	13%
16-20 years	5	17%
20-25 years	9	30%
25 years and above	10	33%
Total	30	100%
<b>Experience as a headteacher</b>		
Below 1 year	2	7%
1-4 years	4	13%
5-9 years	6	20%
10 and above	18	60%
Total	30	100%
<b>Headteachers Academic qualifications</b>		
Med	3	10%
Bed	8	27%
Dip/Ed	19	63%
Total	30	100%

Table 4 presents the profiles of the study's respondents. Descriptive statistics indicated that male were 21 (70%) whereas female were only 9 (30%), Most of the male respondents were

of the age bracket between 41 to 50 years at 11(36%), whereas female headteachers were spread equally in all age brackets being 2(7%) except those age below 35 years was only 1(3%). Most school heads were of over 46 years 17(57%).

The results show that most school heads had experience of over 10 years 18(60%). School enrolments were recorded to be high between schools having between 401 to 600 pupils 10(33%). It was noted that overall, most schools had over 400 pupils 18(59%). It was also realized that the majority of respondents headteachers held Diploma certificates 19(62%), and those who had Bachelor's degree were recorded to be 8(26%). Those with Masters Level of education were very few 3(10%) (See table 4).

Table 5 shows the demographic characteristics of the BOM representatives.

Table 5

*Demographic Characteristics of the Respondents- BOM Representatives (n<sup>th</sup> 30)*

<b>Variable</b>	<b>Frequency</b>	<b>Percent</b>
<b>Gender BOM</b>		
Male	19	63%
Female	11	37%
Total	30	100%
<b>Age bracket BOM</b>		
Under 35 years	3	10%
35-40 years	6	20%
41-45 years	8	27%
46-50 years	8	27%
51 years and above	5	17%
Total	30	100%
<b>Years as a BOM or PA</b>		
Below 1 year	4	13%
1-4 years	7	23%
5-9 years	12	40%
10 and above	7	23%
Total	30	100%

The Sub County Director of Education was a male aged 50 years and have 12 years of experience, He holds Masters of Education degree certificate. His profile was fit to gather information pertaining to headteachers' preparedness in financial matters of the school.

#### **4.4 Findings in Respects to Research Questions**

The researcher analyzed the data which are presented in respect to thematic research questions starting with the Knowledge and skills headteachers of public primary school required for effective financial management in Rachuonyo North Sub-county, then the financial management challenges headteachers' of public primary schools' experience in Rachuonyo North Sub-County and lastly appropriate ways of addressing challenges facing headteachers of public primary schools in financial management in Rachuonyo North Sub-County are presented. The findings are discussed and related with earlier studies.

##### **4.4.1 Knowledge and skills headteachers require for effective financial management in Rachuonyo North Sub-county**

This study desired to establish Knowledge and skills headteachers require for effective financial management. The researcher therefore performed various analysis which include; the exposure of headteachers to financial management training, years of service before appointment to administrative position the headteachers had, headteachers' training in financial management, administrative experience and headteachers' competence in financial management headteachers' administrative experience as well as exposure and training courses attended by both headteachers and BOM representative was also established and findings presented and discussed.

#### 4.4.1.1 Years of service before appointment to administrative position

The headteachers were requested to specify the number of years that they had been teaching before appointment to substantive positions of deputy headteacher. The purpose of this question was to have a summary of their preparedness to take positions of high responsibility. Table 6 shows the findings on years of service before being appointed to headteacher position in the school.

Table 6

*Headteachers Responses on Years of Service before Heading the School (n<sup>th</sup> 30)*

	<b><u>Frequency</u></b>	<b><u>Percent</u></b>	<b><u>Cumulative Percent</u></b>
Below 10 years	2	7%	7%
10-15 years	4	13%	20%
16-20 years	10	33%	53%
20-25 years	9	30%	83%
25 years and above	5	17%	100%
Total	30	100%	

The findings show that most headteachers took a while as classroom teachers before being promoted to the administrative position of head teacher the majority going to between 16 to 20 years at 33%. However, while the headteachers had to possess both classroom teaching and deputy headteachers' experience, the results failed to show how the role of a deputy headteacher exposed to financial management skills, given the fact that only headteachers have mandate to appropriate fund (holders of authority to expend school money).

Therefore, it can be implied that these years were enough for them to get the experience of being an administrator. However, they were not exposed to management of school finances hence they might not have been prepared for it. In addition, the number of years taken before appointment to headship might have led to knowledge and theoretical obsolescence hence minimal



application of required knowledge. The findings agree with Kinnunen, Mauno and Siltaloppi (2010) who reasons that for headteachers to be competent in financial management they need continuous exposure to training seminars, workshops in order to advance their competence behaviour rather than depending on experience alone it would be foolish to consider experience as a classroom teacher as the only requirement in the appointment of primary school teachers.

The results are also in agreement with financial management standards in schools by MacBeath (2011) on his study on school leadership development in England and Scotland carried out a study to find the levels of competence in financial management by primary headteachers in United Kingdom that used a seven point Likert scale to determine the manner of attainment of such competencies. The tactics used for acquirement of competence were teaching experience, graduate course work, administrative internship, administrative experience, in service training programmes and support from education administration were stated as the main ways of getting levels of competence in financial management by headteachers.

The results are also consistent with the study conducted by Kelechukwu (2011) on Analysis of administrative roles of principals in private secondary schools in Aba education zone of Abia State who noted that the headteachers may not have experienced any training because they were promoted on academic excellence. He added that some of the finance management skills include financial planning, financial reports and financial controls. Financial control is the monitoring of the actual performance and comparing to target performance while a financial report is financial statements of the transactions which are reported to the stakeholders. These findings lend credence to the assertions of a study conducted in Nicaragua amongst 211 participants' -respondents to establish the efficiency of professionals on headteachers training and financial management in which Hodgkinson (2010) partake to show that the most significant

variable in such success is a well-prepared and capable trainer or facilitator. Likewise, these views attest to the fact that trained professionals such as trainers and other stakeholders have been identified as a principal factor which contributes to headteachers attainment of pre-requisite skills to manage their enterprises. The researcher notes that the years of experience ultimately affect the required skills and knowledge on financial management.

#### **4.4.1.2 Exposure of headteachers to financial management training**

Exposure of headteachers to financial management training is a fundamental issue which can affect the headteachers' capabilities in managing school institution financial matters. Exposure come in different ways, it can be through experience in performing a specific role, like in this case financial management, or exposure can be achieved by undergoing a specific training on a subject matter (Kinyua & Ngobolya, 2016).

The Teachers service commission promotes headteachers from the position of deputy head teacher. After appointment, headteachers are given little support and are left on their own to run the school in all domains including finances. This knowledge can also be acquired by attending financial management training courses or can be can be acquired when undergoing training at the Teachers Training College. This needs that the newly appointed headteacher be conversant with financial management in their lower positions. To this point, the respondents were asked to say whether they had been exposed in financial matters of the school while in college or by attendance of a course while on job. Therefore, the researcher performed frequency analysis on respondents' exposure to financial management training courses at Teachers Training College and Number of Financial Management training courses the respondents have attended in the last two years. The table 7 shows the responses.

Table 7

*Headteachers Responses on Number of Training Courses Attended and Exposure to Financial Management (n<sup>th</sup>30)*

	<u>Frequency</u>	<u>Percent %</u>
<b>Financial management training courses you have attended in the last two years</b>		
None	18	60%
One	6	20%
Two	5	17%
Three	1	3%
Total	30	100%
<b>Exposure to financial management training courses at your Teachers training college</b>		
Yes	12	40%
No	18	60%
Total	30	100%

The findings are very clear that the headteachers assume this position without proper background on managing school funds. Most of the headteachers indicated that they were not sufficiently exposed to financial matters when in college 18(60%) and 12(40%) indicated to have exposure to financial management training courses at their Teachers Training College. It is also very clear that most headteachers have not undergone training in financial management training courses 18 (60%). Only six headteachers accounting for twenty percent noted to have gone to training courses two to three times and are exposed to financial management.

This result concurs with Mulwa (2018), who studied the influence of headteachers' exposure to management training on implementation of public procurement regulations in Kenya and found out that indeed headteachers are not well exposed on financial management. This is in line with earlier studies like according to Eshiwani (1987) headteachers of schools are appointed without any formal training. This is consistent with Chepkong'a study (2009) which stipulates

that heads of institutions are appointed from among serving teachers most of whom had no prior training in institutional management. Thus, insufficient training may lead to mismanagement in the implementation of public procurement regulations. However, Anna, Van der Want and Schellings (2018) indicate that headteachers require self-renewal as well as rigorous managerial skills to aid them to be more effective in undertaking their duties. The above statement may also explain to include training the newly appointed headteachers to become more effective in implementation of public procurement regulations as a feature of financial management.

These findings corroborate the assertions of Nwoye (2011) and Kehrhahn (2012) that have had difficulty identifying specific training and counseling skills or approaches of training which professionals should adopt to improve their effectiveness in enhancing headteachers acquisition of important skills to undertake finance management. The results findings indicate that the headteacher are experiencing difficulties as they implement the financial management role in their capacity as headteachers. The Ministry of Education prerequisites to boost the head teachers including their deputies' in financial matters as a way of professional development and succession management plan. This is why Bello and Lawson (2013). postulated that, continuous professional training is a perquisite in order to keep educational administrators abreast with emerging changes and trends in education coupled with induction courses and constant refresher mandatory courses in order to improve the professional proficiency of headteachers in public schools.

According to Republic of Kenya (2013), the government of Kenya established the Kenya Education staff institute to offer in-service training for the heads of educational institutions including headteachers of primary schools. Education sector report of the year 2005 included as one of its objectives was to enhance, equity and quality in primary and secondary education

through capacity building for 45,000 education managers by 2015 (Republic of Kenya, 2005). Noticeably, the fast and rapid expansion of education has additionally led to the appointment of heads that have little experience to fit them completely into the work they are required to do and this is a major cause of ineffective leadership in primary schools.

Headteachers are exposed to many challenges in financial management as the existing preparation measures and support for headteachers in financial management are basically feeble and do not sufficiently prepare potential headteachers for responsibilities in financial management as reiterated by Lindle (2016).). These challenges that headteachers of primary schools' face are therefore brought about by the means by which principals are recognized, appointed and trained which do not prepare them to become effective managers with well-equipped skills in managing finances. The dominant tradition for identification and appointment of primary school headteachers has been based on active participation in co-curriculum activities, good classroom teaching, as well as teaching experience which has resulted into ineffective leadership and subsequently a number of challenges in management of primary schools (Komotho, 2008). Their ill preparedness for managerial duties prior to their appointments have made primary school headteachers vulnerable to making mistakes which sponsors capitalize on to demand for their removal from office (Welch, 2012).).

Studies have indicated that headteachers need in-serving in financial management (MacBeath (2011). During training in financial management support for the purpose of sensitization of the education field officers; D.E.O., District inspector of school provincial institution of schools, the school level issues raised indicated that headteachers do not appear to have mastered financial management and record keeping. They had difficulties with record keeping routine such as posting of cash books, closing of books, back reconciliation, and

extracting trial balances. They also indicated cases of misappropriation, abuse and misuse of funds.

Wilson (2012) posits that Education or learning is a continuous activity that never ends. It is the process of acquiring and developing desired knowledge, skills and attitudes. He additionally uses the term to develop to show that acquiring knowledge, skills and attitudes is not done once but is continuous for acquisition of more and more knowledge, skills and attitudes. This is necessary so as to deepen and widen what has already been acquired. It is from the above definition of education that the issue of teacher in-service is discussed. Education of the teacher does not end in the training but has to be continuous even after the teacher graduates and enters into the teaching service.

Wilson and Kelly (2010) suggest that since people are the greatest potential asset to any organization, the development of people and the creation of organizational conditions for full utilization of their developed talents should be of highest priority and concern to the governing body and the top management. Hence, the development of the human resources undertakes the assumption that the process is continuous and there is always room for improvement. It also assumes that circumstances change and hence the need to cope with the changes.

According to Eichhorst, Rodriguez-Planas, Schmidl and Zimmermann (2013), Development and Training can be used synonymously, and they are commonly referred to as in-service and this entails refresher courses, orientation courses, updating courses and induction courses. In-service education takes place at any time, either as full time or part time study during professional life of a teacher. In-service teacher education refers to all those planned courses and activities in which a serving teacher, headteacher, school inspector or educational administrator may participate in for purposes of improving his/her instructional or professional knowledge,

interests and skills. It includes all knowledge, skills and attitudes provided to the professional staff in all educational strata designed to increase their competencies and enhance their professional growth. Training provides knowledge, skills and attitudes necessary for effective performances of one's roles and responsibilities, thus training can be part of exposure of teachers.

Anna, C. Van der Want and Schellings (2018) point out that in view of the continuous renovation and development of teaching knowledge and of the constant change taking place within the education systems, it does not seem possible to equip the teacher trainee during the short years pre-service training with all the knowledge and skills required for an entire Professional life. They add that training of educational personnel should be a continuous process, which should encompass pre-service and on-service trainings short term seminars and workshops. These exposures help in updating workers' skills and thus improving their performance. Mbiti (1999), in his book title 'Foundations of school administration' on policies of teacher education points out that Kenya had to cope with the tremendous expansion of education at all levels. He perceived that quantitative educational opportunities pose qualitative problems as well as economic ones. These results led him to recommend that it is important to in-service teachers for the purpose of maintaining quality assurance.

Preparing budget for school programmes: In most times a headteacher should be encouraged to prepare a budget for the school programme to run effectively so as to use the funds available maximally for the benefit of students and the school. There should be prudent management to ensure appropriate contingency in the budget but not insofar as it leads to a substantial under-spending or over spending of the resources at hand. There should be guidelines to review regularly questioning their cost effectiveness and monitoring the budgetary

expenditure (Estyn, 2005). Accounting for the finances; a school like any other organization requires finance in order to run. There must be an efficient control of finance to keep the school afloat. Funds have to be obtained, utilized and budgeted for. Efficiency in handling school's funds requires proper records to avoid misappropriation (Kioko, 2004). Monitoring of expenditures Okumbe (2007), says that business management is concerned with understanding the sources of revenue for the school, preparation of the school budget and monitoring expenditure in light of the approved budget.

Appropriate record keeping procedure; School financial management draws a lot of concern from parents, learners and central administration. It is therefore important that headteachers become transparent to the stakeholders on the way they spend finance. This will only be possible through appropriate record keeping procedures. Headteachers should be well acquitted with accounting procedures for auditing exercise to be meaningful. Auditing deals with the investigation of the financial records of an educational organization in order to ascertain the objectivity and accuracy of the financial statements (Aras, Aybars and Kutlu, 2010,). Auditing of school accounts is the final stage in the process of managing school funds. At the end of each financial year the headteacher must prepare and present to the school governing body (school management committee) an audited financial report.

Records are the life blood of any school. The school needs to create and maintain accurate financial records in order for it to function. Financial records provide information on the flow of school's financial resources, both into and out of school. Financial records reflect school revenue. They record the finances paid to schools by pupils, as well as any other funds which the school may have received or generated like the school infrastructure improvement fund. According to Mbiti (1999) school records include all books and files containing information on



what goes in the school. Records should be seen as a tool for attainment of school objectives and as a rationalized ritual with useful purpose in view (Owens & Valesky, 2011).

On the other hand, the respondents in category of BOM representatives were asked to say whether they had been exposed in financial matters of the school during their respective studies or by attendance of a course while on the position of BOM. Therefore, the researcher performed a Cross tabulation analysis on respondents' exposure to financial management training courses and number of financial management training courses the respondents have attended in the last two years. Table 8 shows BOM representative responses on number of trainings and exposure on financial management.

Table 8

*BOM Representative Responses on Training Courses and Exposure on Financial Management*  
(*n<sup>th</sup> 30*)

		How many financial management training courses have you attended in the last two years?					
		None	Once	Twice	Thrice	More than Thrice	Total
In your training were you exposed to financial management training?	Yes	9	0	0	0	0	9(30)
	No	0	6 (20%)	7(23%)	5(17%)	3(10%)	21(70%)
Total		9	6	7	5	3	30

Table 8 depicts a cross tabulation analysis results on respondents' (BOM) exposure to financial management training courses and number of Financial Management training courses the respondents have attended in the last two years. The replies in Table 8 indicates that out of 30 respondents only 9 (30%) noted that have been exposed to financial management despite attending some financial management courses. Twenty-one BOM respondents noted to have not

attended financial management courses and are were not exposed on the same and 50% noted to have not attended financial management courses twice and more.

The few who noted to have attended the courses might be attributed to BOM representative attending short courses which fully cover financial management exhaustively. Ouya and Mweseli (2009) in their study on School Leadership and Effective Management, Nairobi concluded that BOM members' level of education influences the financial management in public Primary schools in Westland District. They established that a majority of the BOM members 73 percent had undergone training on financial management. Ikiugu (2006) in his study which involved investigations of board of Governors competence in financial management in Primary schools in Abathuguci Division, Meru District found out that 60 percent had higher number of trainings on financial management. This concurs with the findings of Kimando (2011) on Factors influencing board of management competence in financial management in public Primary schools in Nakuru-North District where majority 57 percent of the BOM respondents indicated that BOM's with high exposure on financial management were fairly effective in ensuring proper policies and procedures in financial management in schools.

The Board of Management and other stakeholders may lend their support to the principal in respect of resources management but that support does not constitute a change of primary responsibility (Kinyua & Ngobolya, 2016). The Basic Education Act 2013 in Kenya placed the management of finance in public secondary schools under the Principal (Chief Accounting Officer). However, it has been noted that school administrators in learning institutions experience thorny issues while managing institution funds (Ministry of Education, 2012). A study done by Magak, (2013) noted that several challenges faced by school administrators in managing school funds. These include incompetency in procurement, inadequate and irregular

auditing, lack of accounting supporting documents and records and inability to prepare end year financial statements among others.

Du Preez et al., (2003) on their study done earlier on Effective Education Management Series noted that it is important to mobilize parents/stakeholders to source for funds, it is also important to monitor school expenditure. It is important to prepare and discuss the school budget that prioritizes activities. Clarke (2008) in his Handbook of School Management, found out that BOMs who were professional were more effective than those who were nonprofessional in staff induction than the. The findings lead to a conclusion that there is positive influence of BoM members' number of training courses on financial management on financial management in public Primary schools in Westlands District. This means that BOM members' number of training courses on financial management is a factor that might influence board of management members' financial management in public Primary schools

#### **4.4.1.3 Aspects of financial management covered by headteachers during the training**

The respondents were asked what extent of financial management aspects which include; Procurement, Books of account, Trial balance, Balance sheet, and Record keeping covered during the training. A scale of 1 to 5 was used where 1=no extent 2= little extent 3=moderate extent 4=great extent and 5= very great extent. Descriptive analysis was conducted and the responses are given in Table 9.

Table 9

*Headteachers responses on Financial Management Aspect Covered (n<sup>th</sup> 30)*

Aspects covered	Little Extent	Moderate Extent	Great Extent
Procurement aspect	67%	27%	5%
Books of account aspect	67%	23%	10%
Balance sheet aspect	63%	30%	7%
Record keeping aspect	57%	27%	16%
Trial balance aspect	60%	20%	20%

It is clear that most financial management aspects were covered to a little extent especially Procurement, Books of account and Balance sheet, having 67%, 67% and 63% respondents respectively as indicated in Figure 2, scoring a mean ( $M = 2.37, SD = 1.066, N = 30$ ;  $M = 2.40, SD = 0.932, N = 30$ ;  $M = 2.40, SD = 0.894, N = 30$ ) respectively. Record keeping ( $M = 2.77, SD = 1.006, N = 30$ ) and Trial balance ( $M = 2.80, SD = 1.095, N = 30$ ) seem to have been covered almost to moderate extent.

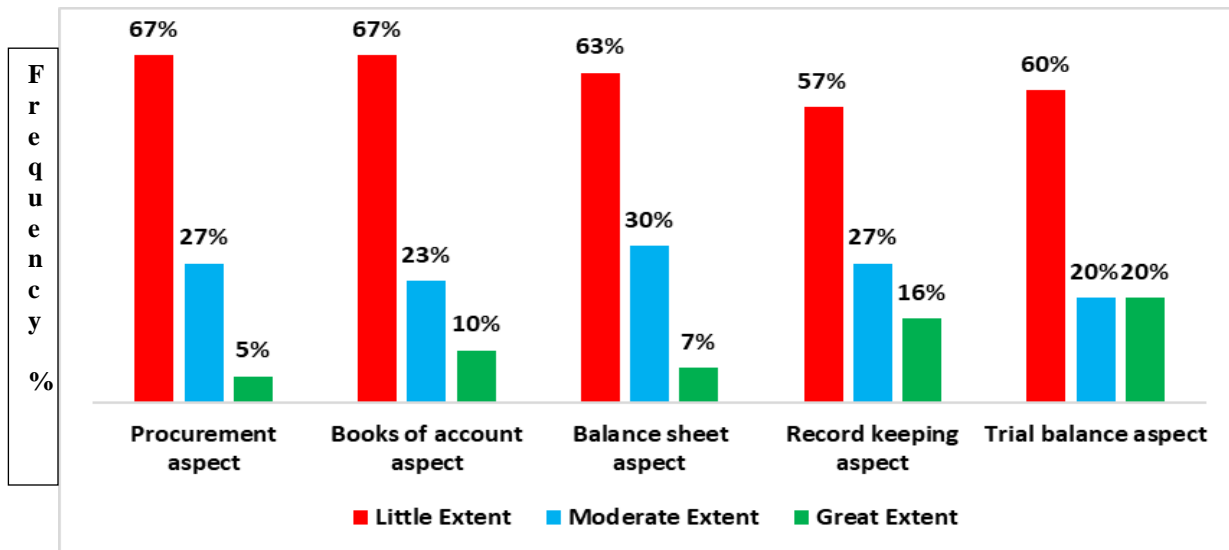


Figure 2. Frequency Statistics of Financial Management Aspects covered by Headteachers.

These findings corroborate the assertions of Daffron and North (2010) that training materials must be selected carefully to ensure that they are appropriate for the training group and that they contain aspects of financial skills such as planning, pricing and costing, record-keeping, control, investment and expenditure, budgeting and working capital management. Headteachers thus need orientation training on public procurement regulations as an important part of the process of quality management and efficiency in execution of public procurement regulations. According to Mullins (2002), the purpose of training is to improve knowledge, skills and to alter attitudes. This increases motivation and commitment of staff, confidence and enhances responsibility. Proper orientation and training of headteachers by finding their training needs particularly on public procurement regulations as well as providing a chance for training is very important because it improves headteachers' competence and performance. This study resonates well with Chetambve and Sakwa (2013) who studied the effects of financial training on financial performance of Schools in Kenya and concluded that majority of 66 percent headteachers were had little extent of formal training in financial management aspects. From the other findings and the findings of this study, it can be concluded that many headteachers had little extent of training on various financial management aspects.

In keeping with these assertions, Van den Akker and Thijs (2002) assert that, in greatest number of primary schools in Uganda and Tanzania, professional development training content materials and trainer characteristics are subtleties of staff professional development training which aid the acquisition of skills necessary to improve service amongst employees in public primary schools. In Kenya, professional development training of primary school managers on management of finance enable headteachers and school governing bodies to obtain the record-keeping, pricing, costing and budgeting skills and also acquire expertise in basic accounting such

as recording and reporting (Okumbe, 2007). In other words, there is need for primary school headteachers to make meaning of accounting strategies and procedures, developing financial statements and balance sheets, accounting journals which include; accounts receivables and payables, inventory, sales, purchases and payroll.

Preparing budget for school programmes: In most times a headteacher should be encouraged to prepare a budget for the school programme to run effectively so as to use the funds available maximally for the benefit of students and the school. There should be prudent management to ensure appropriate contingency in the budget but not insofar as it leads to a substantial under-spending or over spending of the resources at hand. There should be guidelines to review regularly questioning their cost effectiveness and monitoring the budgetary expenditure (Estyn, 2005). Accounting for the finances; A school like any other organization requires finance in order to run. There must be an efficient control of finance to keep the school afloat. Funds have to be obtained, utilized and budgeted for. Thenga (2012) note that efficiency in handling school's funds requires proper records to avoid misappropriation. Additionally, on Monitoring of expenditures he says that business management is concerned with understanding the sources of revenue for the school, preparation of the school budget and monitoring expenditure in light of the approved budget.

Dorminey, Fleming, Kranacher, and Riley (2012) note that appropriate record keeping procedure; School financial management draws a lot of concern from parents, learners and central administration. It is therefore important that headteachers become transparent to the stakeholders on the way they spend finance. This will only be possible through appropriate record keeping procedures. Headteachers should be well acquitted with accounting procedures for auditing exercise to be meaningful. Auditing deals with the investigation of the financial

records of an educational organization in order to ascertain the objectivity and accuracy of the financial statements. Auditing of school accounts is the final stage in the process of managing school funds.

At the end of each financial year the headteacher must prepare and present to the school governing body (school management committee) an audited financial report. Since schools are public agencies, their rising and spending of money must be reviewed and audited in a yearly basis as an- on -as needed basis as determined by the governing body. Commenting on the need for auditing school funds, the then vice president of Kenya (now the president of Kenya) Hon Mwai Kibaki said that in order for auditing exercise to be meaningful, the head teachers of primary schools need to be well acquainted with accounting procedures, as recorded by Olembo, Wanga and Karagu (1992). Mbiti (1999) asserts that the head teacher is regarded as the chief executive officer, a policy maker, policy executive, educational manager and administrator. The education Act 9 Rev (1980) cap 211 of the laws of Kenya stipulates that annual accounts of school receiving public funds are required to be audited by the audit unit of the Ministry of Education. The heads of schools, as accounting and supervising officers are fully responsible for all financial transactions in the preparation of financial statement for the school as well as any irregular accounting.

#### **4.4.1.4 Level of headteachers' competency on financial management aspects**

To confirm Level of competence on financial management, headteachers were asked to indicate their level of competence in the various areas of financial management which included: preparation of trial balance; budget presentation; record keeping; book keeping; budget preparation; and preparation of balance sheet. A scale of 1 to 5 was used, where 1= very high 2=

High, 3=moderate extent 4=low and 5= very low. Descriptive analysis was conducted and the responses are given in Table 10.

Table 10

*Headteachers' Responses on Competency on Financial Management Aspects (n<sup>th</sup> 30)*

Aspect	Very high		High		Fairly high		Low		Very low	
	F	%	F	%	F	%	F	%	F	%
Competence in budget preparation	3	10	5	16.7	6	20	16	53	0	0
Competence in budget presentation	0	0	5	16.7	6	20	14	47	5	16.7
Competence in book keeping	4	13	4	13.3	5	16.7	17	57	0	0
Competence in preparation of trial balance	0	0	4	13.3	3	23.3	14	47	5	16.7
Competence in preparation of balance sheet	4	13	5	16.7	6	20	15	50	0	0
Competence in record keeping	2	6.7	5	16.7	5	16.7	14	47	4	13.3

The results clearly indicate that most headteachers' competence financial management aspects were all at a low extent of competence with 17 (56%) headteachers who noted to have low Level of competence in book keeping followed by competency in budget preparation at 16(53%). However, 9(30%) headteachers were noted to be very high and high in preparation of balance sheet, followed by competency in record keeping at 7(27.4%).

The study findings concur with study done by Wawira (2013) on factors influencing headteachers' competence in management of finances in public primary schools in Mbeere District, Kenya found out that (78.3%) headteachers established that exposure to management training, academic qualification, and administrative experience influenced public primary school head teacher's competence in financial management in Mbeere District. The findings led to the conclusion that majority (60%) of the head teacher had not attended even a single course in financial management. This implies that most of the headteachers are managing the public funds



/resources on trial and error muddling through and this is very dangerous as it may lead to wastage of resources and legal implications on the part of head teacher who may unintentionally mismanage the funds. Financial management capability prevails when the headteacher/principal has the knowledge and understanding of the basic processes involved in managing the school's accounts, the budgeting process and the systems and controls that are necessary to ensure that the school's monies are not misappropriated, (Clarke, 2008).

Financial management in schools involves efficient and effective utilization of institutional financial resources in order to meet educational goals. Poor management of finances by heads of educational institutions has been cited as a serious impediment in the achievement of educational goals in Kenya.

These results also lend credence to the findings of a study conducted in Canada by Mingail (2012) who specified that assessing the progress of headteachers trainees is one of the most important responsibilities of a finance deputy headteachers. These findings thus attest to the fact that evaluation activities should be integrated into the overall training plan to determine how effectively the training efforts are progressing.

The study findings are also in line with Argyropoulou and Hatira (2014) study who found out that in Greek state schools any government school teacher can be appointed as head provided he or she has completed a certain number of years of teaching. This means that they pegged assuming leadership with experience of teaching. Such headteachers are the only persons eligible to carry out bank transactions. Additionally, the headteacher is also expected to use small amounts of cash on current expenses. Some other duties of the headteacher also include repair of

premises and maintenance costs, energy costs, office cost and school cleaning. Such untrained headteachers may not manage the enormous financial management responsibility.

The findings of this study concurs with that which was done in South Africa by Wushe, Ndlovu and Shenje (2014) who confirmed that the country has a shortage of headteachers who are well equipped with management skills and knowledge in financial management. The headteachers lacked capacity to handle financial issues leading to massive corruption and financial mismanagement in schools. Mutembei (2013) in his study further established that those headteachers who had inadequate financial training subsequently faced challenges in financial management in day schools in Imenti South district.

Teachers with higher responsibilities like deputy and headteachers need to be well competent in all aspect of financial management. In-service capacity building and support services in Kenya are offered by Kenya Education Management Institute (KEMI). KEMI was started in April 1981 with a mandate of building the capacity of educational personnel and to allow them deliver education services efficiently and effectively (KEMI, 2017). Therefore, it is anticipated that relevant education training on implementation of financial management including public procurement regulations is given to those involved in different roles by KEMI. Mullins (2002) emphasized that the induction training provides the necessary knowledge and skills for effective financial management in institutions of learning and offering an opportunity for training is very fundamental because it improves headteachers' competence and performance. Quality of headteachers is one of the basic factors influencing financial management in schools.

The assessment of financial management skills is critically important in monitoring school record-keeping processes, pricing and costing and budgeting in a manner that meets the demands and needs of the education stakeholders as a whole (Thomas, 2011). Therefore,

Professional development training of primary school headteachers on financial management skills can essentially be thought of as a measure of the extent to which the headteachers have acquired pre-requisite skills for running the daily financial transactions of schools. In Singapore, Stoll, Bolam and Collarbone (2011) noted that, in order to realize change, strategic initiatives are required and such strategies need not lack support from school management, lack of high level commitment and direction that are important to the implementation of financial strategies which guarantee sustainability due to prudent financial management skills.

Abari-Ibolya and Baráth (2010) on their study involving Improving School Leadership in Central Europe, showed that the quality of school leaders and school managers is one of the basic factors influencing very significantly financial management aspects in a school. Although the Kenya Education Management Institute (KEMI) has been inducting school Headteachers on financial management skills and knowledge, some Principals are still involved in financial mismanagement through various means which include; misallocation, misappropriation, and embezzlement of school inadequate financial resources. Moreover, there has been unprecedented continuous poor students' academic performance in national examinations especially in schools with poorly managed finances leading to outcry from stakeholders. Kuria (2012) point out that the poor students' academic performance in national examination is associated to deficiency of facilities among other factors which are linked with financial management in schools. Baraka (2010) adds that the situation is also aggravated by the fact that most head teachers are highly educated teachers but with limited financial management skills. There has been an upsurge in dissatisfaction with the way Principals have been managing the school finances resulting to students' violence, community and parent's demonstrations as well as interdiction of some head teachers in public secondary schools (Baraka, 2010).

Financial management skills have a lot of benefits for primary school headteachers. Headteachers with a better understating of the financial management skills proactively manage school finances. Gbolahan, Evans, Jones, Hickman and Rudley (2019) postulates that headteachers' learned financial knowledge about financial management skills and accounting processes has been established to facilitate communication with financial specialists. Given such assertions, Bello and Lawson (2013) indicate that professional development training of primary school headteachers help them acquire pre-requisite skills to improve their understanding of different aspects of finance which are necessary for the success of any business venture. According to Thomas (2011), in the US, professional development training of primary school headteachers on financial management skills increase efficiency and competency in record keeping and overhead costing.

Van Deventer and Kruger (2005) noted that a budget can be regarded as a management tool or mechanism by which the management team and the School Governing Body can estimate and plan, utilize, coordinate, evaluate and monitor the allocated resources of the school in financial terms. On the other hand, Brimley and Rulan (2008) state that a budget is a fiscal plan that involves at least four elements which include; planning, getting funds, spending funds and evaluating results and all these performed within the limits of a predetermined timeline, therefore, budgeting is defining priorities and needs and receiving and spending funds over a particular period of time which is usually a calendar year for schools in public schools in Kenya. The evaluation aspects cover examining previous budgets in order to build better budgets for succeeding phases.

Campher (2003) defines a budget as a document showing the estimated income for a specific financial year and everything that must be financed with the income revenue. According to the Orodho, Waweru, Ndichu and Nthinguri (2013), budgeting is an estimate of the school's income and expenditure for the next year. Finance budgets are management tools and plans that involve a process including control and are indicators of performance. Accordingly, budgets are performance management tools with their purpose being to allocate limited resources to unlimited demands. They are financial indicators of activities for the year ahead and indicate strategic priorities for that period. Orodho et al., (2013) strongly mentioned that without an understanding of the available financial resources, headteachers as educational leaders will have difficulty moving the school forward.

Revai and Kirkham (2013) in their study on the Art and Science of Leading a School, noted that financial management aspects should be reflected in further career training of school leaders, and are those on which we should focus the attention to offer school leaders and school managers an adequate professional education and training on financial management aspects to improve and develop the appropriate key competencies in a good headteacher.

#### **4.4.2 Responsibility of Headteachers and BOM on financial management aspects**

According to the ministry of Education science and technology management guidelines of August 1993, Headteacher of a school performs many tasks where the most important ones being the management and control of finances, mobilization of resources, the organization and management of curriculum, administration and motivation of teachers and support staff, secretary to BOG and PTA, as well as maintaining positive school- community relations. Without the necessary leadership competencies and financial management expertise, majority of the headteachers can hardly deliver. Besides having no prior financial management training,

greater number of headteachers hardly have any formal managerial and leadership training. Headteachers often rely on advice from the school BOM and the finance Department subordinate staffs like Bursars or Account Clerks and Store keeper/Cateress who are supposed to be professionals in various Job fields. The school Bursars and/or Accounts.

The headteachers and BOM representatives were asked to note their extent of agreement with various responsibilities on managing school finances in a five-point scale where 1=Strongly Disagree; 2=Disagree; 3=Undecided; 4 = Agree; 5 = strongly Agree. Table 11 shows the results.

It is clear from the results that most teachers are aware that they are supposed to make school financial plan ( $M = 3.77$ ,  $SD = 0.73$ ,  $N = 30$ ) with 22 (73%) head teachers agreeing with the statement. It was noted that 15 (50%) of head teachers and BOM representatives agreed that they needed to possess sound accounting and auditing skills and knowledge ( $M = 3.10$ ,  $SD = 1.20$ ,  $N = 30$ ), ( $M = 3.23$ ,  $SD = 1.30$ ,  $N = 30$ ) respectively.

Table 11

*Headteachers Responses on Responsibility of on Financial Management Aspects (n<sup>th</sup> 30)*

Headteachers responsibility on Financial Management aspects	Strongly disagree		Disagree		Undecided		Agree		Strongly Agree	
	F	%	F	%	F	%	F	%	F	%
I am supposed to make school financial plan,	0	0	2	6.7	6	20	19	63.3	3	10
I'm charged with the responsibility of making financial management decisions and communicate, co-ordinate and control	3	10	4	13.3	5	16.7	17	56.7	1	3.3
I am needed to possess sound management of funds which involves budgeting,	0	0	5	16.7	6	20	14	46.7	5	16.7
I am needed to possess sound accounting and auditing skills and knowledge	4	13.3	5	16.7	6	20	13	43.3	2	6.7

The results show that headteachers who participated in the survey agree to 22(73%) strongly agree and agree that they are supposed to make school financial plan, followed by 19(63%) strongly agree and agree that they are needed to possess sound management of funds which involves budgeting. However, 9(30%) strongly disagree and disagree that they need to possess sound accounting and auditing skills and knowledge, followed by 7(23.3%) strongly disagree and disagree that they are charged with the responsibility of making financial management decisions and communicate, co-ordinate and control (see Table 11).

The BOM representatives were asked to note their extent of agreement with various responsibilities on managing school finances in a five-point scale where 1=Strongly Disagree; 2=Disagree; 3=Undecided; 4 = Agree; 5 = strongly Agree. Table 12 shows the results.

It is clear from the results that most BOM representatives agreed that they needed to possess sound accounting and auditing skills and knowledge ( $M = 3.10$ ,  $SD = 1.20$ ,  $N = 30$ ), ( $M = 3.23$ ,  $SD = 1.30$ ,  $N = 30$ ) respectively.

Table 12

*BOM representatives Responses on Responsibility of on Financial Management Aspects (n<sup>th</sup> 30)*

BOM representative responsibility on Financial Management aspects	Strongly disagree		Disagree		Undecided		Agree		Strongly Agree	
	F	%	F	%	F	%	F	%	F	%
As a BOM representative I am supposed to participate in making school financial plan,	2	6.7	3	10	5	16.7	17	56.7	3	10
As a BOM representative I'm charged with the responsibility of making financial management decisions and communicate, co-ordinate and control	3	10	4	13.3	3	16.7	14	46.7	4	13.3
As a BOM representative I am needed to possess sound accounting and auditing skills and knowledge	4	13.3	5	16.7	6	20	10	33.3	5	16.7
As a BOM representative I am needed to possess sound management of funds which involves budgeting,	2	10	4	13.3	5	16.7	13	43.3	5	16.7

The results show that BOM representatives who participated in the survey agree to 22(73%) strongly agree and agree that they are supposed to make school financial plan, followed by 19(63%) strongly agree and agree that they are needed to possess sound management of funds which involves budgeting. However, 9(30%) strongly disagree and disagree that they need to possess sound accounting and auditing skills and knowledge, followed by 7(23.3%) strongly disagree and disagree that they are charged with the responsibility of making financial management decisions and communicate, co-ordinate and control (see Table 12).

This results are in line with Cherongis (2009) findings when he presented during a sensitization workshop held at Tom Mboya Labour College Kisumu in September, 2009, that



indeed BOM are legal bodies thus should be empowered by Teachers Service Commission on taking their required responsibilities which includes financial management. This concurs with Olembo et al., (2013) in their study on Financial Management in Public Primary Schools in Lurambi Sub-County Kakamega County they established that 59 percent most headteachers agree that they are needed to possess sound management of funds which involve budgeting. Coopers and Lybrand (1987) in their study on Local Management of Schools established that BOM should possess sound management of funds which involve budgeting since they are responsible in monitoring the headteachers and supervise how they manage funds.

As much as the results show that most teachers did not recognize auditing skills as an important skill in financial management, auditing is very important. Maina (2012) defined auditing as the examination of financial statements covering the transactions over a period and ascertaining the financial position of an organization on a certain date in order that the auditor may issue a report on them. Headteacher serves as an internal auditor of the school therefore he must occasion the preparation of books of account for external audit at the end of each year (MOE, 2000). The headteachers are responsible to constitute a procurement committee to procure goods and services for a school. She or he has oversight role in supervising that the procurement of goods and services are done according to laid down procedures (MOE, 2000). Auditing is an activity which appraises the accuracy and completeness of the accounting system applied by an educational organization. Education managers must institute proper administrative structures for internal auditing within the school. The main aim of external auditing is to ascertain that the organization has complied with the stipulated financial control mechanisms, thus helps in recommendations regarding inefficiencies and recommending for improvement or specifying shortfall, and giving suggestions for proper investigations (Okumbe, 2005). Irregular auditing of school funds was a major factor that contributed to financial mismanagement (Argyropoulou & Hatira, 2014).

This study concurs with a study by Mobegi, Ondigi and Simatwa (2012) who established that government auditors visited schools but at irregular intervals. Their findings from 54.8% of bursars/accounts clerks revealed that auditors were at times bribed by headteachers to cover up the anomalies in the records from different schools. They also revealed that at times the same auditors were used to balance books of accounts before the actual audit. It was further noted that the whole of the old Gucha district which at the time of the study had been split into 5 districts had 2 auditors only. Further it was noted that school books and even account took many years to be audited and even of the time of auditing government auditors and officers were bribed and blinded that everything was okay. Due to the scarcity of auditors at the district level, few qualified accountants who were used by schools were also temporarily deployed as auditors.

The experience of school headteachers helps them to acquire resource mobilization and management skills which include: payments, safeguarding cash balances and management of cash receipts (Paisey, 2008). Skills in the following areas are very important for successful management of school finances and principals must be conversant with them (GOK a hand book for financial management, 2006). In order to enable accountability and keep records and to enhance planning and overall financial performance, it is vital that the school must keep records. It is also fundamental that inn a school, books of accounts should be written and kept by the bursar or accounts clerk. The main record in the school's financial statements is the General Ledger which consists of figures and records from various journals which give the daily records of the financial transactions in the school (Munyiri, 2008).

On the other hand, a Cash book is a book of original entry in which transactions relating only to cash receipts and payments are recorded in detail. Once cash is received it is entered on the debit on left hand side. Likewise, when cash is paid out the same is recorded on the credit or

right hand side of the cash book. Except if a headteacher did accounts, the knowledge of financial statements is acquired through training and experience. A more experienced headteacher is therefore better placed in financial management and management. Handlings of these very necessary documents in financial management do not require training only but also experience. The more experienced a principal is, the better they are in financial management as posited by Baraka (2010).

Conferring to Campher, Du Preez, Grobler, Loock and Shaba (2003), financial management of a school must be organized if it is to be efficient and effective. This fact necessitates school organizational structure which is mandatory to be put into place if one is not already in place in the school as an institution. Kalrsson (2005) posit that It is also wise to reskill existing structures, predominantly in the context of the many changes that have occurred in the Kenya education system and structures. Olembo, Wanga, and Karagu (1992) add that a school institution should function within such an organogram. This infers that there must be an understanding of authority in the school as well as a delegation of authority whereby, the concept of authority goes hand in hand with the concept of responsibility and accountability. Responsibility means that people will carry out given duties to the best of their ability.

Urba and Brevis (2002) posit that during the course of headteachers daily work, they typically accomplish numerous roles and duties. A role is a set of expected patterns of behavior associated with a given position in an organization or a school. According to Hellriegel, Jackson and Slocum (2007), the headteachers under the direction of their sub-county director of education, take a leadership role in the daily operation of a school. Headteachers are responsible for the organization and management of individual schools.

Wamba (2015) emphasizes that in terms of financial matters headteachers should have various kinds of school accounts and records kept properly and should make the best use of funds for the benefit of learners in consultation with the appropriate structures. Headteachers ought to oversee the day-to-day management of the school and has to execute many directives and policies formulated by Ministry of Education Science and Technology. These functions include; making sure that they adhere to correct procurement procedures which is fair and transparent; putting in place a system or structure that will coordinate the assessment of all big capital projects correctly, taking precedence of final decision that is made on the project; and accepting to take or owning responsibility for the effective, well-organized reasonably priced and transparent use of the assets and funds of the school; and is also accountable to gather all money that is owed to or payable to the department; in addition headteachers as managers ought to avoid unbalanced, unofficial, unrewarding and wasteful expenditure and losses resulting from illegal behavior.

Wamba (2015) additionally noted that the headteacher as accounting financial officer is answerable for the supervision including the safeguarding and maintenance of the resources and properties, in addition to being responsible for the administration of the liabilities of the school plus also to administer accessible working capital efficiently and economically.

In regard to responsibility on financial matters, Bush and Heystek (2003) aver that one of the most important functions of School Governing Bodies (SGB) like the BOM and PA is the provision to set a budget and to recommend utilization as part of the budgeting process. Mabasa and Themane (2002) assert that whereas school governance used to be characterized by authoritarian and exclusive practices the SCB needs broad and democratic participation by parents and teachers not forgetting the learners in the life of the school.

Mxuma (2006) asserts that the duty of the School Governing Body is to exercise the power detailed in the articles of government to support the efficient conduct, development and welfare of the individual school. In the exercise of their duties the SGB is to be accountable for the local education authority which may require reports from the SGB and has the power to take steps which may be necessary to prevent the breakdown of discipline or to ensure effective school's financial management; and the parents. Hendricks (2009) pointed out that financial management is a sensitive issue and therefore it is vital that the school Board of management to possess values which include; accountability, openness and transparency; and well as responsibility; accountability.

Joubert and Prinsloo (2001) specified that the SGB is a constitutional (legal) body of people who are elected to govern the school and they represent the school community. For instance, the School Governing Body of a public school in Kenya is made up of three groups of people, namely: members who are elected of which special group must be represented; the school headmaster (the secretary); and members who are co-opted, but not elected. Anderson and Burton (2001) indicated that the actual size and composition of the SGB of a publicly funded school are usually laid down in legislation and are dependent on the size and type of school.

#### **4.4.2.1 Financial management skills and knowledge required by headteachers**

Headteachers of public primary schools play a vital and multifaceted role in setting the direction for schools that are positive and productive workplaces for teachers and vibrant learning environments for children. According to Norman (2010), in a study of the importance of financial education in making informed decision on spending conducted in Iringa in Tanzania established that headteachers and principals need to be disciplinarians, assessment experts, educational instructional, visionaries and curriculum leaders, community builders, public

relations experts, financial managers and budget analysts, facility managers, special programs administrators, and expert overseers of legal and policy mandates and initiatives

To find out financial management skills and knowledge required by headteachers, Headteachers were asked to indicate the extent they require various aspects financial management skills and knowledge. A scale of 1 to 5 was used, where 1= very high 2= High, 3=moderate extent 4=low and 5= very low. Frequency analysis was conducted and the responses are given in Figure 3.

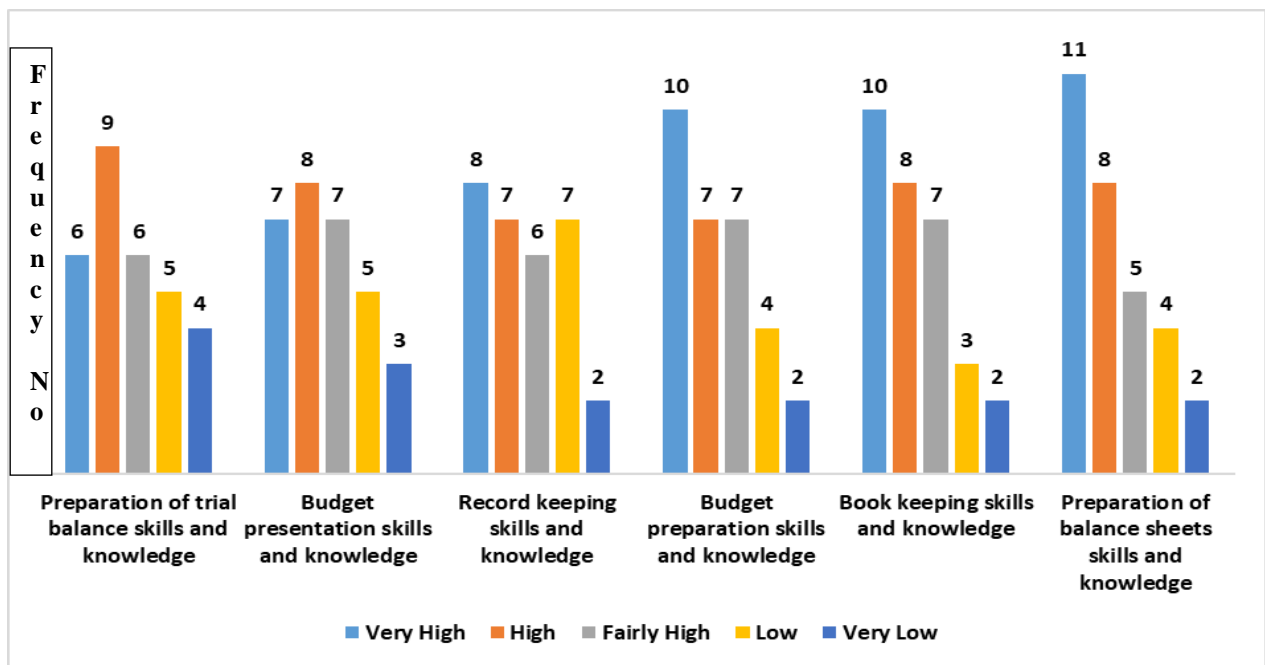


Figure 3. Frequency Statistics of Required Headteachers Financial Management Skills and Knowledge.

Figure 3 clearly depicts that most aspects of financial management are required by the headteachers, this was realized when most of 50% and above agreed very highly and agreed highly on each and every aspect which include: 15 (50%) highly required preparation of trial balance skills and knowledge ( $M = 2.73$ ,  $SD = 1.34$ ,  $N = 30$ ), 15 (50%) highly required budget

presentation skills and knowledge ( $M = 2.63$ ,  $SD = 1.29$ ,  $N = 30$ ), 15 (50%) highly required record keeping skills and knowledge ( $M = 2.60$ ,  $SD = 1.30$ ,  $N = 30$ ), 17 (56%) highly required budget preparation skills and knowledge ( $M = 2.37$ ,  $SD = 1.27$ ,  $N = 30$ ), 18 (60%) highly required book keeping skills and knowledge ( $M = 2.30$ ,  $SD = 1.24$ ,  $N = 30$ ), and 19 (64%) highly required preparation of balance sheets skills and knowledge ( $M = 2.27$ ,  $SD = 1.28$ ,  $N = 30$ ).

The results findings concur with Bush and Oduro (2006) in their study on New Principals in Africa: Preparation, Orientation and Practice. They emphasized on the need of school heads being well prepared and should be inducted to practice financial management aspects with required knowledge and skill in record keeping, preparation of financial statements and budgeting. Jacobs and Wet (2011) avers that headteachers should be well equipped with knowledge and skills on financial management skill on the same note Burke (2001) had earlier posited that for effective cash management in schools, it is mandatory to have a school budget in place and headteachers should be well conversant with budget preparation and presentation knowledge and skills.

Clark (2008) pointed out that there are many principals and School Governing Body members who are deficient with the essential financial knowledge and skills and are positioned under unbelievable pressure because they are not able to find practical and realistic solutions to everyday problems associated with financial management. Clark (2008) reiterated that the management of school finances can be one of the most challenging of headteachers responsibilities, for the reason that for many it is an area in which they have little or no training or expertise required to effectively and efficiently execute. It is also likely that the elected members of the Board of Management and Parents Association which are the main School Governing Bodies may be equally ill equipped for the chore.

### 4.4.3 Financial management skills and knowledge required by BOM

The BOM representatives were also asked to indicate the extent they require various aspects of financial management skills and knowledge. A scale of 1 to 5 was used, where 1= very high 2= High, 3=moderate extent 4=low and 5= very low. Descriptive analysis was conducted and the responses are given in Table 13 and Figure 4.

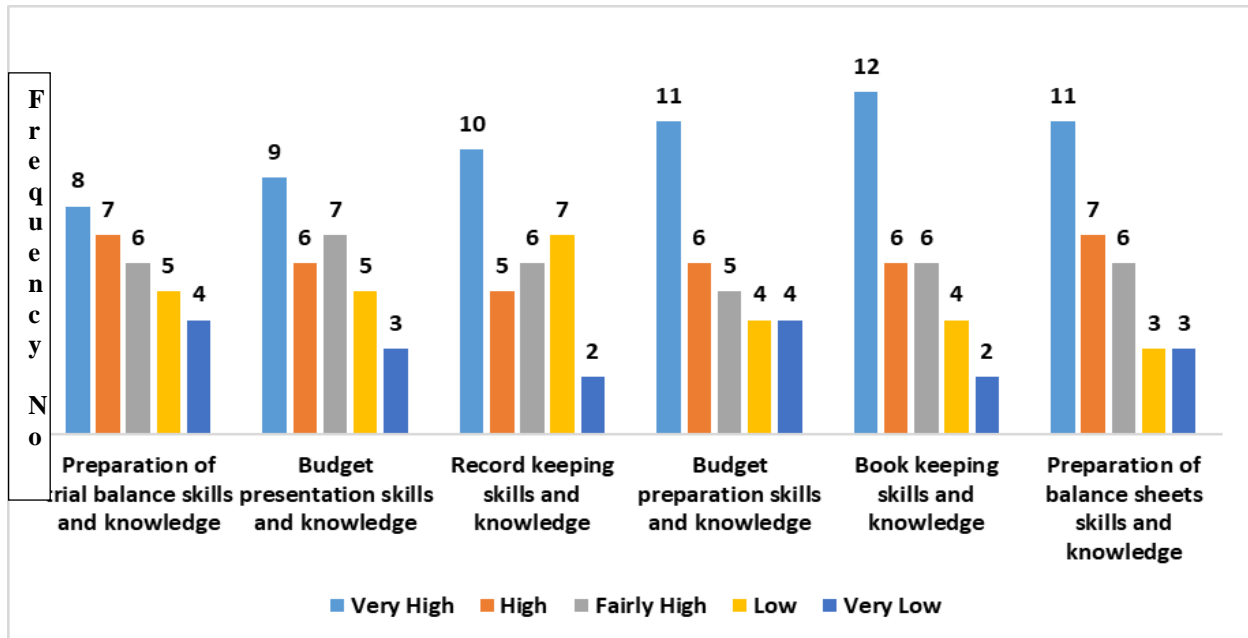


Figure 4. Frequency Statistics of Required BOM Financial Management Skills and Knowledge.

Figure 4 depicts that at 18(60%) BOM representatives at very high and high ranking that they require book keeping skills and knowledge just as much as they require preparation of balance sheets skills and knowledge. Most aspects of financial management are highly required by BOM, this was realized when most of 50% and above agreed very highly and agreed highly on each and every aspect which include: preparation of trial balance skills and knowledge ( $M = 2.67$ ,  $SD = 1.40$ ,  $N = 30$ ), highly require budget presentation skills and knowledge ( $M = 2.57$ ,  $SD = 1.36$ ,  $N = 30$ ), require record keeping skills and knowledge ( $M = 2.53$ ,  $SD = 1.36$ ,  $N = 30$ ), budget preparation skills and knowledge ( $M = 2.47$ ,  $SD = 1.46$ ,  $N = 30$ ), preparation of balance



sheets skills and knowledge ( $M = 2.33$ ,  $SD = 1.35$ ,  $N = 30$ ) and book keeping skills and knowledge ( $M = 2.27$   $SD = 1.31$ ,  $N = 30$ ).

The results point out that 9(30%), to low and very low extent that the BOM representatives require preparation of trial balance skills and knowledge. Same score was also noted that BOM representatives require record keeping skills and knowledge.

Fifteen out of thirty BOM respondents representing 50% attested to the fact that they very highly and highly required Preparation of trial balance skills and knowledge, Budget presentation skills and knowledge and Record keeping skills and knowledge. 17 (57%) of the BOM respondents noted that they very highly and highly required Budget preparation skills and knowledge, whereas BOM representatives need for Book keeping skills and knowledge and Preparation of balance sheets skills and knowledge both scored 18 (60%) as showed in Figure 4.

The results concur with Mutuku (2011) who outlined the Roles of boards of governors in the Management of schools. In his research he found out that indeed, majority of 60% of headteachers he surveyed required training on financial management skills and knowledge on all aspect of financial management. Mwingi (2012) established that majority 44 percent of PA or BOM representatives require budget preparation skills and knowledge and this helps as they monitor how the headteachers manage finances in their respective schools. Ngugi (2004) in his study of the effectiveness of Board of Governors in Kajiado County found out that the BOM required high training on budget preparation and balance keeping, a finding that agrees with ours.

#### 4.4.4 Financial management challenges headteachers experience in Rachuonyo North Sub-County

##### 4.4.4.1 Financial Mismanagement Cases in Rachuonyo North Sub-County

Headteachers were asked to indicate the extent various financial mismanagement cases occurred in Rachuonyo North Sub-county. A scale of 1 to 5 was used, where 1= very high 2= High, 3=moderate extent 4=low and 5= very low. Descriptive analysis was conducted and the responses are given in Figure 5.

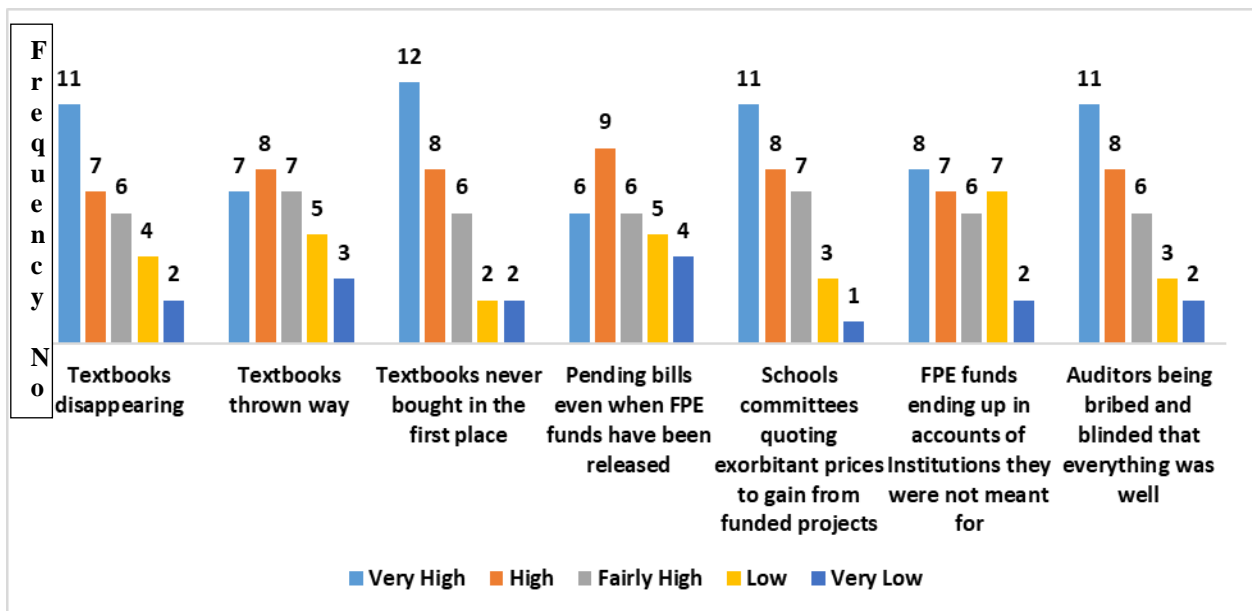


Figure 5. Headteachers responses on Financial Mismanagement Cases in Rachuonyo North Sub-County.

BOM representatives were asked to indicate the extent various financial mismanagement cases occurred in Rachuonyo North Sub-county. A scale of 1 to 5 was used, where 1= very high 2= High, 3=moderate extent 4=low and 5= very low. Descriptive analysis was conducted and the responses are given in Figure 6.

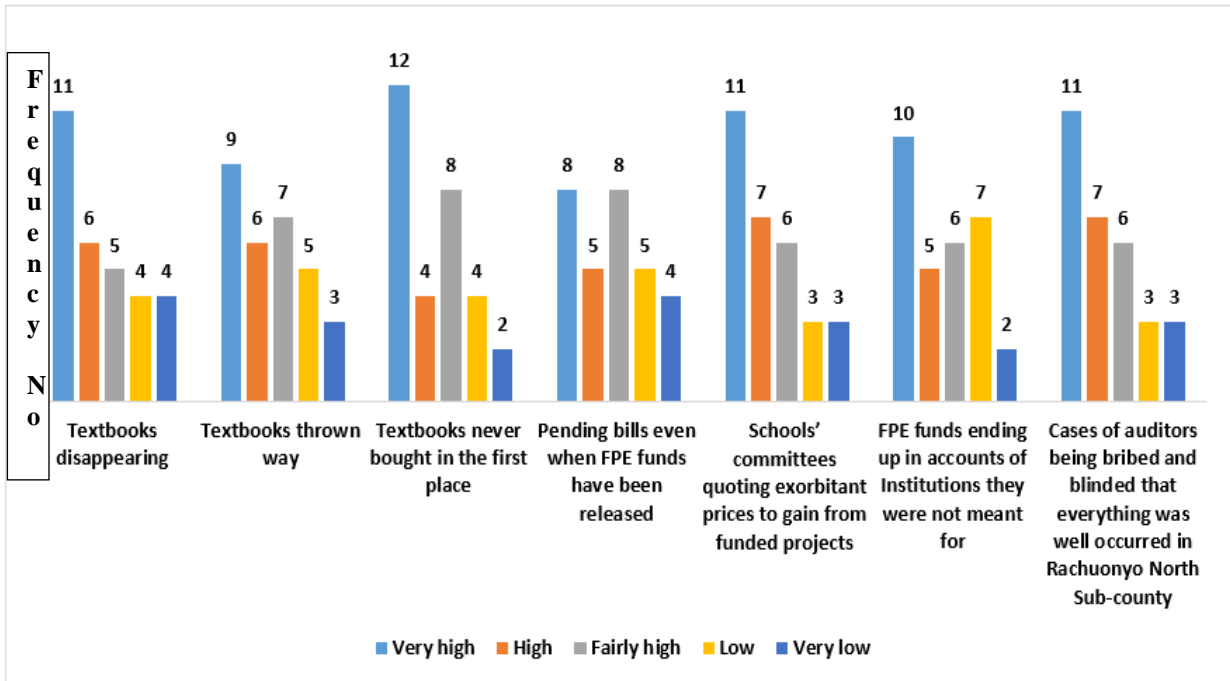


Figure 6. BOM representatives' responses on Financial Mismanagement Cases in Rachuonyo North Sub-County.

Both Figure 5 and Figure 6 depicts that all financial mismanagement cases posed to the participant have occurred in Rachuonyo North Sub-County with highest number of headteachers 20(66.7%) noting that in very high and high scales indicated cases of text books were never bought in the first place occurring in Rachuonyo North Sub County followed by two cases which tied at 19(63.4%) teachers mentioning cases of Auditors being bribed and blinded that everything was well and cases of schools committees quoting exorbitant prices to gain from funded projects. The lowest and very lowest cases noted by headteachers 9(30%) included cases of pending bills even when FPE funds having been released occurred in Rachuonyo North Sub County which tied with 9(30%) headteachers who marked cases of FPE funds ending up in Accounts of Institution they were not meant for.

On the other hand, the BOM representative respondents noted 18(60%) in very high and high scale affirmed cases of school committees quoting exorbitant prices to gain from funded

projects occurring in Rachuonyo North Sub County, scoring same cases of Auditors being bribed and blinded that everything was well in Rachuonyo North Sub County. Nine BOM representatives at 30% noted that low and very low cases of pending bills even when FPE funds have been released occurred in Rachuonyo North Sub County, same score to cases of FPE funds ending up in accounts of Institution they were not meant for in Rachuonyo North Sub County. The finding clearly brings out the fact that views of the headteachers and BOM representatives being almost same in regard to cases of financial mismanagement.

During the interview conducted on 21<sup>st</sup> October, 2018, the SCDE noted that “Complaints of poor management of the Free Primary Education funds have been reported where Board of Management charged with the responsibility of ensuring that the funds are properly used are bent on its mismanagement. Some primary schools’ committees in North Rachuonyo Sub County are fond of quoting exorbitant prices to gain from funded projects. There are also other instances where the Free Primary Education funds end up in accounts of Institutions they were not meant for”

The results concur with Kiprono, Nganga and Kanyiri (2015) in their assessment of school management committees’ capacity in the implementation of FPE funds in public primary schools in Eldoret east district, Kenya. They found out that there have been so many complaints from parents on embezzlement of FPE funds, they also noted that demonstrations had been reported in several schools in Eldoret East District over mismanagement of FPE funds for instance in Ilula primary, Kaptuktuk, Lelit among other schools. Kiprono, Nganga and Kanyiri (2015) further noted that there are also cases of pending bills even when FPE funds have been released this is an indication of misappropriation of funds. Complaints of poor management of the FPE funds have been reported where BOMs charged with the responsibility of ensuring that

the funds are properly used are bent on its mismanagement. Most primary schools' committees are fond of quoting exorbitant prices to gain from funded projects (Onsumu et al., 2004). There are also other instances where the FPE funds end up in accounts of Institutions they were not meant for.

#### **4.4.4.2 Extent of schools' financial management challenges**

Another concern as claimed by Kelechukwu (2011) regards the perennial school development projects that are initiated with little or no consultation between school administrators and school communities. There are schools which have been fundraising for school buildings or buses in eternity. Keegam (2003) renders that mechanisms for financial oversight over such funds are minimal and thus the head teacher is able to manipulate the money collected under the pretext of paying for bills resulting from delays in disbursements from the ministry. There are cases of school capture where some suppliers have monopolized services in some institutions (Nwoye, 2011).

What extent are the following aspects of challenges affects the schools' financial management The respondents were asked what extent of various aspects of challenges affects the schools' financial management which include; Budgeting, Book keeping, Budgetary process, Cash and bank reconciliation, Implementation, Auditing, Procurement, Lack of audit staff and irregular auditing. A scale of 1 to 5 was used where 1=no extent 2= little extent 3=moderate extent 4=great extent and 5= very great extent. Frequency analysis was conducted and the responses are given in Figure 7.

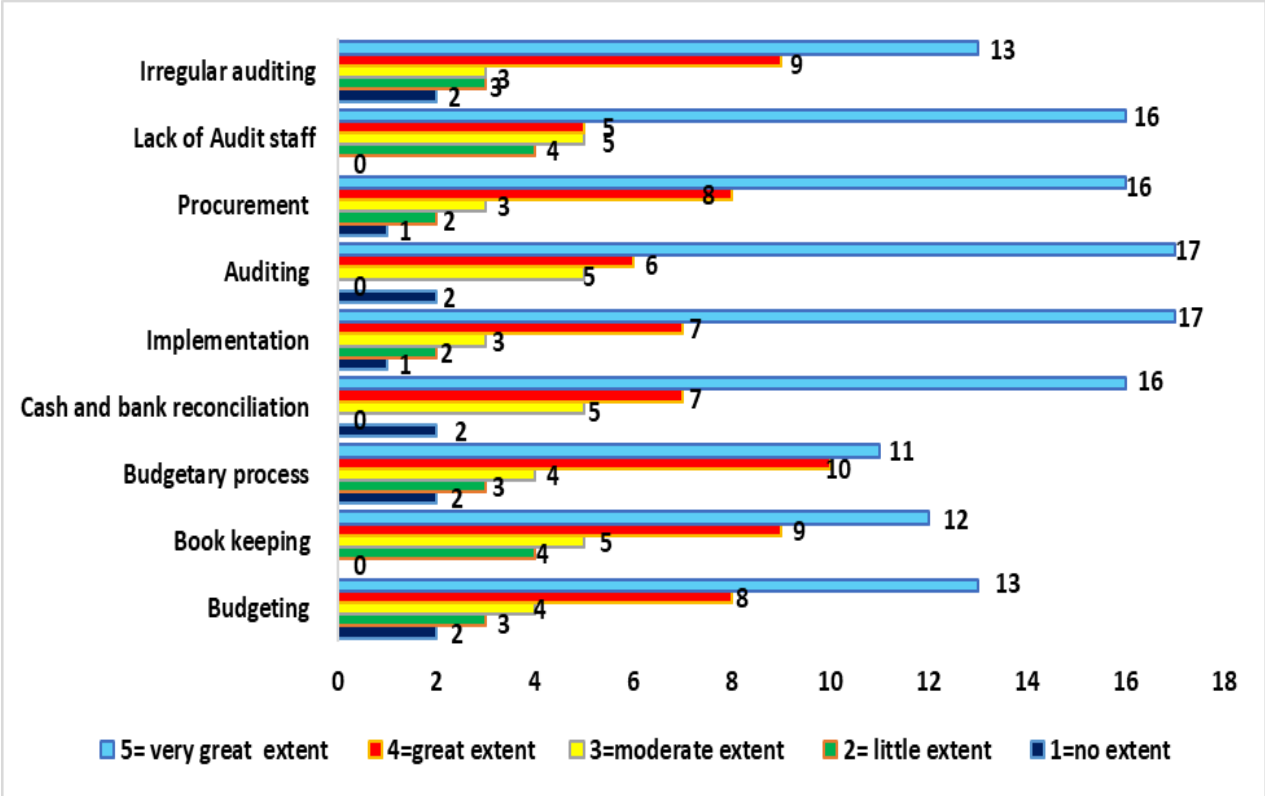


Figure 7. Headteachers Responses on Schools’ Financial Management Challenges.

The result in figure 6 indicate that all aspects posed to the teachers as challenges were of great significant extent, this manifested with 70% of the headteachers surveyed either agreeing to great extent and great extent that the aspects were all a challenge that with the highest being implementation and procurement noted as the main challenges that affects the schools’ financial management in Rachuonyo North sub-county, Homa Bay County in Kenya with 24 head teachers (80%) out of 30 agreeing to a very great extent and great extent combined.

These sentiments were in line with the SCDE who also said that he has had complains from head teachers that sometimes they are overwhelmed in schools by their unending responsibilities.

During an interview conducted on 21<sup>st</sup> October, 2018, the SCDE asserted that,

“You know, for a long period of time teachers have not been subjected to have a course in financial management before becoming head teachers and this is a major challenge as far as financial management is concerned, the current headteachers should be trained on financial management aspects”.

The results concur with Bold, Kimenyi, Mwabu, and Sandefur (2009) on their paper on Free Primary Education in Kenya: Enrolment, Achievement and Local Accountability. They noted that financial approximations and administrative issues which are compounded by insufficient skills and knowledge in budget preparation are reasons for financial mismanagement in public primary schools. On the same note, Mito and Simatwa (2012) states that headteachers show inadequate performance in financial management since they lack adequate skills in budget preparation and administration.

#### **4.4.4.3 Adequacy and Timeliness of Government subsidy**

Headteachers who participated in this research were asked if the government subsidy funds were always remitted on time and if the funds provided were adequate to meet the school needs throughout the year. Figure 7 depicts a pie chart of the participants' responses. Figure 8 shows Adequacy and timeliness of Government subsidy disbursement to schools.

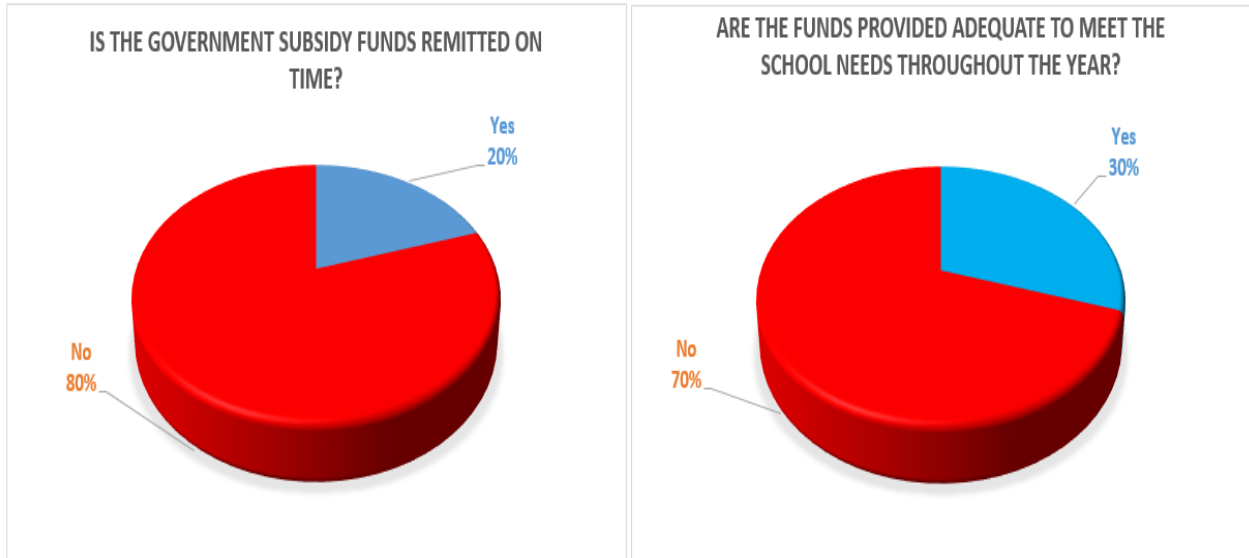


Figure 8. Adequacy and Timeliness of Government Subsidy Disbursement to Schools.

The results show that majority of 24 (80%) headteachers noted that the government subsidy funds were not always remitted on time only 6 (20%) noted that government subsidy funds were always remitted on time. Majority of the headteachers also noted that the government funds provided were not adequate to meet the school need throughout the year by 21 (70%) head teachers and only 9 (30%) headteachers agreed that the government funds provided was adequate to meet the school need throughout the year as depicted in pie chart in figure 8.

This study concurs with Gekunde (2012) on his study of his study of impact of fee primary education policy on access and retention in Kisii Central District Kenya that found out that the government subsidy funds and their disbursement affect how headteachers manage finances in their various schools. Njeru and Orodho (2013) in their study of Education financing in Kenya established that the adequacy of the government subsidy greatly affects how the finances are managed in the schools by the headteachers.



#### 4.4.4.4 Schools coping mechanisms due to inadequacy of Government subsidy

Figure 9. Shows coping mechanism due to Adequacy of Government subsidy.

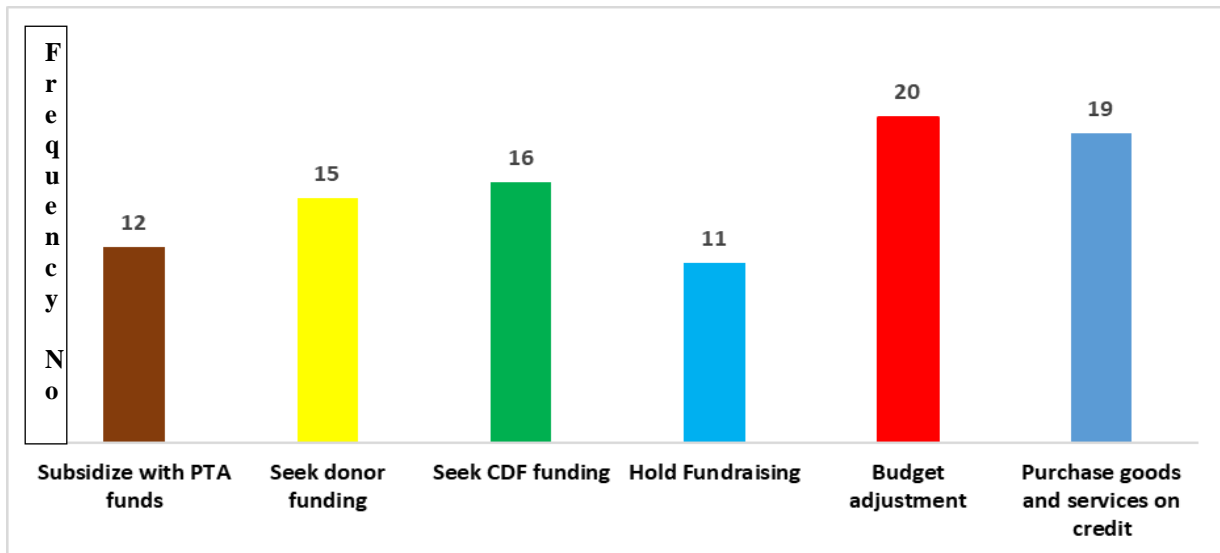


Figure 9. Coping Mechanism Due to Adequacy of Government Subsidy.

Headteachers who noted that the government subsidy was not adequate to meet the school need throughout the year were asked the coping mechanism they adopt in order to keep the school activities run throughout the year. Figure 8 depicts that most headteachers 20 (95%) adjust their budgets in order to ensure the school is able to run throughout the year, this was closely followed by headteachers being forced to purchase goods and services on credit at 19 (90%). Sixteen schools (76%) noted to resort seeking Constituency Development Funds (CDF) whereas 15 (71%) schools cope by seeking donor funding. Some school headteachers 11 (52%) noted that they hold fundraising “harambee” in order to meet the school needs, whereas other schools 12 (57%) subsidize with Parents Association funds.

According to Oketch and Ngware, (2012), the Government of Kenya, introduced the Free Primary Education (FPE) policy in 2003 in order to universalize access to primary education and enhance educational achievement in the country. This policy was followed later with the Free

Day secondary Education (FDSE) policy in 2008 which was also aimed at accelerating enrollment and quality of secondary education in Kenya (Odhiambo, 2010). These strategies had international support and credibility, as these were part of the Millennium Development Goals (MDGs), and other internationally agreed protocols that Kenya is a signatory (Orodho, Waweru, Ndichu & Nthinguri, 2013). This wide Vision of education and the universal approach to education sector development was fully embraced by Kenya as a critical factor for attainment of Vision 2030 (Odhiambo, 2010; Republic of Kenya/UNESCO, 2012).

The results concur with study conducted by Odebero et al., (2007) on the efficiency of the criteria set by the Ministry of Education, Science and Technology. The findings of a survey revealed that the allocation of fund to aid free education is experiencing a number of challenges, notably: inadequate funds disbursed from the Ministry of Education to the schools with more than 58 percent of the demand unmet (IPAR, 2008). In addition, Njau (2014) reported that the bursary money received by students in schools in Juja constituency, Kiambu County was not enough to cater for all the educational needs for the whole year. This illustrates that funds allocated to each students were inadequate to cover all the education costs for the students and therefore could not guarantee students access to education.

The results show that almost all schools resorted to other means in order to run the school activities. This concurs with Segwapa (2008) in a study on assessing the performance of school governing bodies of selected farm schools in the Limpopo province also points out that that school governing body must be able to control and raise funds, draw up the school budget, manage rentals like water and electricity and also purchase learner support materials and other necessary equipment for school thus the need for Capacity which will need further development

if FPE progress is to be sustainable as claimed with Grogan (2006) in the study on quest of who benefits from universal primary education in Uganda?

Karlsson (2002) specifies that a School Governing Body of a public school must take all reasonable measures within its mandate to supplement the resources supplied by the government so as to improve the quality of education provided by the school to all learners at the school. Schreuder and Landey (2001) add by noting that each fundraising project is a one kind attempt to raise money for a particular purpose which is essential. Once the activity is completed, no more funds come from this source during the year. Several factors such as good or bad marketing and the attitude of the community mean that it is not always possible to predict how much money will be raised in a fundraising event.

Anderson and Lumby (2005) state that schools in many countries have traditionally generated additional income through occasional activities in conjunction with parents, donors, associations and friends of the school or community. These events not only raise funds but also encourage local community and parents to be involved with the school, rejoice it and gain understanding of it and its accomplishments. They also permit associations and relationship between children, staff, parents and neighbors to develop in a positive atmosphere. Such events tend to rely on people who support them because they wish to support the school whenever the school needs to accomplish a specific goal.

Oosthuizen (2003) mentions that schools may apply a variety of methods to supplement their finances which may include school functions, admission and activities (subscription fees for sporting events) and the leasing of the school facilities (swimming pool, tennis courts and classrooms) after hours to learners and parents.

#### **4.4.5 Appropriate ways of addressing challenges facing headteachers in financial management in Rachuonyo North Sub-County**

According to Macharia (2002), effective financial management entails proper planning and budgeting. The use of budgets is the only way for the school to ensure that resources are utilized well on the right projects. To bring sanity in the education sector with regard to finances, Mwingi (2012) noted that the government must take active role in its audit function and penalize the school managers found culpable. Proper financial management in schools can be determined through goal attainment which in this study will be based on efficiency in resources utilization and commitment to budgets. Efficiency involves attaining maximum benefits towards set goals and objectives (Macharia, 2012). Control in the financial sense has to do with all the measures that relate to the planning of financial functions.

Davies (2009), states that financial control includes drawing up criteria to ensure that the school's resources are mobilized effectively, monitoring and evaluating the schools financial progress and initiating corrective action if needed. Green and Inman (2007) postulate that monitoring a school's budget is a continuous process that goes on throughout the year and it entails keeping a check on the difference between the planned financial status at any given time and the actual financial status at that time. It involves drawing up a projection for the revenue and spending for the whole year, and identifying positive and negative variances, and checking if resources are mobilized effectively (Green & Inman, 2007).

An important characteristic of the present approach to education management in general and financial administration specifically, is the emphasis on transparency and information sharing among all stakeholders (Glover 2006). Accountability has become a collective responsibility which should include all stakeholders and as Davis (2009) adds, for the school

head, this means that they must deal with funds in a responsible manner and that they are accountable to the parents, the learners, the community and the Ministry of Education. Monitoring the budget is the continuous process that goes on throughout the year. As Glover (2006) posits, budget monitoring involves keeping a check on the difference between the planned financial status of a school at a given time and the actual financial status at the time and involves checking if resources are mobilized effectively and evaluating and re-organizing if and where necessary.

Both Headteachers and BOM representatives were requested to give their own opinion on what are the appropriate ways of addressing challenges facing headteachers in financial management in Rachuonyo North Sub-county. Below are the main challenges they stated:

A simple user friendly template that would be easy to understand by both heads and members of the school development committees should be put in place. Schools should also be required to submit monthly or termly financial reports to the sub county director of education office so that the sub county can analyse and give reaction to schools.

The government and education officers should encourage community sensitisation and participation on matters of financial management so as to provide a sense of school ownership to the community.

Headteachers should come up with income generating activities so that they do not rely on only one source of income; Schools should come up with procurement committee that knows its mandate and should be impartial in matters of vested interest; Schools should comply with the Ministry's procurement acts and follow accordingly.

Given that accounting challenges were the real financial management facing the newly appointed headteachers, it is recommended that when appointing the Board of Management, the

County Education Board should clearly spell out their mandate as far as school management is concerned since this will limit their interferences in running of schools; Headteachers should delegate other duties to their deputies and other teachers so that they are offloaded off some burden of having to do almost all duties in schools; Headteachers should try to attend some in-service training so as to properly equip themselves with financial skills.

Most participants noted that since budgeting challenges were the real financial management challenges facing head teachers, they proposed that headteachers should try and look for alternative sources for some necessities in schools so that they can go for the most affordable commodity in the market; in addition headteachers should hold parents meeting frequently and convince the parents/ guardians to pay their levies to school as expected; and the Government should at least try as much as possible to release the FSE funds promptly to schools.

Given that auditing challenges are the real financial management challenges facing the headteachers, the participant surveyed noted that; the Auditors should try as much as possible to avail the audit reports to the school BOMs promptly; School accounts clerks should be encouraged to further their studies so that they may be well conversant with all matters of finances and their management. The Ministry of Education in conjunction with the school BOMs should provide complete range of accounting books to school. This will give the headteachers and the accounts clerks an ample time to execute their responsibilities.

Some participant reacted that formally removing fees without a key increase in public financing can cause a devastating impact on quality and is unsustainable. It is essential therefore whenever the government abolishes fees it should review the revenue and budget and send these funds on time.

Some participants also pointed out that there is necessity for enhancement of policy for tracing of resources to guarantee proper, adequate and accountable use of resources budgeted for education and utilized in the right way which can be done through external auditing and the services may be outsourced.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Introduction**

The chapter combines the major findings so as to come up with the conclusions which leads to the recommendation on what should be done to increase the competence of financial management. This chapter also ends by outlining the area that need further research as per the scope and constrain of this study.

#### **5.2 Summary of the study**

##### **Knowledge and skills do headteachers require in effective financial management in Rachuonyo North Sub-county**

Most of the headteachers indicated that they were not sufficiently exposed to financial matters when in college. It is noted that most headteachers have not undergone in financial management training courses only a few noted to have gone to training courses two to three times and are exposed to financial management. This was quite different to BOM members where most have undergone training on financial management and are well exposed to the same. It is clear that most financial management aspects were covered to a little extent during the training of headteachers especially on Procurement, Books of account and Balance sheet. The results evidently indicate that most headteachers' competency in financial management aspects were all at a moderate extent of competence and teachers with higher responsibilities like deputy and headteachers need to be well competent in all aspect of financial management.

Both headteachers and BOM representative who participated in the survey agree to moderate extent of taking responsibilities in regard to financial management issues. The results show that most aspects of financial management are required by the headteachers and BOM



member which include: preparation of trial balance, budget presentation, record keeping, budget preparation, book keeping and preparation of balance sheets skills and knowledge.

### **Financial management challenges headteachers' experience in Rachuonyo North Sub-County**

Cases of text books were never bought in the first place, Auditors being bribed and blinded that everything was well and cases of schools' committees quoting exorbitant prices to gain from funded projects and the main cases that occurred in Rachuonyo North Sub County. From the findings, it can be illustrious that all financial mismanagement cases posed to the participant have occurred in Rachuonyo North Sub-County as attributed by both headteachers and BOM representatives.

On extent of schools' financial management challenges, the result indicate that all aspects posed to the teachers as challenges were of great significant extent, this manifested with 70% of the headteachers surveyed either agreeing to great extent and great extent that the aspects were all a challenge that with the highest being implementation and procurement noted as the main challenges that affects the schools' financial management in Rachuonyo North sub-county, Homa Bay County in Kenya with majority of head teachers agreeing to a very great extent and great extent combined.

### **Appropriate ways of addressing challenges facing headteachers in financial management in Rachuonyo North Sub-County**

The results show that majority of headteachers noted that the government subsidy funds were not always remitted on time only few noted that government subsidy funds were always remitted on time. Majority of the headteachers also pointed out that the government funds

provided were not enough to meet the school necessities throughout the year. Headteachers who noted that the government subsidy was not adequate to meet the school needed throughout the year resort to adjust their budgets in order to ensure the school is able to run throughout the year, and headteachers are being forced to purchase goods and services on credit. Some schools noted to resort seeking Constituency Development Funds (CDF) whereas other school in Rachuonyo North Sub County cope by seeking donor funding. On the hand, some school headteachers noted that they hold fundraising “harambee” in order to meet the school needs, whereas other schools subsidize with Parents Association funds.

### **5.3 Conclusion**

Taking into consideration of the findings it was established that

- i) Most headteachers took a relatively longer time between 16 to 20 years as classroom teachers before being promoted to the administrative position of headteacher, therefore, yet they were not exposed to management of school finances hence they might not have been ready for it contrary to their teaching experience.
- ii) Most of the headteachers were not sufficiently exposed to financial matters when in college and have not undergone any financial management training courses, only a few had gone to training courses two to three times and are exposed to financial management, however most financial management aspects were only covered to a little extent.
- iii) It is evidently clear that most headteachers’ competence on financial management aspects are wanting that is why they tend not to own the responsibility of managing school finances. Thus most aspects of financial management are required by the headteachers including: preparation of trial balance, budget presentation, record keeping, budget preparation, book keeping and preparation of balance sheets skills and knowledge.

iv) With sound financial management skills financial mismanagement cases will cease in Rachuonyo North Sub-County. Government subsidy funds were not always remitted on time and not adequate to meet the school needs throughout the year thus almost all school resort to other means like adjusting their budgets in order to ensure the school is able to run throughout the year, being forced to purchase goods and services on credit. Seeking Constituency Development Funds (CDF), seeking donor funding. Hold fundraising events. Based on the findings, the researcher concludes that Headteachers of Rachuonyo North Sub-County are prepared to manage school finances to a little extent.

## **5.4 Recommendations**

The following recommendations were made with regard to the study:

### **5.4.1 Teachers Service Commission**

The Teachers Service Commission (TSC) should appoint headteachers of public primary schools who are qualified in matters of financial management to manage school funds efficiently.

### **5.4.2 Ministry of Education**

The Ministry of Education should therefore facilitate nationwide training of headteachers in financial management of public primary schools through Kenya Education Management Institute (KEMI). All headteachers should be forced to participate in training programmes offered at all levels and Teachers Training Colleges (TTCs) should design and ensure curriculum on financial management is implemented. The Ministry of Education needs to encourage the headteachers including their deputies' in financial matters as a way of professional development and succession management strategy. BOM members should also be incorporated in financial management training courses to be able to perform their mandate effectively.

Increasing fund allocation and timely disbursement of FPE funds: The Ministry of Education should increase fund allocation per child per year and ensure timely disbursement of the funds.

#### **5.4.3 The Headteachers**

Headteachers including their deputies' should embark on attending trainings, workshops or conferences to improve their skills and knowledge on financial matters as a way of professional development and succession management strategy.

#### **5.4.4 Suggestions for further research**

Despite the findings obtained, there are still some areas which may have not been covered and therefore further research can be done to be able to understand the problem. The following suggestions are made for further research based on the study findings;

- i) Rachuonyo North Sub-County is largely in a rural set up, a similar study should also be carried on urban areas for comparative purposes.
- ii) This study was done on a comparatively small number of head teachers. The researcher recommends a similar study to be done on a larger sample to give more details on the area of financial management.
- iii) Further study should be conducted on the influence of headteachers' financial management on students' academic performance in Kenya.

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## APPENDICES

### APPENDIX I: QUESTIONNAIRE FOR HEADTEACHERS

My name is Aduwi Patrick Obong'o a post graduate student from Catholic University of Eastern Africa pursuing a master of education in research and evaluation. I am undertaking a research on head teachers' preparedness in managing finances in public primary schools in Rachuonyo north sub county, Kenya. The findings of this study will be useful to our country's efforts to develop education sector in our country. Kindly take a few minutes to answer the questions below. The information given will be treated with utmost confidentiality.

#### Section 1: Demographic Profile

1. Gender                      Male                       Female
  
2. Age Bracket  
 Under 35 years     35-40 years             41-45 years  
 46-50 years             51 years and above
  
3. Number of experience years in teaching:  
 Below 10 years     10-15 years     16-20 years     20-25 years     25 years and above
  
4. For how long have you been a headteacher?  
 Below 1 year             1-4 years     5-9 years     10 and above
  
5. Academic Qualifications:  Med                       Bed                       Dip/Ed
  
6. What is the total enrolment of your school?  
 Below 200     201-400     401-600     601- above

**Section 2: What knowledge and skills do headteachers require in effective financial management in Rachuonyo North Sub-county?**

7. How many financial management training courses have you attended in the last two years?

- None       One       Two  Three       More than three

Others: Specify.....

8. In your training at teachers Training College, were you exposed to financial management training?  Yes       No

9. To what extent were the following aspects of financial management covered during the training? Use a scale of 1 to 5 where 1= no extent 2= little extent 3=moderate extent 4=great extent and 5= very great extent

<b>Topics</b>	<b>1. no extent</b>	<b>2= little extent</b>	<b>3=moderate extent</b>	<b>4=great extent</b>	<b>5= very great extent</b>
Procurement					
Books of account					
Trial balance					
Balance sheet					
Record keeping					

10. Indicate your level of competence in the following areas of financial management

	<b>Very High</b>	<b>High</b>	<b>Fairly High</b>	<b>Low</b>	<b>Very Low</b>
Budget preparation					
Budget presentation					
Book keeping					
Preparing of Trial balances					
Preparing of Balance sheets					
Record keeping					

11. To what extent do you agree with the following statements? Rate by ticking (✓) one item on a five point scale: 1=Strongly Disagree; 2=Disagree; 3=Undecided; 4 = Agree; 5 = strongly Agree.

	<b>1=Strongly Disagree</b>	<b>2=Disagree</b>	<b>3=Undecided;</b>	<b>4 = Agree;</b>	<b>5 = strongly Agree</b>
I am supposed to make school financial plan,					
I am charged with the responsibility of making financial management decisions and communicate, co-ordinate and control,					
I am needed to possess sound management of funds which involves budgeting,					

12. To what extent do the head teachers require the following financial management skills and knowledge?

	<b>Very High</b>	<b>High</b>	<b>Fairly High</b>	<b>Low</b>	<b>Very Low</b>
Budget preparation					
Budget presentation					
Book keeping					
Preparation of Trial balances					
Preparation of Balance sheets					
Record keeping					

12.b. In your opinion, what knowledge and skills do you as a headteachers require to effectively manage finances in their primary schools?

i) \_\_\_\_\_

ii) \_\_\_\_\_

iii) \_\_\_\_\_

**Section3: What are the types of financial mismanagement cases that have occurred in Rachuonyo North Sub-county?**

13. a. To what extent are the following financial mismanagement cases have occurred in Rachuonyo North Sub-county?

	<b>Very High</b>	<b>High</b>	<b>Fairly High</b>	<b>Low</b>	<b>Very Low</b>
Cases of textbooks disappearing					
Cases of textbooks thrown way					
Cases of textbooks were never bought in the first place					
cases of pending bills even when FPE funds have been released					
Cases of schools committees quoting exorbitant prices to gain from funded projects					
Cases of FPE funds ending up in accounts of Institutions they were not meant for					
Cases of auditors being bribed and blinded that everything was well					

13.b. Apart from the cases listed above, what financial mismanagement cases have occurred in Rachuonyo North Sub-county?

- i) \_\_\_\_\_
- ii) \_\_\_\_\_
- iii) \_\_\_\_\_

**Section 4: What are the challenges headteachers' experience in financial management in Rachuonyo North Sub-county?**

14. a. To what extent are the following aspects of challenges affects the schools financial management?

	<b>1=no extent</b>	<b>2= little extent</b>	<b>3=moderate extent</b>	<b>4=great extent</b>	<b>5= very great extent</b>
Budgeting					
Book keeping					
Budgetary process					
Cash and bank reconciliation					
Implementation					
Auditing					
Procurement					
Lack of Audit staff					
Irregular auditing					

14.b. Please list other challenges

- i) \_\_\_\_\_
- ii) \_\_\_\_\_
- iii) \_\_\_\_\_

15. Is the government subsidy funds remitted on time?

Yes [ ]      No [ ]

If No, how do you cope with the delays?

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16. Are the funds provided to your school by the government adequate to meet the school needs throughout the year?

Yes [ ]      No [ ]

If No, how do you cope with the inadequacy?

- Subsidize with PTA funds [ ]
- Seek donor funding [ ]
- Seek CDF funding [ ]
- Hold Fundraising [ ]



Budget adjustment [ ]  
Purchase goods and services on credit [ ]  
Others(Specify).....  
.....

**Section 5: What are the appropriate ways of addressing challenges facing headteachers in financial management in Rachuonyo North Sub-county?**

17. In your own opinion what are the appropriate ways of addressing challenges facing headteachers in financial management in Rachuonyo North Sub-county?

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

*Thank you for your co-operation.*

## APPENDIX II: INTERVIEW GUIDE FOR BOM REPRESENTATIVE

My name is Aduwi Patrick Obong'o, a post graduate student from Catholic University of Eastern Africa pursuing a master of education in research and evaluation. I am undertaking a research on head teachers' preparedness in managing finances in public primary schools in Rachuonyo north sub county, Kenya. The findings of this study will be useful to our country's efforts to develop education sector in this country. Kindly take a few minutes to answer the questions below. The information given will be treated with utmost confidentiality.

### Section 1: Demographic Profile

1. Gender                      Male                       Female
  
2. Age Bracket  
     Under 35 years     35-40 years             41-45 years  
     46-50 years         51 years and above
  
3. Are you a BOM or PA member?  
     BOM             PA
  
4. For how long have you been a BOM ?  
     Below 1 year         1-4 years     5-9 years     10 and above
  
5. Academic Qualifications:  
  
     PhD                       Master's Degree     Bachelor's Degree  
     Diploma               Secondary             None

### Section 2: What knowledge and skills do headteachers require in effective financial management in Rachuonyo North Sub-county?

6. How many financial management training courses have you attended in the last two years?  
     None             One             Two     Three             More than three  
  
    Others: Specify.....
  
7. In your training were you exposed to financial management training?  Yes             No

If Yes, to what extent were the following aspects of financial management covered during the training? Use a scale of 1 to 5 where 1= no extent 2= little extent 3=moderate extent 4=great extent and 5= very great extent

<b>Topics</b>	<b>1. no extent</b>	<b>2= little extent</b>	<b>3=moderate extent</b>	<b>4=great extent</b>	<b>5= very great extent</b>
Procurement					
Books of account					
Trial balance					
Balance sheet					
Record keeping					

8. Indicate your level of competence in the following areas of financial management

	<b>Very High</b>	<b>High</b>	<b>Fairly High</b>	<b>Low</b>	<b>Very Low</b>
Budget preparation					
Budget presentation					
Book keeping					
Preparing of Trial balances					
Preparing of Balance sheets					
Record keeping					

9. To what extent do you agree with the following statements? Rate by ticking (✓) one item on a five-point scale: 1=Strongly Disagree; 2=Disagree; 3=Undecided; 4 = Agree; 5 = strongly Agree.

	<b>1=Strongly Disagree</b>	<b>2=Disagree</b>	<b>3=Undecided;</b>	<b>4 = Agree;</b>	<b>5 = strongly Agree</b>
BOM representative competence in financial management is influential by management training.					
As a BOM representative I am supposed to participate in making school financial plan,					
As a BOM representative I'm charged with the responsibility of making financial management decisions and communicate, co-ordinate and control					
As a BOM representative I am needed to possess sound management of funds which involves budgeting,					
As a BOM representative I am needed to possess sound accounting and auditing skills and knowledge					

10. To what extent do the BOM representatives on financial matters require the following financial management skills and knowledge?

	<b>Very High</b>	<b>High</b>	<b>Fairly High</b>	<b>Low</b>	<b>Very Low</b>
Budget preparation					
Budget presentation					
Book keeping					
Preparation of Trial balances					
Preparation of Balance sheets					
Record keeping					

**Section3: What are the types of financial mismanagement cases that have occurred in Rachuonyo North Sub-county?**

11. To what extents are the following financial mismanagement cases occurred in Rachuonyo North Sub-county?

	<b>Very High</b>	<b>High</b>	<b>Fairly High</b>	<b>Low</b>	<b>Very Low</b>
Cases of textbooks disappearing					
Cases of textbooks thrown way					
Cases of textbooks were never bought in the first place					
cases of pending bills even when FPE funds have been released					
Cases of schools committees quoting exorbitant prices to gain from funded projects					
Cases of FPE funds ending up in accounts of Institutions they were not meant for					
Cases of auditors being bribed and blinded that everything was well					

**Section 4: What are the challenges do BOM representative experience in financial management in Rachuonyo North Sub-county?**

12. To what extent are the following aspects of challenges affects the schools financial management?

	<b>1=no extent</b>	<b>2= little extent</b>	<b>3=moderate extent</b>	<b>4=great extent</b>	<b>5= very great extent</b>
Budgeting					
Book keeping					
Budgetary process					
Cash and bank reconciliation					
Implementation					
Auditing					
Procurement					
Lack of Audit staff					
Irregular auditing					

13. Is the government subsidy funds remitted on time?

Yes [ ] No [ ]

If No, how do you cope with the delays?

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14. Are the funds provided to your school by the government adequate to meet the school needs throughout the year?

Yes [ ] No [ ]

If No, how do you cope with the inadequacy?

- Subsidize with BOM funds [ ]
- Seek donor funding [ ]
- Seek CDF funding [ ]
- Hold Fundraising [ ]
- Budget adjustment [ ]
- Purchase goods and services on credit [ ]
- Others (Specify).....

**Section 4: What are the appropriate ways of addressing challenges facing headteachers in financial management in Rachuonyo North Sub-county?**

15. In your own opinion what are the appropriate ways of addressing challenges facing headteachers in financial management in Rachuonyo North Sub-county?

- i) \_\_\_\_\_
- ii) \_\_\_\_\_
- iii) \_\_\_\_\_

**Section 5: other open ended interview questions**

16. What are your views on the school finances allocated to primary schools by the government for free primary education as per student?

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17. In your opinion, do the headteachers have the required financial management knowledge and skills in Rachuonyo North Sub-county?

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18. What knowledge and skills do headteachers require in effective financial management in Rachuonyo North Sub-county?

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19. What are the types of financial mismanagement cases that have occurred in Rachuonyo North Sub-county?

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20. What are the challenges headteachers' experience in financial management in Rachuonyo North Sub-county?

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21. How has the insufficient school funds affected FPE implementation in Rachuonyo North Sub-county?

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22. Are you involved in school budgeting? If yes. What are your positive and negative experiences of budgeting?

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23. Do you receive school financial statements? ( ) Yes ( ) No, if Yes How often does this happen? \_\_\_\_\_

24. How often is school auditing done in Rachuonyo North Sub-county?

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25. What are your views on financial management in implementation of FPE in Rachuonyo North Sub-county?

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*Thank you for your co-operation.*



### APPENDIX III: INTERVIEW SCHEDULE FOR SCDE

My name is Aduwi Patrick Obong'o, a post graduate student from Catholic University of Eastern Africa pursuing a master of education in research and evaluation. I am undertaking a research on headteachers' preparedness in managing finances in public primary schools in Rachuonyo north sub county, Kenya. The findings of this study will be useful to our country's efforts to develop education sector in the Country. Kindly take a few minutes to answer the questions below. The information given will be treated with utmost confidentiality.

1. Gender                      Male                       Female
  
2. Age Bracket  
     Under 35 years     35-40 years             41-45 years  
     46-50 years         51 years and above
  
3. For how long have you been a SCDE?  
     Below 1 year         1-4 years     5-9 years     10 and above
  
4. Academic Qualifications:  
  
     PhD                       Master's Degree     Bachelor's Degree  
     Diploma               Secondary         None

5. What are your views on the school finances allocated to primary schools by the government for free primary education as per student?

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6. In your opinion, do the headteachers have the required financial management knowledge and skills in Rachuonyo North Sub-county?

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7. What knowledge and skills do headteachers require in effective financial management in Rachuonyo North Sub-county?

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8. What are the types of financial mismanagement cases that have occurred in Rachuonyo North Sub-county?

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9. What are the challenges headteachers' experience in financial management in Rachuonyo North Sub-county?

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10. How has the insufficient school funds affected FPE implementation in Rachuonyo North Sub-county?

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11. Are you involved in school budgeting? If yes. What are your positive and negative experiences of budgeting?

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12. Do you receive school financial statements? ( ) Yes ( ) No, if Yes How often does this happen?\_\_\_\_\_

13. How often is school auditing done in Rachuonyo North Sub-county?

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14. What are your views on financial management in implementation of FPE in Rachuonyo North Sub-county?

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15. What are the appropriate ways of addressing challenges facing headteachers in financial management in Rachuonyo North Sub-county?

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*Thank you for your co-operation.*

#### APPENDIX IV: RELIABILITY ANALYSIS RESULT

*Cronbach's Alpha correlation coefficient for Headteachers and BOM representative Questionnaire*

<b>Headteachers Questionnaire</b>		<b>BOM representative Questionnaire</b>	
<b><u>Reliability Statistics</u></b>		<b><u>Reliability Statistics</u></b>	
Cronbach's Alpha	N of Items	Cronbach's Alpha	N of Items
0.890	56	0.847	55

## APPENDIX V: LETTER OF INTRODUCTION FROM CUEA



**THE CATHOLIC UNIVERSITY OF EASTERN AFRICA**  
**Faculty of Education**  
Department of Postgraduate Studies in Education

Our Ref: CUEA/DVC-ACAD/TOE/PGSE/NACOSTI/008/August 2018

6<sup>th</sup> September, 2018

**The Director,  
National Commission for Science, Technology and Innovation (NACOSTI)  
NAIROBI, KENYA**

**RE: ADUWI PATRICK OBONG'O - REG. NO. 1022573**

I am writing to introduce to you **Aduwi Obong'o** who is a final year MED student at The Catholic University of Eastern Africa, Nairobi – Kenya, and to request you to assist him to accomplish his academic research requirements.

Obong'o's MED Degree in Education specialization is Research and Evaluation. He has completed all course work requirements for this programme. However, every student in the programme is required to conduct research and write a report/dissertation submitted during the final years of studies.

Accordingly, Obong'o's research topic has been approved. He will conduct research on the following topic:

***"Headteachers' Preparedness in Managing Finances in Public Primary Schools in Rachuonyo North Sub-county, Homa Bay County, Kenya"***

Thanking you in advance for any assistance you give to Obong'o.

Sincerely,



**Prof. Marcella Momanyi**  
**HEAD OF DEPARTMENT - POSTGRADUATE STUDIES IN EDUCATION**

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THE CATHOLIC UNIVERSITY OF EASTERN AFRICA (CUEA) P.O. BOX 62157 00200 Nairobi - KENYA  
Tel: 020-2525811-5, 8890023-4, Fax: 8891084, Email: [ppse@cuea.edu](mailto:ppse@cuea.edu), Website: [www.cuea.edu](http://www.cuea.edu)  
Founded in 1984 by AMECKA (Association of the Member Episcopal Conference in Eastern Africa)



## APPENDIX VI: RESEARCH AUTHORIZATION



### NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION

Telephone: +254-20-2213471,  
2241349,3310571,2219420  
Fax: +254-20-318245,318249  
Email: [dgi@nacosti.go.ke](mailto:dgi@nacosti.go.ke)  
Website: [www.nacosti.go.ke](http://www.nacosti.go.ke)  
When replying please quote

NACOSTI, Upper Kabete  
Off Waiyaki Way  
P.O. Box 30623-00100  
NAIROBI-KENYA

Ref. No. **NACOSTI/P/18/62075/25379**

Date: **17<sup>th</sup> October, 2018**

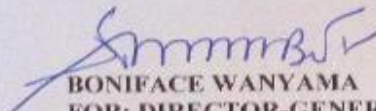
Aduwi Obongo Patrick  
Catholic University of Eastern Africa  
P.O. Box 62157-00200  
**NAIROBI.**

#### **RE: RESEARCH AUTHORIZATION**

Following your application for authority to carry out research on *“Headteachers’ preparedness in managing finances in public primary schools in Rachuonyo North Sub County, Homa Bay County Kenya”* I am pleased to inform you that you have been authorized to undertake research in **Homa Bay County** for the period ending **15<sup>th</sup> October, 2019.**

You are advised to report to **the County Commissioner and the County Director of Education, Homa Bay County** before embarking on the research project.

Kindly note that, as an applicant who has been licensed under the Science, Technology and Innovation Act, 2013 to conduct research in Kenya, you shall deposit **a copy** of the final research report to the Commission within **one year** of completion. The soft copy of the same should be submitted through the Online Research Information System.

  
**BONIFACE WANYAMA**  
**FOR: DIRECTOR-GENERAL/CEO**

Copy to:

The County Commissioner  
Homa Bay County.

The County Director of Education  
Homa Bay County.


## APPENDIX VII: NACOSTI RESEARCH PERMIT

**THIS IS TO CERTIFY THAT:**  
**MR. ADUWI OBONGO PATRICK**  
**of CATHOLIC UNIVERSITY OF EASTERN**  
**AFRICA, 61-40301 Kendu bay, has been**  
**permitted to conduct research in**  
**Homabay County**

**on the topic: HEADTEACHERS' PREPAREDNESS IN MANAGING FINANCES IN PUBLIC PRIMARY SCHOOLS IN RACHUONYO NORTH SUB COUNTY, HOMA BAY COUNTY KENYA**

**for the period ending:**  
**15th October, 2019**

**Permit No : NACOSTI/P/18/62075/25379**  
**Date Of Issue : 17th October, 2018**  
**Fee Received :Ksh 1000**





*(Handwritten Signature)*  
**Applicant's Signature**

*(Handwritten Signature)*  
**Director General**  
**National Commission for Science, Technology & Innovation**

**THE SCIENCE, TECHNOLOGY AND INNOVATION ACT, 2013**

The Grant of Research Licenses is guided by the Science, Technology and Innovation (Research Licensing) Regulations, 2014.

  
**REPUBLIC OF KENYA**

  
**National Commission for Science, Technology and Innovation**

**RESEARCH LICENSE**

**Serial No.A 21319**

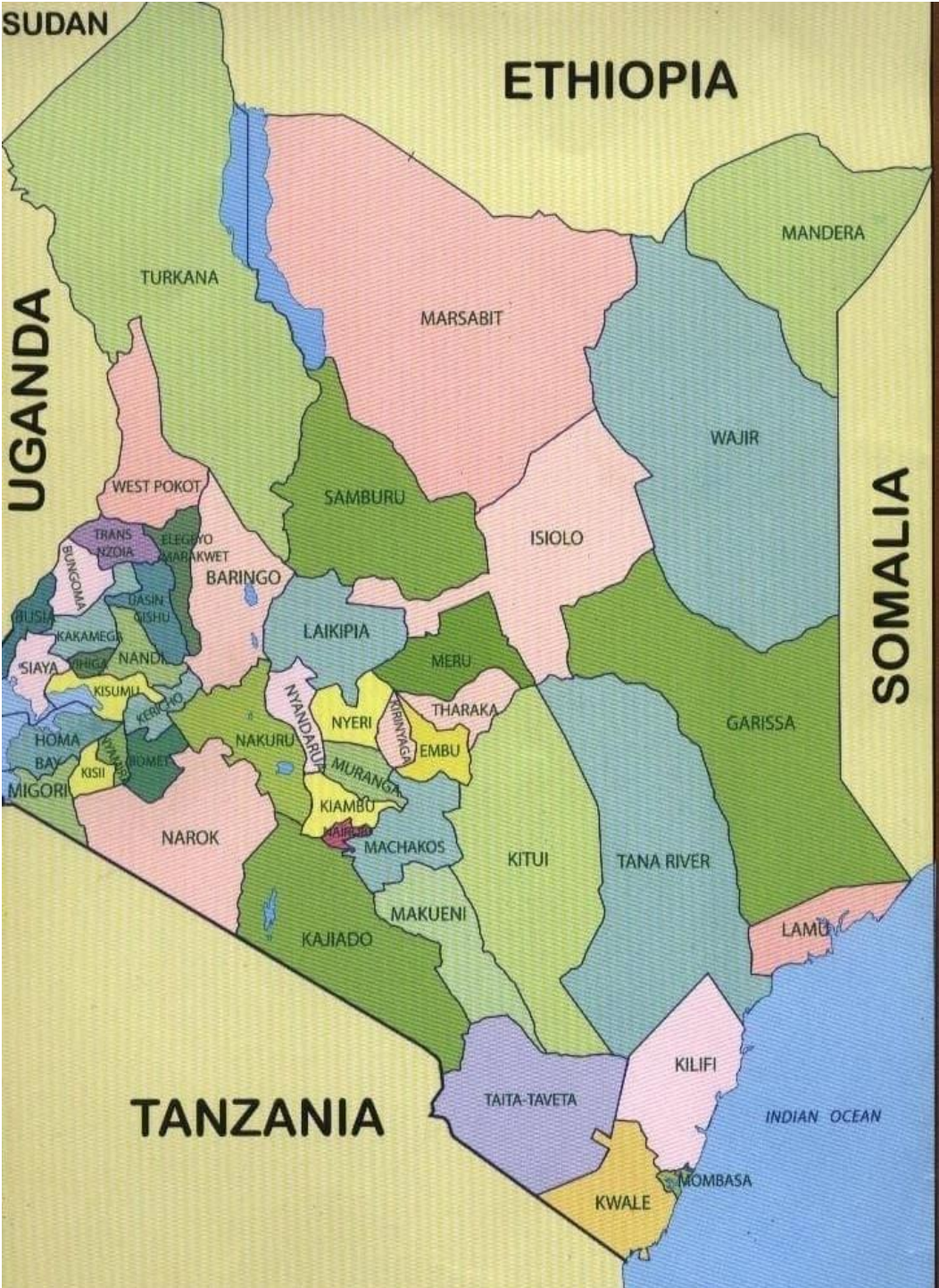
**CONDITIONS: see back page**

**CONDITIONS**

1. The License is valid for the proposed research, location and specified period.
2. The License and any rights thereunder are non-transferable.
3. The Licensee shall inform the County Governor before commencement of the research.
4. Excavation, filming and collection of specimens are subject to further necessary clearance from relevant Government Agencies.
5. The License does not give authority to transfer research materials.
6. NACOSTI may monitor and evaluate the licensed research project.
7. The Licensee shall submit one hard copy and upload a soft copy of their final report within one year of completion of the research.
8. NACOSTI reserves the right to modify the conditions of the License including cancellation without prior notice.

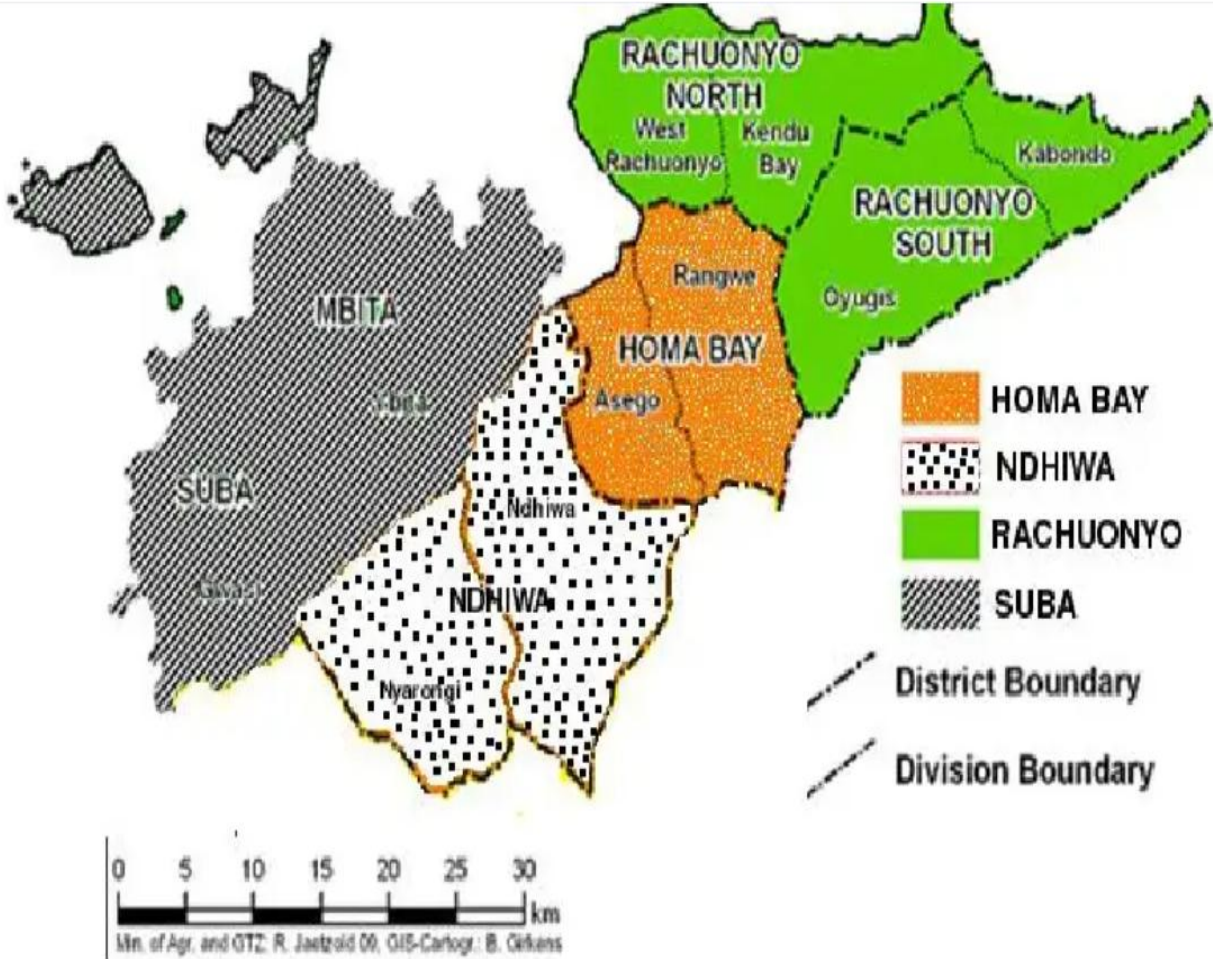
**National Commission for Science, Technology and innovation**  
P.O. Box 30623 - 00100, Nairobi, Kenya  
TEL: 020 400 7000, 0713 788787, 0735 404245  
Email: dg@nacosti.go.ke, registry@nacosti.go.ke  
Website: www.nacosti.go.ke

**APPENDIX VIII: MAP OF KENYA SHOWING HOMABAY COUNTY**



Source: Google Maps, 2019

**APPENDIX IX: MAP OF HOMABAY COUNTY SHOWING RACHUONYO NORTH  
SUBCOUNTY**



Source: Google Maps, 2019