AN EVALUATION OF THE IMPACT OF GOVERNMENT INSTRUCTIONS ON FINANCIAL MANAGEMENT IN PUBLIC SECONDARY SCHOOLS IN KENYA: A CASE OF NAKURU MUNICIPALITY.

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A Research Project Report Submitted to the Graduate School in Partial Fulfilment of the Requirements for the Award of the Degree of Master of Business Administration of the Faculty of Commerce, Egerton University

EGERTON UNIVERSITY

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DECLARATION

This research project report is my original work and has not been presented for the award of any degree or diploma in a university.

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CM11/0168/04

RECOMMENDATION

This research project report has been submitted for examination with our approval as University supervisors.

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DEDICATION

This work is dedicated to our children Billy Kipyegon, Kelvin Kiptoo, Cleophas Kipchirchir and Beverlyne Chebet who were a great source of joy and encouragement. I hope it would serve to inspire and challenge them to always aim higher

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ABSTRACT

The introduction of government financial instructions and fees guidelines in public secondary schools is aimed at enabling schools attain better efficiency in the management of the available scarce financial resources. However, little information exists on the actual impact and adherence to these instructions, and the resultant coping mechanism adopted by public secondary schools in the country. This study sought to evaluate the impact of government instructions on financial management in public secondary schools. The study adopted an *ex post facto* research design. It targeted all the head teachers of the 18 public secondary schools within Nakuru municipality. Primary data was collected through administration of a structured questionnaire to the school head teachers. The collected data were processed and analyzed descriptively using percentage, frequencies and tables with the aid of Statistical Package for Social Sciences (SPSS) version 11.5 for windows. The study finds that government financial management instructions had limited the power of the schools to arbitrarily determine and control the financing of physical facilities. The instructions regulated investment activities in the schools to avoid wastage of resources, and ensure high returns and accountability. The government instructions had well regulated staff training in the schools to match their needs and resources. The instructions had improved management, transparency and accountability in schools' recurrent expenditures. Lack of adequate resources and flexibility are the major challenges to the implementation of government financial management instructions and fees guidelines in the schools. Based on the above findings, the study recommends that there is a need to properly educate and train the head teachers (schools' chief executives) on the importance and implementation of government financial management instructions and fees guidelines. All schools should engage in income generating activities to supplement their limited financial resources in order to effectively implement the government instructions. Finally, the government instructions are supposed to be flexible in order to take into account the differentiation amongst schools.

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LIST OF ABBREVIATIONS AND ACRONYMS

BoG:	Board of Governors
GNP:	Gross National Product
HELB:	Higher Education Loans Board
JAB:	Joint Admissions Board
MoE:	Ministry of Education
PTA:	Parents Teachers Association
SAPs:	Structural Adjustment Policies
SPSS:	Statistical Packages for Social Sciences
TIQET:	Totally Integrated Quality Education and Training
UNESCO:	United Nations Educational, Scientific and Cultural Organization
USA:	United States of America

CHAPTER ONE: INTRODUCTION

1.1 Background to the Study

The growing demand for education and increased literacy levels has led to massive expenditure on education all over the world. Education in developing countries is the key to any meaningful socio-economic development and reduction in poverty level. According to UNESCO (1961), African countries resolved to provide free, universal and compulsory primary education, increase secondary education by 30 percent of the children who complete primary education, increase higher education by 20 percent of students who completed secondary education, and improve the quality of schools and universities. In order to provide education opportunities to their citizens, developing countries have had to increase their public expenditure on education, which at times exceeds the overall growth in gross national product. This normally exerts a lot of strain on other sectors of the economy. It is therefore important to control the expenditure on education so as to achieve balanced growth in all sectors of the economy.

In Kenya, the government spends about 40 percent of its budget on education (Republic of Kenya, 1999). Education in public secondary schools in the country is offered on a cost-sharing basis between the government and parents and/or guardians. Public financing of education is growing in its importance as the country struggles to improve its socio-economic development. The education system consists of eight years of primary education, four years of secondary education and four years of university education. The country has got about 4,000 public secondary schools and 17,600 primary schools. However, only half of the over 500,000 students graduating from primary education each year gain access to secondary schools (World Bank Group, 2004).

Primary school education is fully funded by the state through the free primary school education programme. This has led to a sharp increase in the student enrollment at the primary and secondary school levels (World Bank Group, 2004). Up to 1995, public secondary schools were funded by the government to cover for expenses such as boarding facilities, learning materials, transport, water and electricity, personal emoluments and development. Development funds were disbursed for specific projects that the schools asked for funding from the Ministry of Education. At the moment, the government only provides salaries for teachers in public secondary schools. This represents less than 60 percent of the actual amount required for efficient operation and management of these schools. The parents and/or guardians are supposed to raise the remaining balance and meet the operating and development costs of the school. The funds received from parents are managed by the school. Auditors from the ministry of education only visit the school to audit the accounts (Eshiwani, 1993).

Financial management in learning institutions is concerned with cost of education, sources of income to meet the costs and the spending of the income in an objective manner in order to attain the educational objectives. Education is a consumption as well as an investment which involves human capital by society (Okumbe, 1998). Education assists people to acquire knowledge, skills and attitudes that can enable them to play an active role in development activities, social cohesion and technological innovations (World Bank Group, 2004).

Cost-sharing in public secondary schools and the hard economic times facing parents/guardians has constrained the amount of resources available, investment and development in schools. There is, therefore, a need for proper management of the limited financial resources and development projects in the schools. Knowledge of proper financial management of resources in the provision of adequate teaching and learning facilities is necessary in order to improve the quality of education in schools. In most cases poor quality learning and dismal performances in national examinations have always been blamed on low financial income or poor management of financial resources (Republic of Kenya, 1998). Towards this end, the governments of Kenya in the year 2003 issued new Financial Management Instructions and Fees Guidelines for public schools to effectively and efficiently manage the limited resources in the schools. The instructions have had significant impacts on various financial obligations of the schools, which in turn, forces school management to adopt a number of coping strategies that can enable them meet the conditions of the government and at the same time run the school. The impact of the instructions and the kind of coping strategies adopted determine the level of efficiency in the utilization and allocation of resources in the schools.

Public secondary schools in Nakuru Municipality have not been spared of the Government's new Financial Management Instructions and Fees Guidelines. The schools are expected to implement these instructions and guidelines in their financial resource management. The Municipality has experienced a tremendous growth in the number of public secondary schools since the year 2000. Table 1 summarizes the growth of public secondary schools and number of students' enrollment between the years 2000 and 2005 in Nakuru Municipality.

Table 1: Growth of secondary schools and students enrollment (2000-2005)

Year	*No. of schools*	*Girls*	*Boys*	*Total*
2000	14	2961	2904	5865
2001	15	3071	3084	6155
2002	15	3285	3974	7259
2003	15	3415	3982	7397
2004	17	3885	3971	7856
2005	18	3974	4092	8066

Source: Nakuru Municipal Council Education Office, 2006

Table 1 indicates that number of public secondary schools in Nakuru Municipality had been increasing from 14 in the year 2000 to 18 in 2005, representing a 28.5 percent increase. The same period of time witnessed an increase in students' enrollment from 5865 in the year 2000 to 8066 in 2005, representing a 37.5 percent increase. The increase in the number of schools and students' enrollment therefore calls for efficient financial management of the schools, and if possible adoption of effective coping mechanisms in order to adhere to the new Financial Management Instructions and Fees Guidelines by the government. However, little information is known about the actual impact and adherence to these financial management instructions and fees guidelines, and the resultant coping mechanism adopted by public secondary schools in the country. It was therefore imperative to evaluate the impact of government instructions on financial management in public secondary schools in the country using a case study of Nakuru Municipality.

1.2 Statement of the Problem

The socio-economic and political development of the country depends on access to and quality of educational opportunities. The quality of education in turn depends on proper financial management of the limited financial resources available in the schools. This has led the government to introduce financial management instructions and fees guidelines to guide in efficient utilization and allocation of resources in public secondary schools. However, little information exists on the actual impact and adherence to these instructions, and the resultant coping mechanism adopted by public secondary schools. This study sought to provide some insights into these and other related issues concerning financial management in public secondary schools in the wake of limited government budgetary allocation to schools.

1.3 Objectives of the Study

This study sought to evaluate the impact of government instructions on financial management in public secondary schools. In order to achieve this broad objective, the following were the specific objectives of the study:

i) Assess the impact of government financial management instructions on financing of physical facilities in secondary schools.
ii) Assess the impact of government financial management instructions on investment activities by secondary schools.
iii) Assess the impact of government financial management instructions on financing of staff training in secondary schools.
iv) Assess the impact of government financial instructions on recurrent expenditure in secondary schools.
v) Establish the challenges facing public secondary schools in implementing the government financial instructions.

1.4 Research Questions of the Study

In order to effectively answer specific objectives, the study was guided by the following research questions:

(i) What is the impact of government financial management instructions on financing of physical facilities in secondary schools?

(ii) What is the impact of government financial management instructions on investment activities by secondary schools?

(iii) What is the impact of government financial management instructions on financing of staff training in secondary schools?

(iv) What is the impact of government financial instructions on recurrent expenditure in secondary schools?

(v) What are the challenges facing public secondary schools in implementing the government financial instructions?

1.5 Significance of the Study

In order to efficiently and effectively utilize and allocate the limited financial resources available in public secondary schools, detailed studies are needed to evaluate the financial management programme of these schools. This study aimed at establishing how public secondary schools were coping with the government financial management instructions. This was crucial in understanding the extent to which the schools adhere to these instructions, the impact associated with the instructions and challenges facing schools in implementation of the instructions. The study helps in providing information that can be useful in redesigning and strengthening of school financial management programmes by those concerned including the ministry of education, administrators of the schools, parents, community and students. The findings of this study enlightens the schools' management boards on better management of their resources and shed light on competencies of managers of the resources in secondary schools in the study area, and the country at large. The government policy makers could use the findings in evaluating the effectiveness of the instructions in public secondary schools in Kenya.

1.6 The Scope of the Study

The study focused on how public secondary schools are coping with the government financial management instructions in Nakuru Municipality of Nakuru district. Nakuru Municipality was chosen as a research site because public secondary schools in the area, like in all other parts in the country, have to implement the government financial instructions and fees guidelines as directed by the Ministry of Education. The study involved all the head teachers of the 18 public secondary schools in the municipality. These schools had a total population of 8066 students (4092 boys and 3974 girls) in the year 2005 (Nakuru District Education Office, 2006). It covered financial information for the period between the years 2000-2005. This is because the instructions were introduced in the country in 2003 and therefore the period included three years (2000, 2001 and 2002) before and three years (2003, 2004 and 2005) after the introduction.

1.7 Limitations of the Study

In undertaking this study, a number of limitations were encountered which impeded effective answering of the research questions. The first limitation in this study was attributed to authentication of the financial information given by the respondents. Revealing of financial management practices and information was viewed with suspicion as some of the respondents were not willing to release information fearing that that it could reveal their malpractices and weaknesses. However, emphasis was placed on the audited and authenticated accounts of the schools by the government.

The second limitation was attributed to the sample size and generalization of the findings. There are very many public secondary schools in the country. All of them are expected to have implemented financial management instructions and fees guidelines as directed by the government through the Ministry of Education. Therefore, effective evaluation of the impact of the government financial management instructions and fees guidelines in the country required a consideration of all the schools. However, due time, manpower and financial resource constraints, it was impossible to cover all the schools in the country. This meant that only a small sample of the schools could be involved. Thus, the 18 public secondary schools in Nakuru Municipality which are a very small fraction of the total number of schools in the country were involved in this study. However, since Nakuru is the most cosmopolitan district in the country, the findings of this study can therefore be generalized to all secondary schools in the country.

1.8 Assumptions of the Study

The study was based on the following assumptions:

i. All public secondary schools had implemented the government financial management instructions and fees guidelines.

ii. These financial management instructions had affected schools financial and project development management practices.

iii. Schools had adopted coping mechanisms to suit the instructions and at the same time continue undertaking development projects and other day to day operations.

1.9 Definitions of Terms

In this section, operational definitions are presented as used within the context of this study.

Adoption: The utilization of the coping mechanisms/strategies in schools.

Board of governors: Members of the public appointed by the school and Ministry of Education to oversee and assist the Head teachers in the management of public secondary schools.

Coping: Capacity to survive within the prevailing government financial management instructions.

Coping mechanism/strategies: Response to a change in financial management or decline in government funding in public secondary schools.

Ex post facto: A research design which brings out possible antecedents of events that have already occurred and hence cannot be manipulated

Fees guidelines: Refers to the government schedule showing the maximum amount of fees to be charged by each category of public secondary schools in the country.

Financial management: Refers to the way the schools managers maintain and keep the books of accounts.

Harambee: Refers to the raising of funds from the public and other well-wishers of public secondary schools.

Impact: In the context of this study, it refers to the implications of government financial management instructions on public secondary schools' financing of facilities, investment activities, staff training and recurrent expenditure.

Financial management Instructions: Rules and procedures issued by ministry of education for the proper and efficient management of funds in public secondary schools.

Municipality: Refers to an urban administrative area.

Public secondary school: These are schools facilitated and controlled/regulated by the government.

Secondary education: The second stage of schooling or instruction in Kenya that covers form one to form four.

Staff training: Means formal and/or informal training such as seminars and workshops sponsored by the school.

CHAPTER TWO: LITERATURE REVIEW

2.1 Financial Management in Schools

After Kenya attained independence in 1963, the government emphasized on the need to develop and expand educational opportunities in the country. This was in realization that education is an essential tool in ensuring socio-economic and political development of the country (Sifuna, 1990). Education was therefore developed from the pre-primary unit to the university levels. The aim was to enable Kenyans to effectively take over the management of the country and employment opportunities left by the departing colonialists (Republic of Kenya, 1976). For the education sector to achieve the above objectives, the government had to put various essential inputs in place including training personnel, employing the personnel, and providing physical facilities and capital to learning institutions. As a result of this rapid expansion, the education system has increased pressure on the government budget (TIQET, 1999).

Compared with other countries, Kenya spends considerably a huge proportion of its public expenditure on education in relation to the other sectors of the economy. The proportion of gross domestic product spent on education is much higher for a country at her level of per capita income; therefore, ensuring efficiency in the use of resources will inherently improve outcomes in the education sector. TIQET (1999) recommended that, Head teachers be properly prepared and equipped with the necessary institutional and financial managerial skills to enable them manage schools more effectively and efficiently. In most cases, poor quality learning and dismal performances in national examinations have always been blamed on low financial income or poor management of financial resources. (Republic of Kenya, MoEST, 1998).

2.2 Government Financial Management Instructions

The government of Kenya through the ministry of education in 2003 revised financial and accounting instructions for Educational Institutions (1991 Edition) to the current version. The purpose was to strengthen and streamline financial management practices in educational institutions in Kenya. In particular, the instructions manual:

i) Provides heads of educational institutions with a guide that will assist them in establishing systems of internal accounting and administrative controls that comply with the Government's standards for financial management.
ii) Equips auditors, inspectors, education officers and stakeholders with information and tools for evaluating the implementation of the generally accepted and laid down financial policies and regulations in educational institutions.
iii) Makes it possible for the institution's managers, heads of institutions, District Education Officers, Provincial Directors of Education and MoE to make an effective and speedy check on the rate of expenditure and proper financial control.

The manual follows a systematic flow of financial management information from planning and budgeting, through receiving, spending and recording, to reporting using specific formats provided (Republic of Kenya, 2003).

2.3 Financial Management in Public Schools

As a developing nation, Kenya has seen its education system hit by economic constraints and changes. According to Okumbe (1998), financial management in education deals with the cost of education and sources of income to meet the educational costs. It is also concerned with the spending of income in an objective, efficient and effective manner in order to adhere to educational objectives and beliefs. In 1988, the Government of Kenya under the Structural Adjustment Programme implemented the cost-sharing policy in the provision of the social services including education. Although the policy was meant to revitalize planning and management of education, it created the following problems.

i) Control on the amount of fees to be charged were removed and it became the prerogative of the school Head -teachers to determine the amount of fees. This resulted in public secondary school fee levies varying widely.
ii) The government's role became increasingly limited to provision of teachers' salaries through Teachers Service Commission which took up to 90 percent of the recurrent expenditure for the education.
iii) Lower enrolment rate and increased drop-out rates in schools.

iv) The policy increased inequalities as regions with 'nothing to share' were unable to contribute to educational development.

The combined effects of the above factors and especially lack of control by the ministry of education, made education, both in primary and secondary school levels un-affordable to many parents. The situation was made worse by the fact that although many parents complained of mismanagements of school funds, very few corrupt or inept head teachers were disciplined. The result was that most finances raised from parents did not in the final analysis improve the quality of teaching or students welfare (TIQET, 1999). It is in secondary schools where an annual turnover of over ten million Kenya shillings are managed by accounts clerks, and some head teachers have little knowledge in financial management.

The same managers may not have skills in project management, though they are charged with planning and implementing expensive projects in schools. These projects normally collapse due to poor supervision and misappropriation of funds. To this end, the Government in 2003, reviewed and released financial management instructions for educational institutions to manage their resources efficiency.

2.4 Effects the Instructions on Financing of Physical Facilities Projects

More often than not poor quality of learning is attributed to inadequate facilities and dismal performance in national examinations has always been blamed on inadequate finances or poor management of resources (Republic of Kenya, Development Plan 1979-1983). However, according to Mwiria and Mulati (1994), the relationship between quality and resource allocation is not unambiguous. The concept of quality and accountability in education is not an easy one and no simple criterion can be established to ensure adherence to rigorous professional and academic standards. Therefore, the impact of financial resources and their management was not clear. The study therefore sought to find out how and to what extent the development of physical facilities in public Secondary schools was affected by the current government financial instructions.

UNESCO (1988) observes that more funding of education is required not only to provide access to education but also to ensure same access is meaningful. Republic of Kenya, (2003) centered on the effects of product financial management of scarce resources which necessitated many other significant inputs in education be investigated against the quality of teaching and learning in public secondary schools.

Head teachers of schools should help parents through the BoGs in identifying and costing of projects in schools. But however, according to Olembo (1992), this may not be practical in most cases as some head teachers may lack even the basic accounting knowledge. When the current accounting instructions came into effect in 2003, the situation worsened as most head teachers became reluctant to suggest and implement any development project because of fear of being on the wrong

2.5 Effects of the Instructions on Investment Activities

The government funding in public secondary schools is normally spent on payment of teachers' salaries and allowances. Expenditure for schools' operation and development costs is met by parents through fees charged. Some needy students meet part of their fees through work-study by working in school farms ant other activities. However, Chiuri and Kiumi, (2005) state that since the introduction of free primary education in 2003, the burden on parents has drastically reduced and most parents are now able to pay for their children's fees in secondary schools.

Okumbe (1998) noted that educational institutions are expected to be involved in income generating activities which enable them to earn supplementary sources of income necessary for their daily financial commitment as a result of the central government's reduction of its financial assistance to secondary schools. These institutions must open income generating accounts where all income generating activities are to be carried out. Most public secondary schools are endowed with opportunities for raising extra funds through investment for example school farms, investing in shares and other income generating projects. The expected incomes and expenditure on the financing of these investment activities must be clearly stated in budget. The estimates of the receipts and expenditures should be listed in accordance with account classification of accounting system recommended by the ministry of education.

Republic of Kenya through the Ministry of Education in its Handbook of Financial Management Instructions for Educational Institutions (2003), stipulate that reasonable care must be taken by the accounting officers in financing of any income generating activity so that loses does not arise. The instructions therefore may keep off the schools from financing any investing activities due to fear of any future resulting loses. But Okumbe (1998) cited that a balanced budget is a well proportioned one in which no phase of the school system receives more or less than it needs; he goes on to say that the modern concept of a balanced school budget ensures the balancing of educational plan along with expenditure and receipts.

2.6 Effects on Financing of Staff Training in Secondary Schools

In a developed Country such as the U.S.A, public colleges and universities may generate as much as 30 percent of their income requirements from income producing enterprises and voluntary contributions (The Almanac of Higher Education, 1994, p.76) Educational institutions must at all times have a plan for training its staff on regular basis since teaching changes with time. For Kenya to be industrialized by the year 2020, educational institutions must have staff members with strong technological orientation. Training staff is a cost attached and therefore, educational institutions must budget for their staff training needs

2.7 Effects on Recurrent Expenditure

The growth in demand for education and the resultant cost of providing educational opportunities have been increasing with time. World Bank studies (1980) indicate that the percentage of G.N.P. devoted to education in developing country rose from 2.3 percent in 1960 to 3.9 percent in 1974. Ayot and Briggs (1992) stresses that the whole questions of the benefits occurring from educational investments should be reviewed and state spending on education reduced and at the same time, the world recession and the accompanying inflation have necessitated the state to cut spending on education in many countries bearing in mind the cost benefit analysis.

Fee-paying by students is a common feature in private school systems. However, in Kenya and other developing nations, students pay fees even in public secondary schools and state universities and the government supplements by paying staff salaries. In Kenya, for example, the government pays part of the tuition fees for J.A.B. admitted students in the universities through Higher Education Loans Board (H.E.L.B.).

In 1963, the ministry of education in Kenya spent £46 million on education representing 18 percent of the total budget, this rose to £277 million in 1985 representing 35 percent of the budget. According to the Republic of Kenya New 8:4:4 Plans for Education (1985), more responsibilities for financing education will be left to parents particularly in the area of development expenditure i.e. building classrooms, laboratories and teacher's houses. The plan goes on to state that the government will institute 'cost-sharing' measures with the local community through harambees arranged by the PTAs. However according to Abagi (1999), the government, communities and donors will have to take over the responsibilities of supplying basic learning materials like text books and science learning equipment in the first 10 years of learning. This will reduce the cost burden on parents thus motivating them to send their children to school and or retain them there. These measures have a direct implication on the cost and financing of education therefore a systematic study on the efficient usage of available resources was necessary to ensure that the funds will be effectively used to enhance and improve education.

The Ministry of Education introduced bursary scheme as one of the safety-nets to cushion the poor and the vulnerable groups against the consequent adverse effects of cost-sharing in education. However, according to Njeru and Orodho (2003), the bursary scheme remains ineffective to implement at secondary school education level due to poor quality of service, bad governance and management weaknesses. The study also asserts that the cost-sharing strategy has had a negative impact on the poor and vulnerable households.

2.8 Conceptual Framework

This study conceptualized that all public secondary schools in the country were implementing the government financial management instructions on how to efficiently utilize and allocate the limited resources (independent variable). These instructions had been established in the wake of limited government expenditure on education which has constrained the amount of resources in schools. The parents/guardians and the schools were supposed to look for different sources of mobilizing resources to run the schools (intervening/moderator variables) The instructions have had a significant impact/effect on various financial obligations of the schools, which in turn, forces school management to adopt a number of coping strategies that can enable them meet the conditions of the government and at the same time run the school (dependent variables). The impact of the instructions and the kind of coping strategies adopted determined the level of efficiency in the utilization and allocation of the scarce resources in a school. The above interrelationships can be illustrated in Figure 1 which guided this study.

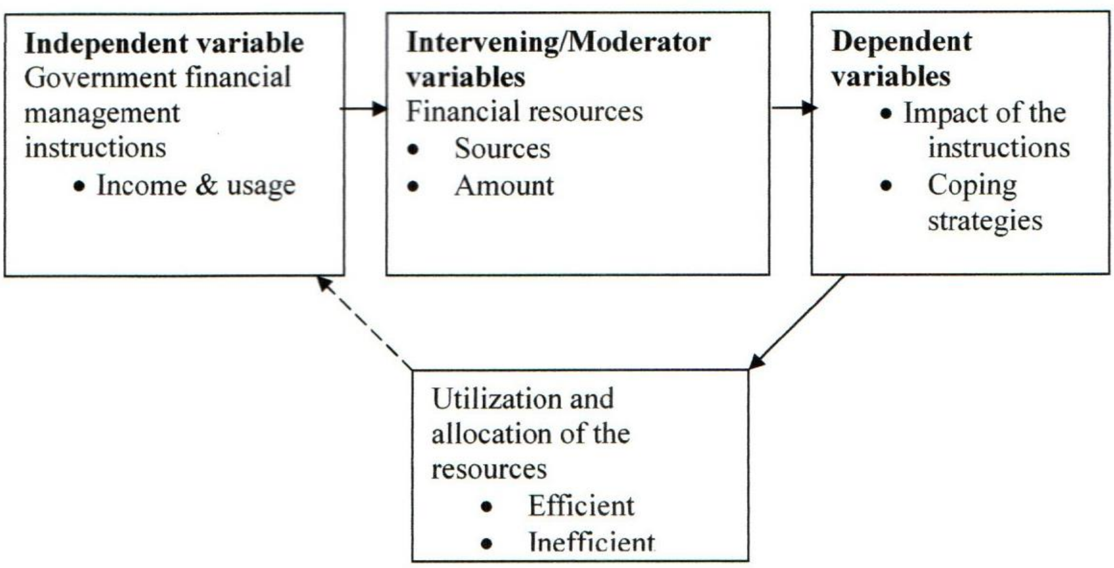

Figure 1: Impact of government financial instructions in secondary schools

Source: Author, 2006

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Research Design

This study adopted an *ex post facto* research design. This is a research design which brings out possible antecedents of events that have already occurred and therefore cannot be manipulated. This means that the researcher investigates possible cause-and-effect relationships by observing an existing condition or state of affairs and searching back in time for the plausible causal factors (Kerlinger, 1973). In this study, the independent variable (government financial management instructions and fees guidelines) had already been implemented in all the schools and the research started with the observation of the dependent variable (impact of the instructions). The study proceeded to study the independent variable in retrospect for their possible relationship to, and effects on, the dependent variable.

3.2 Location of the Study

The study was conducted in Nakuru municipality of Nakuru District, Rift Valley province. The municipality is the headquarters of Nakuru district and Rift Valley province. Nakuru Municipality was chosen as a research site because public secondary schools in the area, like in all other parts in the country, have to implement the government financial instructions and fees guidelines as directed by the Ministry of Education.

3.3 Target Population of the Study

The target population for this study included all the head teachers of the 18 public secondary schools within the municipality. The municipality had 18 public secondary schools with a population of 8066 students (4092 boys and 3974 girls) in the year 2005 (Nakuru District Education Office, 2006).

3.4 Data Collection and Tools

Primary data was collected through administration of a structured questionnaire with the head teachers of all the 18 public secondary schools in the area. In a structured questionnaire, the questions, their wordings and sequence are fixed and identical for all the respondents. This had the advantage of eliciting standard answers to questions, making it possible for comparisons to be made between sets of data. The questionnaire elicited information on school finances, sources of finances, development projects, and financial management including general book keeping, procurement procedures, choice and prioritization of the projects, budgeting, expenditure and internal accounting, management control systems. The instrument also sought information on government financial management instructions including their impacts and the way the schools were coping with the instructions.

Experts from the faculty of commerce at Egerton University and a data analyst were consulted and they gave their opinion on the validity of the instrument used in data collection. The questionnaire was then piloted in two schools in Nakuru District but outside the Municipality, the objective of piloting was to allow for modifications of various questions, therefore the questionnaire used in the collection of data captured the concept measured from the field and answered the objectives of the study. All the questionnaires were dropped at the respective head teachers' offices of public secondary schools in Nakuru Municipality and were picked one month thereafter when they had been dully completed.

Secondary data was also collected to supplement the primary data. These data was collected from documented information on financial management in school and the government financial instructions. Sources of this information included school accounting records, government offices and libraries (books, journals, theses, periodicals, and other publications).

3.5 Data Analysis and Presentation

Data collected was processed and analyzed to facilitate answering the research objectives and hypotheses. This was done using descriptive analysis (percentages, frequencies and tables) to summarize and organize data and to describe the characteristics of the population. It was done with the aid of a computer program - Statistical Package for Social Sciences (SPSS) version 11.5 for windows.

CHAPTER FOUR: RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents a discussion of the research results. The discussion addresses the research objectives of the study which included:

i) Assess the impact of government financial management instructions on financing of physical facilities in secondary schools.
ii) Assess the impact of government financial management instructions on investment activities by secondary schools.
iii) Assess the impact of government financial management instructions on financing of staff training in secondary schools.
iv) Assess the impact of government financial instructions on recurrent expenditure in secondary schools.
v) Establish the challenges facing public secondary schools in implementing the government financial instructions.

The data collected on these objectives were analyzed descriptively with the aid of a computer statistical programme known as Statistical Package for Social Sciences (SPSS) version 11.5 for windows.

4.2 Demographic Characteristics of the Study Area and Respondents

This section focuses on the demographic characteristics of the public secondary schools and the respondents. Such a profile is important in providing a basis for a clear understanding of the respondents and the study area included in the study and analyses of other results that shall follow. The demographic information considered includes type, category of schools and the number of students; gender, professional status and experience of the head teachers.

4.2.1 Type and Category of Schools

The study involved all the 18 public secondary schools in Nakuru Municipality. Out of the 18 schools, 15 were mixed schools, 2 were girls' schools, while 1 was a boys' schools. However, Nakuru High School which was the only national school in the area was in the process of dividing into two to include Nakuru Boys and Nakuru Girls by the time of the interview. It was therefore treated as one school. All Head teachers from all public secondary schools within Nakuru Municipality completed the questionnaires and were therefore included in the study and analysis. The schools had varying number of students' enrolment with the smallest having 138 students, while the largest had 628 students.

4.2.2 Qualification and Experience of Head Teachers

The Government of Kenya through the Ministry of Education encourages teachers, both males and females to continuously further their education in the teaching profession. The level of education is usually used as criteria for promotions in schools and other institutions of learning. The 18 head teachers, who included 10 male and 8 female, were asked about their professional qualifications in teaching. Figure 2 shows the professional qualification distribution of head teachers by gender.

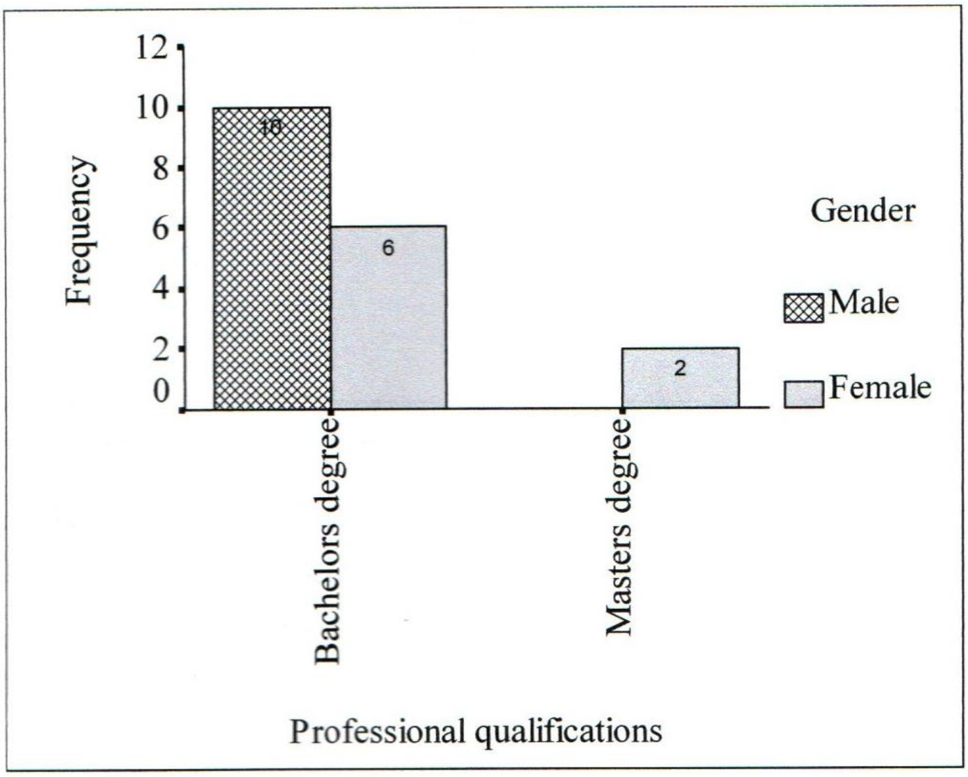

Figure 2: Professional teaching qualifications of the head teachers by gender

Figure 2 shows that all the ten male head teachers had Bachelors degree qualification in education, six of the eight female head teachers had Bachelors degree, while two had a Masters degree in education. This shows that the head teachers had sufficient professional teaching qualifications to undertake their teaching responsibilities and meet the educational needs of students at that level. Efficiency in teaching and handling of students' academic needs and their administrative responsibilities of the school also depends on the experience of the teachers concerned. The study established that the head teachers had a teaching experience of between 12 and 23 years at the secondary school level. Table 2 summarizes the number of years that the respondents had served in the capacity as head teachers.

Table 2: Number of years served as a head teacher

Number of years	*Frequency*	*Percent*
Less that one	1	5.6
2	2	11.1
3	5	27.8
4	2	11.1
5	2	11.1
6	3	16.7
7	2	11.1
8	1	5.6
Total	18	100.0

Table 2 indicates that 94.4 percent of the head teachers had served for at least two years as head teachers of their respective schools. Such a wide teaching and administrative experience suggests that the respondents had been teaching for a long time and are able to adequately understand the academic needs of the students, administrative needs and challenges of secondary schools and how to handle them.

4.3 Financial Management

This section focused on the financial management of the public secondary schools in Nakuru Municipality. Such a profile is important in providing a basis for a clear understanding of the financial management of the schools involved in the study and influences analyses of other results that shall follow based on the study objectives. The information on financial management of the schools included the qualifications of the school head teachers in financial management, school fees, other sources of funds and internal control systems.

4.3.1 Qualifications of Head Teachers in Financial Management

In Kenya, the Ministry of Education has given school head teachers, by virtue of their positions, the authority and responsibility to implement government educational policies and directives. Therefore, effective implementation of the government financial management instructions and fees guidelines in secondary schools in the country will to a large extent depend on the level of training and understanding of financial management by the head teachers. Head teachers who have adequate knowledge and understanding of financial management are better placed to effectively manage school financial matters than those without. In this study, the 18 head teachers of public secondary schools in Nakuru Municipality were asked whether they possessed any professional qualifications in accounting or finance. Figure 3 summarizes their responses.

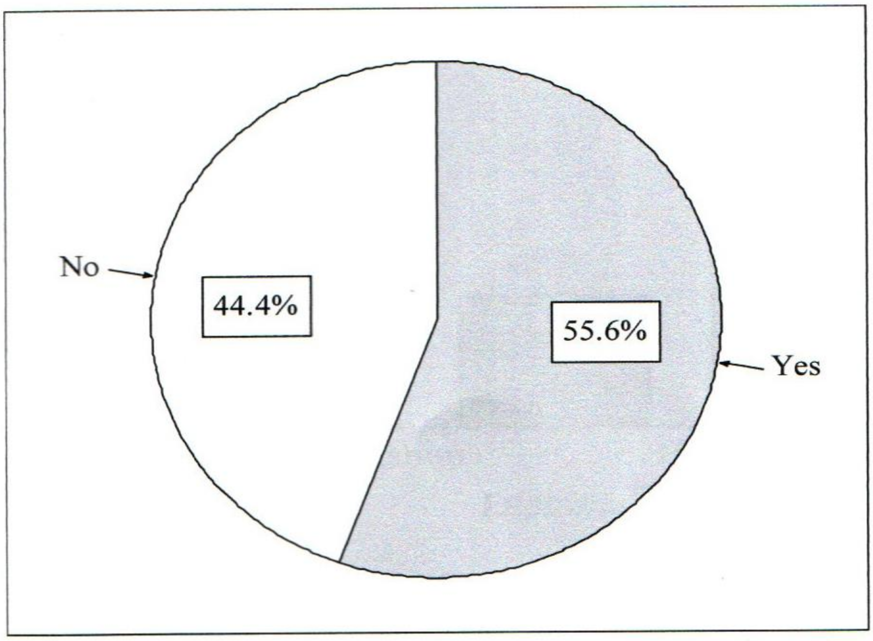

Figure 3: Professional qualifications in accounting or finance

Figure 3 indicates that 55.6 percent (10) of the respondents had professional qualifications in accounting or finance, while 44.4 percent (8) did not. This suggests that only a small majority of the head teachers had professional qualifications in accounting/finance to enable them adequately understand and manage school financial matters. Head teachers who had such training were more likely to be aware of the consequences of their financial responsibilities and actions in the school. These head teachers were more likely to make proper and well-thought financial decisions in their schools. TIQET (1999) concurs with this by recommending that head teachers be properly prepared and equipped with the necessary institutional and financial managerial skills to enable them manage schools more effectively and efficiently. MoEST (1998) supports this by attributing poor quality learning and dismal performances in national examinations, in most cases, to poor management of financial resources in schools. Figure 4 summarizes the level of training of the 10 head teachers with professional qualifications in accounting or finance.

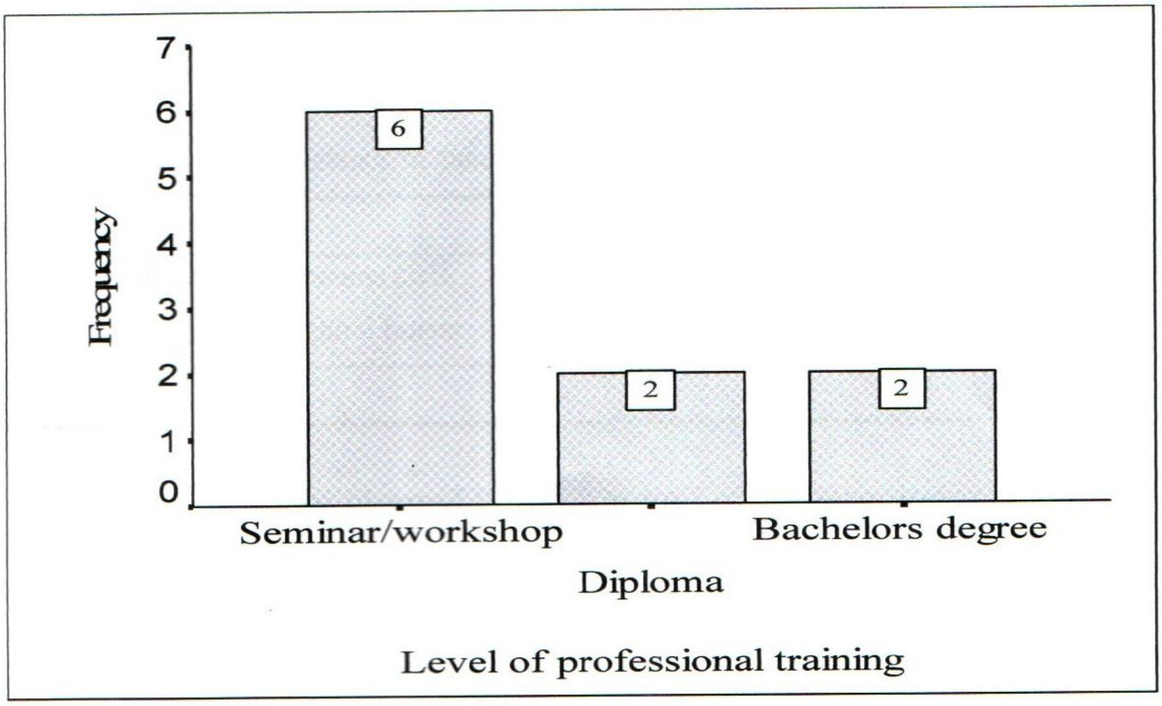

Figure 4: Level of professional training in accounting or finance

Figure 4 indicates that 6 (60 percent) of the 10 head teachers had attained their qualifications in accounting or finance through attending seminars and workshops. This 60 percent reported that they attended seminars and workshops on accounting or finance because they did not study any business-related course(s) during their teacher training. The remaining 20 percent each had diploma and degree level of training in accounting or finance, respectively. The study also revealed that the four head teachers with diploma and degree level of training in accounting or finance took business-oriented courses during their teacher training. This suggests that the 10 head teachers were expected to adequately and properly manage their school accounting or financial system.

Head teachers without any professional training in accounting or finance were more likely to either depend on other people's assistance in making financial decisions or make such decisions on their own without adequate considerations of their ramifications. This study therefore sought to establish who assisted the 8 respondents without professional qualifications in handling accounting or financial matters in their schools. Table 3 summarizes their responses.

Table 3: Sources of assistance in handling accounting or finance matters

Source of Assistance	Frequency	Percent
School bursars and accounts clerk	6	75.0
District auditors and school bursar	2	25.0
Total	8	100.0

From Table 3, it can be observed that 75.0 percent of the respondents relied on their school bursars and accounts clerks in handling accounting or financial matters concerning their schools. According to the Ministry of Education, all school bursars and accounts clerks are supposed to have professional qualifications in accounting or finance. This suggests that the bursars and accounts clerks in the six schools were in a better position to give their head teacher professional assistance in handling accounting or financial matters. However, a part from the professional qualifications, the ministry has not established a clear policy on the criteria of employing the school bursars and accounts clerks. This therefore gives the head teachers and school management a unilateral opportunity to appoint the two officers as long as they possess the required professional qualifications in accounting or finance. With this kind of appointment there is usually the possibility of the head teachers and school management basing their criteria more on personal preferences and connections. A school may end up selecting somebody who is not suited for the job at the expense of another qualified and suitable person. Such bursars and accounts clerks appointed because of their connections owe their loyalty to whoever employed them, and can easily be manipulated in their work. They can not therefore be relied upon to give professional and unbiased assistance to the head teacher. The remaining 25 percent of the respondents relied on the assistance of the district auditors and the school bursars in handling accounting or financial matters concerning their schools. Using the auditors who are not part of the school financial management team was more likely to guarantee good and professional assistance to the head teachers.

4.3.2 School Fees and Other Sources of Funds

In the financial management instructions and fees guidelines, the government has specified the amount of fees that every school in the country should charge its students depending on the type (boarding and day) and location (rural and urban). The fees guidelines have factored in the economic situations of the country and the needs of schools for effective service delivery. In this study, the respondents were required to rate their level of fees in comparison with the government stated fees guidelines. Figure 5 depicts their fees ratings.

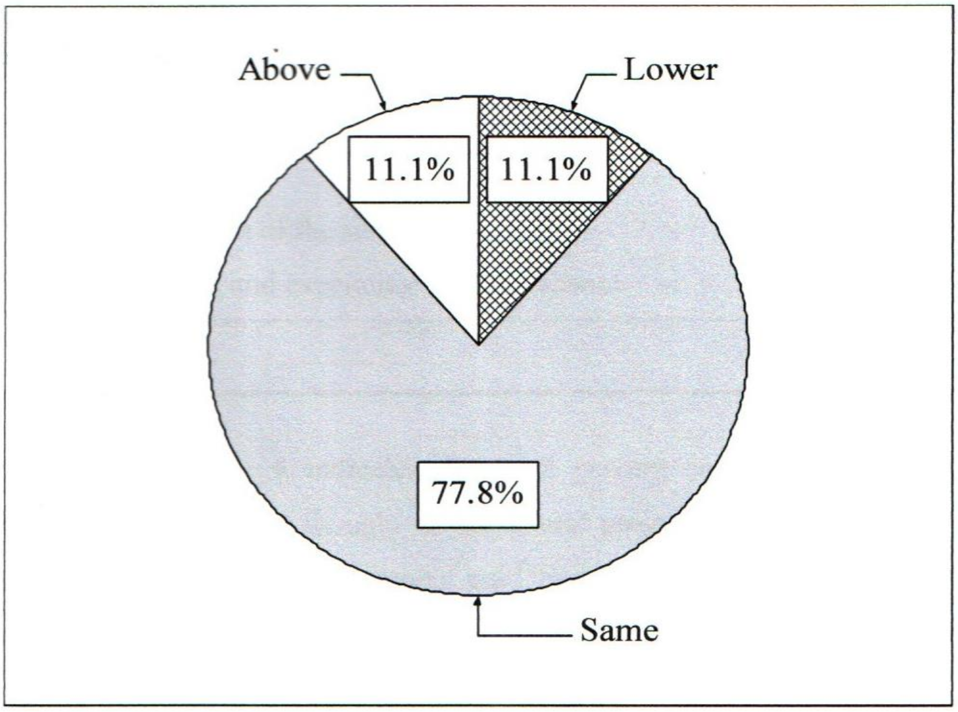

Figure 5: Comparison of school fees and government stated fees

Figure 5 indicates that 14 (77.8 percent) of the schools charged fees as stated in the government fees guidelines. This suggests high level of compliance with the government fees guidelines. This was attributed to the fact the respondents indicated that they had no otherwise but to follow the government guidelines and feared the sanctions put in place for disobedience. They also noted that the government stated fees had taken into consideration all the needs of the schools. Two (11.1 percent) of them charged lower fees than the government stated fees. This was attributed to the status and location of the two schools. They were still very young and located in remote areas whose population is of low income earners. The head teachers therefore reported that their fee level reflected the ability of their targeted parents/guardians to afford. They were also using the fees to attract more students and get started. The remaining 11.1 percent charged fees above the government stated level. They reported that their fee level took into consideration the expenditures and needs of the schools which were slightly above the government stipulated fee level. The study established that the schools considered a number of factors in determining the exact amount of fees to charge. Table 4 summarizes these factors.

Table 4: Determinants of the amount of fees charged

Determinants	*Frequency*	*Percent*
Government guidelines	8	44.4
Projects and expenditures of the school	6	33.3
Government guidelines and expenditures of the school	4	22.2
Total	18	100.0

An examination of Table 4 indicates that 44.4 percent considered government fees guidelines only, 33.3 percent thought of the school projects and expenditure in a year, while 22.2 percent combined government guidelines and the expenditure of the school. When the government introduced a cost-sharing policy in public schools, the idea was that parents and the schools were supposed to come up with their own sources of funds to finance school expenditures. In this study, the school head teachers were asked about other channels that their schools used in raising funds in addition to school fees. Table 5 depicts their responses. Note that some schools had more than one source of funds and therefore the percentage of each source was measured out of 18 respondents accordingly.

Table 5: Other sources of school funds

Sources	Frequency	Percentage of 18
CDF and bursary funds	8	44.4
Income generating activities/units	8	44.4
Voluntary contributions and donations	6	33.3
Harambee	2	11.1

Table 5 indicates that the common sources of funds were the constituency development funds (CDF) and bursary funds, engaging in income generating activities, and voluntary contributions and donations. The constituency development and bursary funds were devolved funds channeled by the government to all constituencies in the country. The constituency committees governing these funds at times allocated monies to some schools in the area. Voluntary contributions and donations came from well-wishers, members of the community and former students of the schools. Two schools reported that they conducted harambees whenever their school fees were inadequate to finance their expenses. However, the school varied in the number of other sources of funds that they used (Table 6).

Table 6: Frequency of use of other sources of funds

No. of Others Sources (X)	No. of Schools (f)	(fX)
0	1	0
1	3	3
2	8	16
3	5	15
4	1	4
Total	18	38

Table 6 indicates the majority of the schools used at least two other sources of funds to supplement school fees with a mean number of 2.11 sources. This therefore confirms that the schools have heeded to the Government's instructions that public schools raise other incomes to supplement the fees they levy by involving themselves in income generating activities.

The success of any financial management of a school will also depend on the internal control systems that have been put in place for checks and balances. The controls are used to instill efficiency, transparency, accountability and discipline among the people involved in dispensing and handling of school funds. Table 7 summarizes the internal control systems put in place in the school in the study area. Note that also some schools had more than one control system and therefore the percentage of each system was measured.

Table 7: Control systems to ensure efficient management of finances

Control Systems	Frequency	Percentage of out 18
Regular audit by the ministry	18	100.0
All expenditures authorized by BOG	12	66.7
All expenditures authorized by PTA	2	11.1

From Table 7, all the schools had their financial books and accounts audited by the Ministry of Education officials. 66.7 percent had all their expenditures authorized and approved by the Board of Governors, while 11.1 percent had PTA authorizing and approving all the expenditures.

4.4 Impact of Government Financial Management Instructions

The review of government financial management instructions and fee guidelines in the year 2003 was aimed at assisting public schools to effectively and efficiently manage their limited resources. These instructions have had a significant impact/effect on various financial obligations of public schools in the country. In this study, all the head teachers of the 18 public schools in Nakuru Municipality reported that they were aware of, followed and implemented the government financial management instructions in the schools. The study therefore sought to establish the impact of these instructions on financing of physical facilities, investment activities, financing of staff training, and recurrent expenditure in public secondary schools in the study area.

4.4.1 Impact of the Instructions on Financing of Physical Facilities

The first objective of this study sought to assess the impact of government financial management instructions on financing of physical facilities in public secondary schools in Nakuru Municipality. The objective was formulated from the fact that the level of adequacy of the physical facilities in a school greatly determines the quality of learning and academic performance of the students. Therefore assessing the impact of the government instructions on financing physical facilities is very crucial. Table 8 summarizes the impact of the instructions on financing physical facilities in the sampled schools.

Table 8: Impact of the government instructions on financing physical facilities

Impact on financing physical facilities	*Frequency*	*Percent*
Slow implementations of projects	12	66.7
More accountability, transparency and maximum resource use	6	33.3
Total	18	100.0

An examination of Table 8 indicates that 66.7 percent of the sampled head teachers reported that the instructions had slowed the implementation of physical projects in the schools. The respondents indicated that they were not comfortable with the bureaucracies and controls governing the financing of physical facilities in the schools. The instructions had limited their previous power to determine and control the financing of physical facilities in their schools. This had slowed the pace of implementation of in the schools. This suggests that either the respondents did not want to be controlled on how and when to finance physical facilities or the instructions had sealed the loop holes previously used to mismanage finance in their schools.

However, 33.3 percent of the respondents viewed the instructions as having improved accountability, transparency and maximum utilization of resources in the schools. They reported that the instructions clearly spelt out the procedures and controls used in financing physical facilities in their schools. This had limited the chances of unilateral control and mismanagement in the financing of physical facilities in schools. The people handling finances in the schools were now more accountable and transparent in the responsibilities. All these had led to maximum utilization of the limited financial resources allocated to financing physical facilities in the schools.

The above discussion implies that the government financial management instructions had varied impacts on financing of physical facilities in the sampled schools. Majority of them thought of the instructions as an impediment in the financing and implementation of physical facilities, while minority saw them as a means of improving accountability, transparency and utilization of resources in their schools. Given this situation, therefore, the study established how the schools were coping with the instructions so that they could fulfill the conditions set in the instructions and at the same time run the school efficiently. Table 9 summarizes how the sampled schools coped with the impact of the instructions on financing physical facilities.

Table 9: Coping with the instructions on financing physical facilities

Coping Mechanisms	*Frequency*	*Percent*
Implementation and completion of each project at a time	6	33.3
Prioritization of the projects	6	33.3
Initiated income generating activities/units	6	33.3
Total	18	100.0

Table 9 indicates that 33.3 percent of the respondents had resorted to implementation and completion of a project at a time. They noted that previously, schools could initiate numerous projects at the same time and this formed a breeding ground for mismanagement of finances. Therefore in order to fulfill the instructions, they implemented a project at a time. Another 33.3 percent prioritized their projects and therefore implemented only those that were of immediate and great importance to the schools. This ensured that there was no unnecessary wastage of resources on projects that were not of high demand in the schools. The remaining 33.3 percent reported that they had initiated income generating activities in their schools to supplement the limited resources in financing physical facilities. These activities included utilization of the school farm domestic and commercial use, and hiring out of the school vehicle at a fee. This enabled them to generate additional sources of funds to finance projects in their schools. Okumbe (1998) supported the involvement by schools in income generating activities to earn supplementary sources of income necessary for their daily financial commitment as a result of the central government's reduction of its financial assistance to secondary schools. However, the Ministry of Education financial management instruction for Educational Institutions (2003) stipulate that reasonable care must be taken by the accounting officers in financing of these income generating activities to avoid losses and ensure maximum returns. All the respondents in this study added that all their coping strategies were in tandem with the government instructions so as to avoid a conflict of interest.

4.4.2 Impact of the Instructions on Financing of Investment Activities

The second objective of this study assessed the impact of government financial management instructions on investment activities in public secondary schools in Nakuru Municipality. The objective was based on the fact that the introduction of cost-sharing in public schools in the country had limited the government financial support to schools. This meant that the schools were supposed to initiate investment activities as a way of generating other sources of finances to support their activities. In order to control and properly manage these investment activities in the schools, the government financial instructions have prescribed what the schools need to do. Assessing the impact of these instructions on investment activities in the schools is therefore important. Table 10 depicts the impact of the instructions on investment activities in the study area.

Table 10: Impact of the instructions on investment activities

Impact on investment activities	Frequency	Percent
Prioritize investment	10	55.6
Limited investment activities	8	44.4
Total	18	100.0

Table 10 indicates that 55.6 percent of the respondents prioritized their investment. They reported that as a result of the instructions they prioritized their investment according the expected returns. This meant that the schools were only investing in those activities and projects which carried high returns. They noted that this had been necessitated by the limited government financing of the schools as a result of the cost-sharing policy. Expenditure for school operation and development costs was now met by parents through fees charged. Okumbe (1998) supported this by observing that with the introduction of the government financial management instructions, schools are expected to invest in viable projects that could supplement their finances. The government instructions note that the expected incomes and expenditure on the financing of these investment activities must be clearly stated in budget. The estimates of the receipts and expenditures should be listed in accordance with account classification of accounting system recommended by the ministry of education.

However, 44.4 percent of the respondents observed that the instructions had limited their investment activities. They reported that the checks and balances prescribed by the government to control investment activities in the schools had limited their options to only those that were viable. This was meant to avoid investment into activities that drain school resources instead of supplementing. Out of the eight respondents, 5 viewed limited investment activities as a better way of ensuring returns and curbing wastage. The remaining 3 thought limited investment activities denied them the opportunity to diversify their investment options.

From the above discussion, government financial management instructions regulated investment activities in the schools to avoid wastage of resources, and ensure high returns and accountability. The study, therefore, went further to establish how the schools were coping with the instructions given their impact on investment activities. Table 11 summarizes how the schools coped with the impact of the instructions on investment activities.

Table 11: Coping with the impact of the instructions on investment activities

Coping Mechanisms	Frequency	Percent
Parents given more say in investment activities	8	44.4
Consult investment expert/professionals	4	22.2
None other than follow instructions	6	33.3
Total	18	100.0

An examination of Table 11 shows that 44.4 percent of the schools had given parents more power in determining and funding various investment activities in the schools. The respondents noted that through the Parents and Teachers Association meetings, the parents are asked to identify potential and viable activities that could generate extra financial resources for the schools. In identifying these activities, the parents also suggest sources of financing them. This enables the schools to invest in activities identified, agreed upon and financed by parents. 22.2 percent of the respondents consulted investment experts/professionals before investing in any activities. This was reported to ensure that the activities are viable and also comply with the government instructions. However, 33.3 percent reported that they had no option but to comply with the government instructions to the letter. Such schools were therefore not innovative in supplementing the limited school resources.

4.4.3 Impact of the Instructions on Staff Training

The third objective of this study sought to assess the impact of government financial management instructions on staff training in public secondary schools in Nakuru Municipality. The objective was based on the fact that the teaching and service delivery in schools requires that the personnel (teachers) should undergo regular training in order to update their skills and incorporate emerging issues in education. This therefore requires that the school should facilitate such training. However, the government financial management instructions regulate such training to ensure fairness and good utilization of school resources. Table 12 summarizes the impact of the instructions on staff training in the study area.

Table 12: Impact of the instructions on staff training

Impact	Frequency	Percent
Well regulated by the instructions	10	55.6
Fair distribution of training opportunities	6	33.3
Improved management of school resources	2	11.1
Total	18	100.0

Table 12 indicates that 55.6 percent of the respondents reported that staff training had been well regulated by the instructions. They noted that the regulations clearly specify the duration and number of times a staff member can go for training. This had regulated the number of staff members seek for further for training and thereby saving on resources and time in school. 33.3 percent reported that with instructions, there had been fair distribution of training opportunities for the staff. The respondents observed that the instructions regulated the number of times of training that a staff member could go for and therefore distributing training opportunities equally to all. This had curbed discriminatory demand and access to training opportunities by the staff members. The remaining 11.1 percent noted that regulating who and when to go for training had ensured good utilization and management of school resources. Teachers went for training on demand and depending on the available resources.

From the foregoing discussion, the government financial management instructions had well regulated staff training in the sampled schools to match their needs and resources. The respondents reported that all these had been possible by the schools putting in place necessary mechanism that ensured adherence to the government instruction and staff training at the same time. Table 13 summarizes how the schools coped with the impact of the instructions on staff training.

Table 13: Coping with the impact of the instructions on staff training

Coping strategies	Frequency	Percent
Encouraged internal training/seminars	6	33.3
Ration and prioritize training/seminars	4	22.2
Availing the necessary teaching resources	4	22.2
Staff funding their own training	4	22.2
Total	18	100.0

An examination of Table 13 indicates that 33.3 percent of the respondents had encouraged internal staff training and seminars. This training took place in the school and involved teachers meeting and exchanging their experiences and information amongst themselves and/or with an invited professional. Such training involved more teachers, assisted in updating their skills and was less costly. 22.2 percent reported that they had rationed and prioritized staff trainings to include only those that were necessary. This minimized the number of staff seeking for training and ensured that all had access to necessary training opportunities. The schools were therefore able to save on time and resources. 22.2 percent availed all the necessary teaching resources in the school. This also minimized the number of teachers seeking for training as all the necessary resources for effective teaching were available to them. Lastly, 22.2 percent allowed their staff to fund their own training so as to minimize on the school resources while updating the skills of teachers.

4.4.4 Impact of the Instructions on Recurrent Expenditure

The fourth objective of this study sought to assess the impact of government financial management instructions on recurrent expenditure in public secondary schools in Nakuru Municipality. The objective was based on the fact that efficient operation and management of a secondary school involved enormous continual/regular expenditure on the day to day needs and demands in the school. These expenditures, if not regulated, consume a lot of school resources and might minimize spending on other areas in the school. The government financial management instructions specify how public schools in the country should regulate recurrent expenditure so as to strike a balance between the available resources and all areas of need in the school. Table 14 summarizes the impact of the instructions on recurrent expenditure in the study area.

Table 14: Impact of the instructions on recurrent expenditure

Impact	Frequency	Percent
Well regulated and controlled expenditure	10	55.6
Curbed mismanagement and embezzlement	8	44.4
Total	18	100.0

From Table 14, 55.6 percent of the respondents reported that recurrent expenditure in their schools had been well regulated and controlled by the government instructions. This implies that the instructions had well taken care of the school recurrent needs and were easy to apply. The head teachers were therefore able to adequately meet the recurrent expenditure in the presence of the instructions. 44.4 percent of the respondents indicated that the instructions curbed financial mismanagement and embezzlement that used to characterize recurrent expenditure in their schools. This could be attributed to the checks and balances that had been put in place by the instructions. Before the introduction of the instructions, recurrent expenditure in the schools, like in all other institutions in the country, was the haven of corruption and mismanagement of resources.

The findings, therefore, shows that the government financial management instructions had well regulated recurrent expenditures in the sampled schools. However, the respondents reported that compliance with these instructions could not have been possible without putting in place a number of coping strategies to trade in between the regulations and school recurrent expenditures. Table 15 depicts the coping with the impact of the instructions on recurrent expenditures.

Table 15: Coping with the impact of the instructions on recurrent expenditure

Coping Mechanism	Frequency	Percent
Improved fee collection	10	55.6
Operate within the available resources	4	22.2
Encouraged borrowing	4	22.2
Total	18	100.0

From Table 15, it is observed that 55.6 percent of the respondents had to improve on their fee collection in order to mobilize adequate financial resources to fund the recurrent expenditure. They reported that they had to devise efficient mechanisms of ensuring that all the students paid their fees in time. They observed that maximum and adequate collection of fees enabled them to effectively meet their recurrent expenditures without compromising other areas of expenditure in the school. 22.2 percent made sure that their recurrent expenditure operated within the available resources in the schools. Therefore, they formulated their school budgets basing on the resources at their disposal. 22.2 percent noted that the instructions have encouraged them to borrow whenever their recurrent expenditures surpassed their available resources. This means that the four schools were not formulating their recurrent expenditure budgets in line with their resources.

4.5 Challenges in Implementing Government Financial Instructions

The fifth objective of this study sought to establish the challenges facing public secondary schools in implementing the government financial instructions in public secondary schools in Nakuru Municipality. Implementation of the government financial management instructions and fees guidelines has not been a smooth sailing in all secondary schools in the country. Some face enormous challenges that slow down the implementation of the instructions and therefore affect their effectiveness. In this study, Table 16 summarizes the major challenges that the sampled schools faced in the implementation of the government financial management instructions.

Table 16: Challenges in implementing government financial instructions

Challenges	Frequency	Percent
Poor response in fee payment	10	55.6
Lack of flexibility	4	22.2
Unrealistic and bureaucratic	4	22.2
Total	18	100.0

Table 16 indicates that 55.6 percent of the respondents faced poor response in fee payment as a major challenge in the implementation of the instructions. They reported that effective implementation of the instructions require availability of resources in the schools. However, with cost-sharing policy, these resources are supposed to be derived from the parents through fee payment. Economic hardship and general laxity by parents in the payment of school fee slows down the implementation of these instructions in many secondary schools. 22.2 percent noted that some aspects of the instructions were rigid and did not take into consideration the different economic situation and even location of the school. They assume all schools are the same and therefore respond to in the same manner. In addition, 22.2 percent reported that the some aspects of the instructions are unrealistic and bureaucratic. They do not treat school as a different entity also the bureaucratic process that is involved in the implementation of the instructions is at times unrealistic and unattainable.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents a summary of the findings of the study based on the research objectives, conclusions from the findings and recommendations derived from the conclusions. It also covers suggestions for further research on implementation of government financial management instructions and fees guidelines in secondary schools.

5.2 Summary of the Findings

Based on the objectives, research questions and the analysis of this study in chapter four, the following findings were established:

(i) The government financial management instructions had affected financing of physical facilities slowing the implementation of physical facilities, and improving accountability, transparency and utilization of resources in the schools.

(ii) The government financial management instructions regulated investment activities in the schools by prioritizing investments and limiting investment activities.

(iii) The government financial management instructions had led to well regulated staff training, distributed training opportunities fairly among the staff and ensured good utilization and management of school resources.

(iv) The government financial management instructions had led to well regulated and controlled recurrent expenditures, and curbed financial mismanagement and embezzlement of funds.

(v) The main challenges facing implementation of the government financial management instructions and fees guidelines included poor response in fee payment, lack of flexibility, and being unrealistic and bureaucratic.

5.3 Conclusion

Based on the summary findings, the study makes the following conclusions:

(i) The government financial management instructions had limited the power of the schools to arbitrarily determine and control the financing of physical facilities.

(ii) The government financial management instructions regulated investment activities in the schools to avoid wastage of resources, and ensure high returns and accountability.

(iii) The government financial management instructions had well regulated staff training in the schools to match their needs and resources.

(iv) The government financial management instructions had improved management, transparency and accountability in schools' recurrent expenditures.

(v) Lack of adequate resources and flexibility are the major challenges to the implementation of government financial management instructions and fees guidelines in the schools.

5.4 Recommendations

In the view of the above conclusions, this study makes the following recommendations about government financial management instructions and fees guidelines in the study area and beyond:

(i) There is a need to properly educate and train the head teachers (schools chief executives) on the importance and implementation of government financial management instructions and fees guidelines.

(ii) All schools should engage in income generating activities to supplement their limited financial resources in order to effectively implement the government instructions.

(iii) The government instructions are supposed to be flexible in order to take into account the differentiation amongst schools.

5.5 Suggestions for Further Research

This study suggests the following areas for further research:

(i) The level of parental awareness of the government of Kenya financial instructions and fees guidelines in public secondary schools.

(ii) Financial management in public and private secondary schools in Kenya.

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APPENDICES

APPENDIX ONE: SPECIMEN LETTER TO RESPONDENDS

Egerton University,
Nakuru Town Campus,
P.O. BOX 13357,
NAKURU.

The Head teacher,

____

5th May, 2006

Dear Sir/Madam

I am a postgraduate student pursuing a Master of Business Administration (MBA) degree at Egerton University. I am currently carrying out a research project entitled "***AN EVALUATION OF THE IMPACT OF GOVERNMENT INSTRUCTIONS ON FINANCIAL MANAGEMENT IN PUBLIC SECONDARY SCHOOLS IN KENYA: A Case of Nakuru Municipality".***

I am writing this letter to request that your school, through you may be one of the respondents for this research.

My supervisors assure you that the information supplied will be used for research purposes only and that the school's name and your views will be treated confidentially.

Thank you for your cooperation.

Geofrey K. Langat
MBA Student

APPENDIX TWO: LETTER OF AUTHORITY TO COLLECT DATA

EGERTON UNIVERSITY

NAKURU TOWN CAMPUS

Tel: (051) 215648/215798
Fax: (051) 62527
E-mail: ntc@egerton.ac.ke

P. O. Box 13357
Nakuru

Self-Sponsored Programmes Office

May 11, 2006

TO WHOM IT MAY CONCERN

RE: GEOFFREY K. LANGAT Reg. CM11/0168/04

This is to confirm that the above mentioned person is a student at Egerton University, Nakuru Town Campus. He is undertaking a Master of Business Administration Degree Programme. He is currently working on his research project titled " An evaluation of the impact of government instructions on financial management in public secondary schools: A case study of Nakuru Municipality.

Any assistance accorded to him will be appreciated.

Thank you.

Dr. R.K. Chepkilot
Coordinator: Commerce Programmes
Nakuru Town Campus

APPENDIX THREE: HEAD TEACHER QUESTIONNAIRE

Section A: Background Information

1. Type of school

☐Boys boarding ☐Girls only day
☐Girls boarding ☐Mixed day
☐Mixed boarding ☐Mixed day and boarding
☐Boys only day

2. Category of school

☐ National ☐ Provincial ☐ District

3. Number of students in the school ______________

Section B: Personal Information

4. Gender ☐ Male ☐ Female

5. Professional status as a teacher

☐ Diploma/S1 ☐ Masters
☐ ATS ☐Other (specify)_______
☐ Graduate (Bachelors)

6. Teaching experience ____________
7. Number of years served as a head teacher of this school ____________________

Section C: Financial management

1. What is the fees (in Kenya shillings) charged in this school for each of the following classes this year?

Form one _______________
Form two _______________
Form three ______________
Form four _______________

2. Rate the above fees in comparison with the government stated fees guidelines

☐ Lower than the government value

☐ Same as the government value

☐ Above than the government value

3. Explain why your fees are lower, same or above the government recommended level?____

____

____

____

4. What consideration does the school use in determining the amount of fees to be charged in the school? ____

____

____

5. Do you have any professional qualifications in accounting or finance?

   ☐ Yes ☐ No

6. If yes, state the level of professional training?

   ☐ Seminar/workshop

   ☐ Certificate

   ☐ Diploma

   ☐ Bachelor's degree

   ☐ Masters degree

   ☐ Any other (specify) ______________________________

7. If No in 14, who do you rely upon for assistance in finance/accounting matters concerning the school? ____

____

8. How does your school procure its good and services?

   ☐ Through a tendering committee

   ☐ Through the discretion of the head teacher

   ☐ Through the discretion of the BoG committee

☐ Any other (specify) ______________________________

____

9. What criteria do you use in deciding on the project to implement within a particular financial year? ______________________________

____

____

10. A part from the school fees, what other channels does the school use to raise funds?

    ☐ Harambee

    ☐ Voluntary contributions and donations

    ☐ Any other (specify) ____________________

    ☐ None

11. What control systems have the school put in place to ensure efficient management of finances?

    ☐ Regular audit by the ministry

    ☐ Hiring private auditors

    ☐ All expenditure has to be authorized by BoG

    ☐ All expenditure has to be authorized by PTA

    ☐ Any other (specify)____________________

    ☐ None

Section D: Government financial management instructions

1. Are you aware of the government financial management instructions?

   ☐ Yes ☐ No

2. If yes, does the school follow these instructions?

   ☐ Yes ☐ No

3. What have been the impacts of the instructions on the following areas of school management?

   i. Financing physical facilities ______________________________

   ____

ii. Investment activities

iii. Staff training/Seminars

iv. Recurrent expenditure

4. What coping strategies has the school put in place to address the impacts of the instructions on each of the above areas of school management but at the same still adhere to the instructions?
    v. Financing physical facilities
    vi. Investment activities
    vii. Staff training/Seminars
    viii. Recurrent expenditure
5. What challenges is the school facing in implementing the government financial management instructions?

6. What are some of the major development projects that you have accomplished during your tenure as the head teacher of this school? Please provide the details of each of the projects you have undertaken and the cost in Kshs.

	2000	2001	2002	2003	2004	2005
Project	Shs	Shs	shs	shs	shs	shs

7. Provide information on the Income and Expenditure Summary of the school for the specified duration

	2000	2001	2002	2003	2004	2005
	Shs	Shs	shs	shs	Shs	Shs
Income						
Grants from Ministry						
Tuition Fees						
Rent						
PTA/ Development						
Textbooks Fund						
Activity						
Grants and Donations						
Income Generating Activities						
Others						
Total Income						
Expenditure						
Personal Emoluments						
Tuition and Boarding						
Staff Training/Seminars						
Investment activities (IGU)						
Other recurrent charges						
Non recurring non capital						
Total Expenditure						
Surplus/Deficit						

APPENDIX FOUR: SAMPLED SCHOOLS IN NAKURU MUNICIPALITY

	Schools
1	Lanet Secondary
2	Hillcrest Secondary
3	Menengai High
4	Flamingo Secondary
5	Nakuru Central
6	Langalanga Secondary
7	Afraha Secondary
8	Kenyatta Secondary
9	Nakuru West Secondary
10	Mogoon Secondary
11	Uhuru Secondary
12	Crater View Secondary
13	Moi Secondary
14	Nakuru High
15	Upper Hill Secondary
16	Nakuru Day
17	Tumaini Secondary
18	Moi Forces Secondary