

**THE INFLUENCE OF SELECTED FACTORS ON THE EFFECTIVENESS OF
FINANCIAL MANAGEMENT IN SECONDARY SCHOOLS: A
CASE OF NAKURU MUNICIPALITY, KENYA**

BY:

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**A Research Project Submitted to Graduate School in Partial fulfillment of the
Requirements for the Degree of Master of Education in Educational Management of
Egerton University.**

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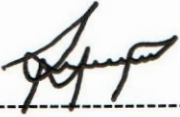
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DECLARATION AND RECOMMENDATION

DECLARATION

I declare that this research project is my original work and has not been previously presented in this or any other University.



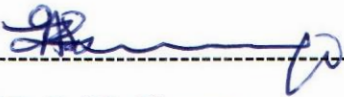
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RECOMMENDATION

This research proposal has been submitted for examination with my approval as University Supervisor.



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DR. Z. W. Sisungo

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DEDICATION

I dedicate this work to my wife Cecilia and our two daughters; Rita and Doris.

ABSTRACT

Effectiveness in secondary schools financial management is an extremely important matter as it influences the quality of teaching and learning. Kenyan authorities and the public in general have expressed their concern over the effectiveness in secondary schools financial management that has resulted in an increase of unrests in schools. The main purpose of this study was to find out the influence of selected factors on the effectiveness of financial management in secondary schools. The study method employed was a descriptive survey design and was carried in Nakuru Municipality secondary schools. The population included head teachers, bursars and HODs of all Public Secondary Schools in Nakuru Municipality. A sample of eighty nine heads of departments was selected through random sampling. All head teachers and bursars from nineteen secondary schools were included bringing the number of the respondents to one hundred and twenty seven. Questionnaires were used to collect data from the head teachers and HODs while an interview schedule was used to collect data from the bursars. The questionnaires were pilot tested in three secondary schools not in the main study to ensure reliability of the instruments. Validity of the instruments was verified by the study supervisors and other education experts in the Department of Curriculum, Instruction and Education Management, Egerton University. Reliability was calculated using the Guttman split-half test and a threshold of reliability coefficient of above 0.7 was adopted for the study. Data collected were analysed using the SPSS statistical package version 11.5. The results of the study were presented in the form of frequency distributions, mean scores, percentages, standard deviation Pearson correlation coefficient and t – test. Findings from the study revealed that the selected factors identified for the study namely school size , parental involvement, school accounting systems and Head teachers characteristics showed a significant correlation to effectiveness of financial management in secondary schools in Nakuru Municipality. There is need to strengthen and support increased enrollment to increase school size, parental involvement in school financial practices and accounting systems and Head teachers' characteristics in realizing better financial effectiveness in schools. Insights from this study will enable head teachers handle challenges of running schools in the 21st century.

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ABBREVIATIONS

B.O.G.	-	Board of Governors
P.T.A.	-	Parent Teachers Association
A.G.M.	-	Annual General Meeting
D.E.B.	-	District Education Board
T.B.S.	-	Trial Balance Sheet
M.O.E.S.T.	-	Ministry of Education Science and Technology
K.C.S.E.	-	Kenya Certificate of Secondary Education
P.D.E.	-	Provincial Director of Education
F.P.E.	-	Free Primary Education
F.S.E.	-	Free Secondary Education
U.P.E.	-	Universal Primary Education
KIPRA	-	Kenya Institute of Policy Research Analysis
LPO	-	Local Purchase Order
LSO	-	Local Service Order
H.O.D.	-	Head of Department
KESI	-	Kenya Education Staff Institute
KIE	-	Kenya Institute of Education

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Crucial issues in education such as the cost of education, student performance and accountability, are beginning to challenge longstanding practices in the Education sector. There have been calls for performance standards in management of educational institutions to ensure effectiveness (Okumbe, 1998). Effectiveness in secondary school financial management is an important goal that has attracted the attention of many stake holders. The root of the concept of effectiveness lies in the utilitarian notion that the good of society is served by achieving the greatest good for the greatest number (Monk, 1988:4). This means that you do whatever you can to increase the total level of utility (satisfaction) in the society. Schools should improve the level of effectiveness to the degree that output increases with no or minimal increases in the resources required. When public funds are raised and made available to educational organizations it is with the understanding that they will be transformed into educational outcomes (Mwangi, 2000).

Management activity is necessary in keeping the organization functioning effectively, with plans coming to fruition and procedures working and objectives being met (Whitaker, 1998). One of the major responsibilities of any modern state is the provision of quality education to its members. The basis of this is that education forms the foundation of economic, social and political development (Duke, 1987). This process of preparing the youth for life long careers and full participation in productive development projects is often constrained by limited financial resources. School heads are responsible for the execution of education programmes and are expected by their clients, who include parents, students and the community, to ensure optimum utilization of school finances and to provide high quality education programmes. This requirement can only be met if the limited and occasionally decreasing school finances are well managed. Schools that need more financial support must show that they can be trusted with more resources by properly managing what is already at their disposal (Mwangi, 2000). The public must know whether they are getting the best education that money can buy.

Kenya has in place a cost-sharing system in secondary schools where the government pays teacher's salaries, while the support staff salaries, other resources and facilities are the responsibility of parents. Brand (1992) stressed the fact that in an era of shrinking education budgets, sound financial managements makes good economic sense. While public demand for quality education rises, money for essential education services becomes insufficient and often difficult to come by. The most seriously affected services in schools include the unavailability of current instructional materials to teachers and students in the form of well stocked libraries with appropriate and latest publications in all subjects. Other areas facing constraints involve putting in place reasonably sufficient number of classrooms and dormitories which are not overcrowded and appropriate science laboratories and workshops for specialized subjects (Mwangi, 2000).

For sound financial management to impact positively on secondary school education, school heads need to have a clear vision for their schools. Vision is the engine that drives loyalty (Schminike, 1990); and vision without action is only a dream. A vision of what a secondary school should be and how it should be effectively run to win community support must be leader-initiated. Once initiated it must be shared and supported by members of Board of Governors, parents, teachers, non-teaching staff, students and the community as a whole.

Moser (1990) argues that in managing school finances, school heads must encourage team spirit by working together with everyone within and outside the school. As education programmes continue to grow, the demand for effectiveness and pressure for accountability continues to rise. This means that effective financial management becomes increasingly inevitable (Mwangi, 2000). Successful financial management requires effectiveness of programmes in delivering appropriate and relevant educational services to students, within budgetary restrictions (Iversion, Jewl, David, Brown, 1982). Focus should be on what happened and why as well as what decisions were made and why they were made (Winner, 1972). Effective secondary school financial management thus requires heads teachers with the understanding of the demands of modern education and skills to guide the public in allocating resources effectively (Mwangi, 2000).

In Kenya many head teachers, Board of Governors and Parent Teachers Associations lack financial management skills. Due to this fact, books of accounts remain un audited for many years, while some continue to employ unqualified bursars. This is also coupled by a lack of well established tendering system and procurement procedures. This has resulted in mismanagement and misappropriation of school funds, which imparts negatively on schools.

Learning institutions have been faced with increased cases of student's unrest related to financial mismanagement in spite of the policies that the government has put in place with regard to financial management of secondary schools. Recent cases of student unrest have intensified with more schools being burnt down, property destroyed and with more innocent lives being lost. The increase in the number of student unrest is alarming. In 1980, twenty two (0.9%) of the secondary schools experienced unrest in Kenya. However, the number tremendously increased to one hundred and eighty seven (7.2%) in 1990 and most of them cited financial mismanagement as the cause (MOEST, 2001). Several school in Nakuru Municipality were also affected by unrest between 2001 and 2005.

TABLE 1:
Number of Schools that experienced unrest in 1990

Province	Existing number of secondary schools	Number that experienced student unrest
Central	630	85
Coast	151	4
Nyanza	680	7
Eastern	626	76
Rift Valley	625	50
Western	408	19
Nairobi	93	2
North Eastern	21	7
TOTAL	3,234	250

Source: Ministry of Education (2006.)

According to reports received from MOEST task force in 2001, issues of poor Financial Management that result to poor living conditions were primarily the causes of student unrest. Inadequate capacity for financial and overall management was noted among many head teachers, BOGs and PTAs.

1.2 Statement of the Problem

In spite of the financial policies that the government has put in place, essential teaching and learning materials are lacking in most secondary schools. The most seriously affected include instructional materials, classrooms, science laboratories and workshops for specialized subjects all of which need to be acquired in order to improve school effectiveness. The quality of school financial management and administration in many Kenyan secondary schools is inadequate. This has resulted to student unrest (Daily Nation, January 22, 2001, p4). Most of these cases of unrest and strikes in Nakuru District and Nakuru Municipality have been associated with the student' dissatisfaction with the head teachers' effectiveness in financial management, and generally lack of resources (Daily Nation, January 29, 2001, p20). The introduction of subsidized secondary school fees payment makes it more demanding on skills of Head teachers and bursars. If the situation is not addressed, schools are bound to move away from the provision of all inclusive quality education that is accessible and relevant to all Kenyans due to misappropriation of funds and poor management practices. This will consequently affect the quality of education in secondary schools. the study therefore sought to determine the influence of selected factors on the effectiveness of Financial Management in secondary schools in Nakuru Municipality.

1.3 Purpose of the Study

The purpose of this study was to determine the influence of selected factors on the effectiveness of financial management in secondary schools.

1.4 Objectives of the Study

- (i) To determine the relationship between the school size and effectiveness in financial management in secondary schools in Nakuru Municipality.
- (ii) To determine the relationship between parents participation and effectiveness in financial management in secondary schools in Nakuru Municipality.
- (iii) To determine the relationship between the schools' accounting processes and effectiveness in financial management in secondary schools in Nakuru Municipality.
- (iv) To determine the relationship between head teacher characteristics and effectiveness in financial management in secondary schools in Nakuru Municipality.

1.5 Hypotheses of the Study

The following four hypotheses were formulated from the objectives of the study:-

- Ho 1 There is no statistically significant relationship between the school size and the effectiveness in secondary schools financial management in Nakuru Municipality.
- Ho 2 There is no statistically significant relationship between parents' participation and effectiveness in secondary school financial management in Nakuru Municipality.
- Ho 3 There is no statistically significant relationship between a school quality of accounting processes and effectiveness in financial management in Nakuru Municipality
- Ho 4 There is no statistically significant relationship between the head teachers' characteristics and the effectiveness in financial management in Nakuru Municipality

1.6 Significance of the study

It is hoped that the findings of this study will be used to enhance head teachers effectiveness in school financial management. The study is intended to provide knowledge on how selected factors influence on the school financial management in Nakuru Municipality. The Ministry of Education and education policy makers as well as other stake holders may use the information to institute changes in school financial management policies in order to improving effectiveness in secondary schools financial management. It is hoped that improving effectiveness in secondary schools financial management will result to increased

availability of learning resources in secondary schools in Nakuru Municipality and perhaps the entire country.

1.7 Assumptions of the study

This study was based on the following assumptions:-

- (i) That the participants were frank and objective.
- (ii) That MOE guidelines are found in all secondary schools.

1.8 Scope of the Study

The study covered public secondary school in Nakuru Municipality in Nakuru District and targeted head teachers, HODs and bursars as the study respondents.

1.9 Limitations of the Study

Majority of the respondents were very suspicious as to the purpose for which the data was to be used. For instance many bursars were not comfortable in revealing the true school financial position. Head teachers were excessively defensive on financial management issues; therefore this affected the amount and quality of data they released for the purpose of this study. This study investigated the influence of selected factors on the effectiveness of financial management in secondary schools.

1.10 Definition of Terms

The following are terms used in the study and are briefly discussed for the study:-

- Budget** Financial plan of the future action that forms a commitment plan or standard of performance.
- Budget Control** Device for assuming accountability to prevent misappropriation, embezzlement and illegal spending of funds.
- Accountability** Refers to budget control. It is evaluation and guidance on budget administration activities throughout the schools fiscal year.
- Accounting** Involves checking to ensure that the orders to pay is legal, that payment is effected and recorded in the general financial account covering all money spent in accordance with the budget.
- Efficiency** Offering the best service at the least possible cost.
- Effectiveness** Degree to which resources appropriated to secondary schools are utilized for the intended purposes with the understanding that they will be transformed into educational outcomes.
- Forecast** Statement that predicts with the help of information or to say in advance what is expected to happen in future.
- Projection** An estimate of future situations or trends based on a study of the present ones.
- Viament** Transferring money meant for one vote head to another vote head.
- Tender** Make an offer to carry out work or supply goods at a stated price.

Inventory Detailed list of goods, furniture's or jobs to be done

Financial Management Controlling how finances are spent.

System A particular way of doing things, which is coordinated.

Perceptions The ability of understandings and noticing unique conditions processes and procedures by different stakeholders in a school setup that have an effect on their decisions regarding the same.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter comprises the Literature reviewed on the study topic and it covers schools Boards of Governors, facilities, good security, insurance, auditing, procurement procedures, code of professional ethics, stock control, income generating projects, appointment of schools heads, knowledge of official policies, subjects cost effectiveness, economics of scale in education, budgeting and book keeping.

2.2 Secondary School Financial Management

As secondary school finances diminish, sound financial management may positively affect the quality and reduce the cost of running secondary schools (Mwangi, 2000). The way that board of governors, head teachers and senior staff manage finances is important for the success of a school. Knight (1993) points out that 10 per cent increase in financial resources does not necessarily lead to 10 per cent increase in learning. In short, board of governors need to look at the effect of finances on schools performance. They must look into all factors that influence efficient financial management so as to give value for the money received by the school (Dean, 1995).

2.3 School Boards of Governors

Historically, there have been board of governors or their equivalents for schools for a long period. In 1833 when education in Britain was first supported in part by public funds, the concept of Boards of Governors representing the community served by the school was introduced. In forming that body no one interest should be dominant (Dean, 1995). It should be a partnership of all those with a legitimate concern, local education authorities, staff, parents, where possible pupils and the community or simply, all stakeholders (Kent, 1989).

Any organization which is publicly funded needs to be accountable in some way to the public it serves. Schools are no exception and governing bodies are part of the process of accountability (Dean, 1995). In Kenya members of the Board of Governors are appointed by

the Minister of Education. This appointment is based on a member's potential and contribution in rendering voluntary service towards the promotion and management of education for the sole purpose of molding the youth to be patriotic and useful to self and society at large (Education ACT Chapter 211, 1980).

In view of the many emerging issues pertaining to the management of our secondary schools in a fast changing socio - economic environment, it has become necessary that the Ministry of Education Science and Technology give policy direction on the constitution, membership and operations of Boards of Governors (MOEST, 2004). Members of the Board of Governors are expected to function as a team in order to ensure prudent management of their school finances. This requires a high sense of professionalism and the application of democratic principles in their decision making. The spirit of collective responsibility must be seen to prevail where all members are expected to abide by decisions reached at the Board meetings. The panel of selectors should ensure that those appointed as Board members have at least a K.C.S.E. qualification and are persons of high integrity with no business interests in the school.

2.3.1. Governors' Academic Qualification

Keys and Fernandez (1990) surveyed the views of 2,686 governors in secondary schools in England. They found that only 44 per cent had a degree or professional institute final qualification. In Kenya the percentage is much lower as most of the Board members, especially in rural schools have only K.C.S.E. qualification. Early (1990) followed up the research by Keys and Fernandez and found that school Boards of Governors with less qualified members were less effective and easily manipulated by the head teacher. In schools where board of governors had university qualification, there was agreement that the governing body was fully involved in discussing policies. Where we have effective Boards, head teachers "agreed" or "strongly agreed" that their governors were well informed about the financial management decisions and events. They were also aware of their role, that of the head teacher and overall responsibilities and were very supportive (Early, 1994:96)

2.3.2 Overseeing the school Finances

The Principal and the governors have a responsibility of deciding how to spend the money available. Board of Governors must make sure that the head teacher who is given authority to incur expenditure keeps within the budget and provides regular and accurate records of expenditure and income (Dean, 1995). The advantages of governing bodies making their own financial decisions are apparent in England, as there were no delays in bringing in builders and other resources and savings were made in one vote head which could then be spent in another after viament by the Board of Governors (Kent, 1989). The extra responsibility should bring entrepreneurial spirit in heads and governors alike. Above all it should give added power and responsibility to those involved in the day – to – day running of the schools (Kent, 1989).

The overall objective of discussing financial management of our institutions by the Board of Governors is to enable them understand certain key elements in the management process including planning and budgeting, execution and recording transactions, reporting and generation of financial statements. When effectively applied, the above result into accountability through acceptable book keeping practices, proper resource management, internal decision making, procurement decisions, fundraising decisions and cost control (Public Procurement Regulation, 2001). The budget needs to cover both current and capital expenditure (Knight, 1993:63). It should be planned by the principal in consultation with individual departments and members of staff, so that the needs of the school are met as well as the needs of individuals (Dean, 1995)

Knight (1993) suggests that there is need to evaluate financial efficiency, resource efficiency and effectiveness in a budget. In considering how money should be spent by a school, principals and governors need to consider whether everyone is getting equal opportunity to benefit from the way money is to be spent (Dean, 1995). This involves querying whether there are individuals or groups that are disadvantaged during the budget allocation exercise (Kent, 1989). The school principal and governors need to be aware of the overall patterns of support staffs pay as they will affect budgeting in the future. They need to know the cost of full-time and part-time staff, the age and experience of existing teaching and non-teaching staff and the distribution of the allowances (Dean, 1995). This enables the school

administration to be aware of probable rises in costs or of opportunities for reducing staff costs. Knight (1993) suggests qualifications, quality of work, hours worked, responsibilities, performance level and demand of work as criteria for differentiating staffs salaries.

2.4 Facilities Maintenance

Principals and BOGs need to see that the school is kept in good repair and that it is kept clean (Dean, 1995). If more than three people are deployed in cleaning or maintenance, the school must get competitive tenders. It is a good idea for the principal and governors involved in the care of the premises to tour the school regularly to see how well it is kept and its state of repair. They should check on toilets, classrooms, playing fields, equipments and determine what sort of impression the school would make to someone entering it for the first time. In schools where there is efficient management of financial resources, the head teacher is not only able to provide his teachers with new teaching materials but is also able to maintain old school facilities ([http://nces.ed.gov / pubs 2003 / maintenance / chapter 1 . asp.](http://nces.ed.gov/pubs/2003/maintenance/chapter1.asp)) This ensures that the operational and life cycle cost of old buildings is reduced. It also helps to deal with limited resources and extend the useful life of the resources.

Effective school maintenance protects capital investments, ensures the health and safety of children and supports education performance. Expenditure on the maintenance of old facilities at the presents may help avoid more expensive repairs in the future. Every educational institution must proactively develop and implement a plan for dealing with the challenges of effective facilities maintenance, It is simply too big a job to be addressed in a haphazard fashion as there is never enough money available for the upkeep of the school buildings. The head teacher, in consultation with the governors, has to decide upon a system of priorities for the maintenance of the buildings (Kent, 1989:133). All equipment in the school should be checked regularly by the head teacher and staff. Contact should be made with local firms to ensure they can come to the school speedily if any urgent repairs are needed (Kent, 1989:135). The head teacher is responsible for the condition of the school buildings and equipment housed in it, as well as the security of the entire school. Crime prevention and fire prevention officers should be invited to check the premises regularly. Expensive portable equipment should be locked away securely. All doors and windows

should be locked at the end of the school day. Portable equipment should be marked for security purposes. Regular fire – drills should be held and all students and members of staff should know what to do in case of fire (Kent, 1989). The head teacher should remind the staff to ensure that all safety doors are unlocked at the start of the schools day and see to it that there are no obstructions near any of the exists. The local fire Department needs to check on the location and state of the fire extinguishers regularly (Dean, 1995). The principal and the B.O.G. need to ensure that the school is covered by insurance (Croner 1999:2-7). Croner (1999) further suggests that insurance should cover the risks incurred by governing body, negligence towards employee and third party, theft, fire, building contents and vehicles, any activity that occurs in relation to the school premises that falls outside the normal education activity or business of the school (Dean, 1995). This will ensure that the school remains financially stable in the event of accidents, claims from victims, loss through theft or fire.

2.5 Auditing

Auditing of books of accounts must be done in all public schools (Education ACT Cap 211). The Education Act (Cap 211) of the laws of Kenya stipulates that all educational institutions receiving public funds are required to be audited by a school auditor. Any head teacher who fails to submit the books within the stipulated time is liable for disciplinary action. This is important as it brings about efficient financial management by head teachers and cost control. This also ensures that certain standards are maintained (Mwangi, 2000). One of the main objectives of auditing is to form an opinion on the accuracy of financial statement prepared by the school over a certain period. The second objective is to detect or prevent errors that may have been committed, therefore enhancing the head teacher's skills in financial management and evaluate his/her performance. It further improves the head teachers' skills by receiving feedback from auditors to avoid repeating the mistakes. Only qualified auditors are authorized to examine the school books of accounts because they are qualified and governed by international professional ethics (Mwangi, 2000).

2.6 Procurement Procedure

Except as otherwise provided by the Exchequer and Audit (Public Procurement Regulations, 2001), the procuring entity shall use open tendering as the preferred procedure of procurement. Where any other procurement method is used, the procuring entity shall give and record its reasons for the choice of that procedure and shall prior to the choice of that other procurement method, obtain the approval in writing of the respective tender committee.

2.6.1 Role and Responsibilities of School Tender Committee

The role and responsibilities of the school tendering committee is to award contracts through open tender, for renting, letting or sub - letting of buildings and other school facilities, sale of school stores as well as to improve variations of contract conditions previously awarded by the committee. The procurement unit shall submit recommendations and supporting through the B.O.G. secretary for consideration by the committee. The committee ensures that the school gets goods and services of the highest quality possible and at a minimum cost. Transactions and procurement of goods below the threshold of Kshs. 300,000 is directed by the principal (Kenya Gazette supplement No 25 of 20th September 2002).

2.7 Code of Professional Ethics

Head teachers cannot afford to give anyone cause to believe that their procurement behaviour is not completely ethical. In spending millions of shillings for their school, they are exposed to temptations to accept, solicit or extort bribes. In many instances suppliers offer bribes to circumvent public policies and processes for competitive advantage and profit. Patronage, nepotism, theft of school properties or the diversion of school revenues are very common in secondary schools. The abuse of power for personal gain or benefit of a group to which one owes allegiance is corruption. It is motivated by greed, desire to retain or increase one's wealth (Stapenhurst and Sedigh, 1999). The misuse of public office for private profit or advantages, acts of commission and omission in one place of employment disadvantages others. Corruption by school heads have great negative effects like lowered access, retention and completion rates, poor performance, loss of public trust in education system, poor quality of education, demoralized staff and indiscipline in schools (Gitonga, 2005). Head teachers should be honest and should avoid being compromised. They should be people of high

integrity and should not put wealth above character. Gifts other than items of small value like diaries and calendars should not be accepted. While bearing in mind the advantages of head teachers maintaining good relationship with suppliers and contractors, any arrangement which might in the long term prevent fair competition should be avoided (Public Procurement Regulations, 2001). Head teachers must maintain unimpeachable standards of integrity by being honest, consistent, trustworthy, truthful, credible, impartial, accountable, open and transparent. They must do everything to ensure optimum utilization of resources for maximum benefit to learners.

2.8 Stock Control

The need for Stock Control is based on the basic principle of the necessity to maintain stocks at appropriate levels to satisfy authorized demands by users when required at minimum cost. To avoid wastage and loss when handling stores, school Principals are advised to maintain up-to-date inventory and stock control records and at no time should they exceed maximum stock holding of six months of consumption. All principals should therefore ensure optimum use of available funds, avoid unnecessary tying – up of cash in form of excessive stock of stores, efficient utilization of the available storage space at minimum storage costs is important, the need to minimize distribution costs. Elimination of delays in supply cannot be over emphasized and deterioration of stores while in stock must be avoided by all school heads (Public Procurement Regulations, 2001).

Unserviceable stores, especially motor vehicles, machinery, plant and equipment are lying in schools deteriorating and depreciating in value for long periods without action being taken to dispose them. In order to speed disposal action, Principals should obtain authority for disposal, from the B.O.G. after which the Principal can convene special Boards of Survey and dispose off stores that are unserviceable. This process should also apply to livestock, and other items which need to be disposed off (Public Procurement Regulations, 2001).

2.9 Income Generation

Mwangi (2000) argues that school heads can make additional money for their schools by optimally spending their time and engaging their human resources and physical facilities in income-generating activities. The amount of money a school can generate will depend on its unique status, the quality of its leadership, the initiative, commitment and working relationship of those within the school community, as well as the co-operation and support the school gets from its Board of Governors and member of the Parents Teachers Association.

Possible income-generating activities may include the following:

- (i) Operating a school canteen
- (ii) Offering school facilities to be hired at a profit for seminars, conferences, church conventions, wedding receptions, or youth rallies.
- (iii) Engaging in crop and livestock farming, where appropriate, so that the school can supply its requirements by giving its students a balanced diet, or simply by marketing the produce to raise additional funds for the school.
- (iv) Offering library services to outsiders at an attractive fee.
- (v) Offering public entertainment occasionally in the form of video shows, music festivals, concerts, plays or drama at a reasonable charge.
- (vi) Conducting short courses in the evenings, weekends, or holiday to provide market-relevant skills to the community and the economy. These skills may include language proficiency skills, computer literacy, typing skills, use of musical instruments and many others.
- (vii) Assisting members of the various student clubs to market their skills or products such as sign writing skills, painting skills, crop and livestock products and various types of drawings, painting and handicraft through the school.

The school could assist the students to contact potential market outlets and would receive a pre-negotiated percentage of the profit from all proceedings. Where appropriate, the school could lend money to the student clubs at some reasonable interest. These income-generating ventures may not only improve the financial position of the school and students concerned,

but more important, teaching the youth to be responsible and enterprising – qualities that they desperately need in the real world of work. They may also create a positive image of practical skills. In addition, the activities will prepare the students for immediate self-employment which may probably help in combating crime, reducing unemployment and making significant contributions to the welfare of their families, communities and the country's economy in general (Mwangi, 2000).

2.10 Criteria of Appointment of School Heads

The Education Act (1968) stipulates the criteria or qualifications for headship in Kenya. However, in many cases, selection of head teachers is done haphazardly, because of Board of Governors and Parents Teachers Association interference (PDE Rift Valley report, 2001). The Head teacher as a school manager should be knowledgeable in education and administration and managerial skills, which include financial management skills (Campbell, 1983). This fact justifies knowledge and experience as prerequisites for appointment of head teachers from trained, qualified and experienced, perhaps competent deputy head teachers. Studies by Oraro, (1988), Wekesa, (1993) and Sisungu, (2002) generally revealed that some schools were well equipped and effectively managed while others were ill equipped and poorly managed and vice versa.

2.11 Importance of Official Policy

Schools heads must be guided by the prevailing official financial policy. Knowing official policy is crucial to efficient financial management. Policy guidelines on finances are clearly spelt out in the Ministry of Education manual for Heads of Secondary Schools in Kenya, and in various circulars released by the Government from time to time. These are documents that school heads cannot afford to ignore. Doing so is like setting from Mombasa harbour for Australia without using a compass or driving downhill on a busy, meandering steep highway at 100km/hr with your windscreen completely covered with a black opaque cloth (Mwangi, 2000). Knowing the official policy regarding the use of school funds and the actual security of all financial transactions enable the school head to keep a watchful eye on the amount of money being spent under various estimate headings. In this, misallocation of funds may be avoided and copies of trial balance sent on or before the stipulated deadline.

2.12 Economics of Scale in Education

It is reported that small District schools in the U.S.A. are both uneconomical and unable to provide the services or present day needs of education (Morphet and Ross, 1981). A question arising out of this assertion is what the minimum size is in economic terms for a school. Harris (1984) suggested that doubling up classes could lead to saving. Research into the economies or scale in education is certainly needed, as one way of reducing costs. Review (1996) in a vigorous study of 109 high schools concluded that within the range of enrolment 143 to 900 the advantages of larger schools were overwhelming. The size of a secondary school is recommended at 700 but not beyond what a single head teacher can be able to co-ordinate efficiently and large enough to prevent services and equipment cost proving too heavy for the establishment's budget (Cumming, 1971). In addition, he brings into sharp focus the question of costs and quality when he argues that whether schools with an enrolment of more than 701 – 900 provided economy depends on one's appraisal of the cost differential as against the differences in what the school offers (Cumming, 1971)

2.13 Head teachers' Public Relation

Publicising a school does not come easily to most head teachers. Nevertheless, it is one of their responsibilities (Kent, 1989). It does not matter how hard the head teacher may have worked at all the other aspects that lead to efficient financial management, if he/she constructs a barrier of non-communication around the school. The head teacher has a duty to let the world outside know what is going on within the school. The school should be as much as a part of the community as the church, the bank and the supermarket (Kent, 1989). The financial opportunities provided by good public relations are great. One of the advantages of developing a good reputation locally is that businesses in the area might be willing to sponsor the school in various ways. This may range from providing objects to be raffled at school functions, donating prizes for students. Community leaders can also donate resources or do fundraising for projects (Dean, 1995). It will pay for the head teacher to cultivate friendships with shop owners and senior personnel in local businesses. This may be done by inviting them to visit the school, present prizes at school ceremonies or by asking them to provide technicians and other skilled people to give voluntary service to the school (Kent, 1989). The

1977 Taylor Report indicates that all should be done to ensure that adequate arrangements are made to inform parents, and enlist their support.

In most of the Kenyan secondary schools, there is very little effort to involve the communities around the school in the day to day running of the school. However in schools where good public relation is evident e.g. Starehe Boys Centre, the public own the school and is proud to be associated with it. In such school Funds become assured, professionals give voluntary service therefore enhancing performance of students. Where good public relations is missing, there is little support from the community and constant conflict between the parents and the head teacher. Such schools fail to tap the benefit from the community around it. The result is poor funding resulting to inadequate learning resources.

2.14 Budgeting

The school budget gives estimates of receipts (income) and expenditure as well as a comprehensive and equitable view of all services regardless of their magnitude. It is also the basis of accounting and helps in ensuring effectiveness in accounting procedures hence helps in stimulating confidence among parents, education officials and the school community as a whole (Makamisi, 2004). The school budget determines the quality and quantity of services and is a plan for attaining purposes. Approved budget by responsible authorities provides the school with authority to charge fees and other levies. It also gives the head teacher authority to spend such monies as authorized by the budget. Wastage in financial management overestimates the cost of education and this in turn affects the overall provision of education services. A budget plan should therefore ensure prudent financial management (Okumbe, 1998).

Most budgets of educational institutions are mainly line item budgets which are unsatisfying mainly because they fail to provide information on planned and actual accomplishments. This means that they do not provide information on the effectiveness in achieving its objectives and they fail to provide a sound basis for deciding how the available resources should be allocated.

In preparing a school budget, the B.O.G. should identify the school's activities based on the school's unknown requirements; determine the activities for the year. Prioritizing ensure that high priority activities are allocated resources first based on the availability of funds. The BOG must then determine the expected income based on realistic projections of expected school fees, school income generating activities, planned fund drives and donations, before they can determine the target expenditure for the period based on the estimated receipts. Each head of department should be asked to submit their requirements in accordance with the guidelines on funding limitations, cost estimation and activity priorities issued by the principal.

It really makes no sense to forecast education resources requirements solely from studies of past patterns of expenditure and resource utilization. The school should aim at development which requires forecasting and planning as well as projecting (Cumming, 1971). It is held that the school projection should be reserved for the planning on existing observed trends while its forecast should imply planning which may not be in the light of trends but involves the departure from trends or the establishment of a new set of environmental conditions. The most obvious problems in estimating future costs of current policies are the absence of data on which to base estimates and the appropriate techniques for accurate and reliable estimates using available data.

2.15 School Financial Records

Financial accounting is concerned with the maintenance of records in which financial transactions of a school are summarized. It is therefore, a process of recording, classifying and summarizing financial transactions of a school and interpreting the result of those transactions. The main objective of financial accounting is to ensure that financial resources are used for the intended purpose only. Proper school financial management enables head teachers and education authorities to have a quick but efficient check on both the rate of expenditure and proper financial control (Makamisi, 2005). Proper financial accounting cannot be achieved with unqualified personnel. There should be procedures to ensure that the school bursar operating the system is competent and motivated to carry out the task i.e. capabilities commensurate with their responsibilities. Inevitably, the proper functioning of

any school system depends on the competence and integrity of those operating it. The qualifications, selection and training as well as bursar characteristics are important. Head teachers need also to have some training in financial management to be able to supervise bursars and account clerks. Any system cannot succeed without internal control that should include supervision by responsible officials for example, the head teacher. Internal control records commonly used in schools include fees register, parent register, rent and service register, telephone call register, store ledgers, commitment register, textbook register, imprest register, fixed assets register, cheque register, audit file, BOG files, PTA files and procurement committee file.

There are various books of accounts that a bursar is required to maintain that include cashbook, ledger, journal, receipt books, payment vouchers, cheque books, local purchase order (LPO) and local service order (LSO). The bursar is also required to generate the following financial statement that include trial balances, income and expenditure statement, balance sheet and bank reconciliation statement. The head teacher must ensure that the store ledgers are well maintained. These include permanent, expendable and consumable stores ledgers. The store ledgers are used to record receipt and issuance of store items. The numerical balances shown in the stores any point in time reflect the actual number of items in store. A proper inventory must also be maintained at all times.

Internal control must be evident if efficiency is to be realized. Internal control is a financial system established by management (BOG) of an institution that ensure adherence to institutional policies, safe guard its assets and secure as far as possible the completeness and accuracy of record and also minimize errors and irregularities. Types of internal controls include Organization, segregation of duties, physical controls, authorization and approval and arithmetical. Organization, internal control involves delegation of authority and responsibility which should be clearly specified. Segregation of duties involves several people which reduces the risk of intentional manipulation or accidental errors. Physical controls on the other hand are mainly concerned with physical custody of assets e.g. security of cash and accountable documents. Authorization and approval internal control require authorization and approval of a specific person e.g. bursars, principal or BOG. Authorization level should be

clear. Arithmetical internal control on the other hand includes checking that transactions have been authorized, that they are correct and accurately processed.

2.16 Theoretical Framework

This study underscores the importance of effectiveness in school financial management. The study theoretical framework is based on the system – resource model as explained by Hoy and Miskel (1996). A school is a system concerned with structure, process and output. It is a dynamic system and involves a set of interacting elements that acquire inputs and transforms them into desired products. People, money and information are typical inputs for an organization according to Hoy and Miskel (1996). System-resource model defines effectiveness as the organization's ability to secure a bargaining position and capitalize on the position to acquire scarce and valued resources. The most effective school according to system-resource model sustains growth by bargaining with all stakeholders and offers the best services at minimum cost. Ideally, students are transformed by the school system into educated and disciplined graduates, who then contribute to the society. Optimum output is only realized under high level of effectiveness in financial management, as in reality there only exists limited resources. The school manager has to be committed to the job if he has to achieve effectiveness. If the head teacher applies this model of organizational effectiveness it would be a useful guide to him or her.

2.17 Conceptual Framework

In Kenya, the major yardstick used to measure education output is performance in examinations. This output is however achieved after the various inputs into the education process undergo what is referred to as the educational production process. The inputs into the Educational production processes include the necessary educational resources for example books and facilities. Their availability largely depends on how effectively the limited finances are utilized. In conceptualizing, the researcher attempted to find out how the selected factors influence financial management effectiveness in a school.

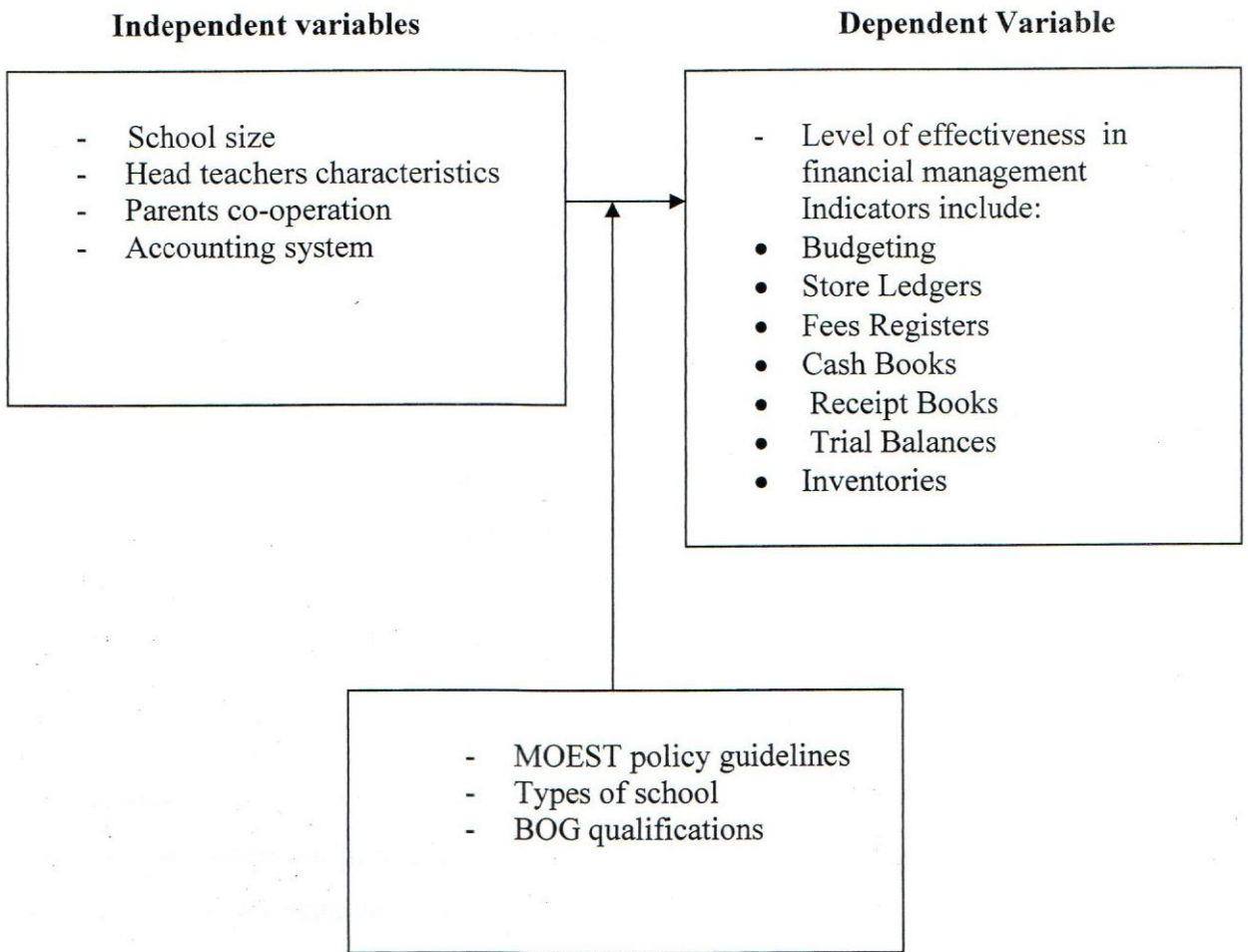


Figure 1: A pictorial presentation of the conceptual framework showing the interaction of the variables

In this study, school size, head teachers characteristics, parent’s cooperation and School Accounting system were premised to have an influence on financial management. In this study the head teachers characteristics and school characteristics formed the independent variables. These input variables were tested against financial management that formed the dependent variable for the study. The moderating variables for the study comprised MOEST policy guidelines, types of school and BOG qualifications.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter comprises the methodology followed in carrying out the research. It is composed of a description of the research design, location, population, sample and sampling procedures, instrumentation, data collection, and data analysis.

3.2. Research Design

The research design adopted in this study was descriptive survey research design. The purpose of survey research is to explore and describe phenomenon. Kathuri and Pals (1993) assert that the survey research usually uses questionnaires to determine opinions, attitudes, preferences, and perceptions in research. This design aimed at discovering the possible causes for phenomenon being studied by comparing the subjects in this case the Head teachers, HODs and bursars.

3.3 Location

The study was conducted in Nakuru Municipality, Nakuru District, in Rift Valley Province of Kenya. The area is a suitable representation of other urban areas in the country. It has a large number of secondary schools which are accessible. Virtually all Kenyan communities with different cultural backgrounds are represented in the Municipality. The residents of Nakuru Municipality are mainly farmers, businessmen/women, civil servants and professionals.

3.4 Population

The target population for the study consisted of public secondary school head teachers, HODs and bursars. Nakuru Municipality has a total of 19 public secondary schools. The municipality has a population comprising 19 head teachers, 159 HODs and 19 bursars.

Table 2:
Head teachers, HODs and Bursar in Nakuru Municipality Public Secondary Schools.

Category	Head teachers	HODs	Bursars	Total
NATIONAL	3	19	3	25
PROVINCIAL	5	50	5	60
DISTRICT	11	90	11	112
TOTAL	19	159	19	197

Source: PDE Rift Valley (2006)

3.5 Sampling Procedures and Sample Size

The sample for the study was selected using the following sampling techniques:

All the head teachers within Nakuru municipality were selected in this study. This was done as the study area had a total of 19 secondary schools that were stratified according to the school category namely National, provincial and District public school. This ensured that each stratum was captured for administration of the data collection instruments. The respective Heads of Departments were also included in the study sample with stratified sampling being employed to capture a proportionate number from each strata of schools based on the school category as shown in table 3. Systematic random sampling was used with the Heads of Department in each school category being arranged in alphabetical order according to their surnames. The list of names was numbered allowing for the drawing of the study sample through randomization. The study sample also comprised of all the Bursars who are the book keepers in the respective schools.

Table 3:
Sample used in the Study

School category	Head teachers	HODs	Bursars	Sample respondent
National Schools	3	19	3	25
Provincial Schools	5	25	5	35
District Schools	11	45	11	67
TOTAL	19	89	19	127

3.6 Instrumentation

The instruments used in this study comprised of questionnaires and an interview schedule. The questionnaire for head teachers (Appendix A) was used to obtain information from head teachers. Part I solicited information about personal data from head teachers. Part II solicited information concerning their perception about how selected factors influenced effectiveness in financial management in secondary schools and responded to objective one and two.

Questionnaire for HODs (Appendix B) solicited information from HODs. Part I solicited personal data of HODs. Part II solicited data concerning objective four. In addition to the questionnaires, a personal interview schedule was used to solicit information from the bursars about their background, the criteria used to select them and their knowledge and experience in book keeping. This solicited in depth information about the school accounting system hence responded to objective three. The indicators of financial management included the stores ledger, fees registers, cash book analysis, receipt books, trial balances and inventories. Data solicited from the interview schedule was expected to supplement that solicited from the two questionnaires. The data collection instruments comprised of both open and closed ended questions, from which the respondent's were required to fill.

3.6.1 Validity of the Instruments

This study was aimed at evaluating the influence of selected factors on the effectiveness of financial management in secondary schools as perceived by the head teachers, HODs and bursars. Appropriate and relevant items were formulated to ensure valid and reliable data. All objectives were covered by cross-checking the research objectives and the corresponding items in the instruments. In addition the content validity of the instruments was verified by the study supervisors and other education experts in the department of Curriculum, Instruction and Education Management, Egerton University. A pilot study was out carried in several schools not involved in the main study.

3.6.2. Reliability

The reliability was calculated for items in the two questionnaires, using the Guttman split-half test. A threshold of reliability coefficient of 0.7 and above was adopted for the study.

This is in line with recommendation and as explained by Seltiz, Wringhasman and Coolc (1976), and Kathuri and Pals (1993).

3.7 Data Collection Procedures

An introductory letter from Egerton University was obtained to enable the researcher to administer the questionnaires. Permission for research to be conducted was sought from the Ministry of Education, Provincial Director of Education and the various head teachers. The researcher then visited various schools and administered the questionnaires to the respondents. The questionnaires were administered to head teachers and HODs while an interview schedule was for the bursars. The questionnaires were self scoring. The responses to the items in question were individual and any clarification was done. The instruments were then collected after two days.

3.8 Data Analysis

Data analysis proceeded both according to the objectives and the hypotheses of the study, using both descriptive and inferential statistics. The completed questionnaires were collected, then the data coded after which it was entered into the computer for analysis and were analyzed using SPSS version 11.5 for Windows. The test items in the questionnaires and interview schedule were coded so as to facilitate analysis of the influence of selected factors on the effectiveness financial management in secondary schools in Nakuru Municipality. The objectives and hypotheses of the study were analysed using frequencies, mean scores, percentages, standard deviations, Pearson correlation coefficient and t – test. The significance level was set at $\alpha = 0.05$. Graphical representations have been used to show and compare findings made. Interpretations were then made and conclusions drawn.

CHAPTER FOUR

RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents and discusses the research findings. The purpose of this study was to determine the influence of selected factors on the effectiveness of financial management in secondary schools in Nakuru Municipality. Data was collected from head teachers, heads of departments and school bursars from the sampled secondary schools in Nakuru District. The study objectives which guided the study were as follows:

- (i) To determine the relationship between school size and effectiveness in financial management in secondary schools in Nakuru Municipality.
- (ii) To determine the relationship between parents participation and effectiveness in financial management secondary schools in Nakuru Municipality.
- (iii) To determine the relationship between the schools quality of accounting processes and effectiveness in financial management secondary schools in Nakuru Municipality.
- (iv) To determine the relationship between head teachers characteristics and effectiveness in financial management secondary schools in Nakuru Municipality.

4.2 Analysis of Bio Data

This section presents the sample characteristics of the respondents in the study area. This is essential in providing a clear understanding of the respondents included in the study area. The study focused on a sample frame of 19 Head teachers, 89 Heads of departments and 19 Bursars from the sampled schools within Nakuru District.

An analysis of the gender of head teachers revealed that 57.9% were males with 42.1% accounting for females. This presented a relatively fair distribution of gender with men having a slight edge to females in terms of head teachers staffing in schools sampled. Table 4 presents the findings.

Table 4:

Gender of Head teachers sampled

Gender	Frequency	Percentage
male	11	57.9
female	8	42.1
Total	19	100.0

Source: Field data

Preliminary analysis on the Head teachers' highest qualifications indicated that 89.5% of the sample had degree level certification with a small proportion of 10.5% accounting for Diploma certification as shown in Figure 2

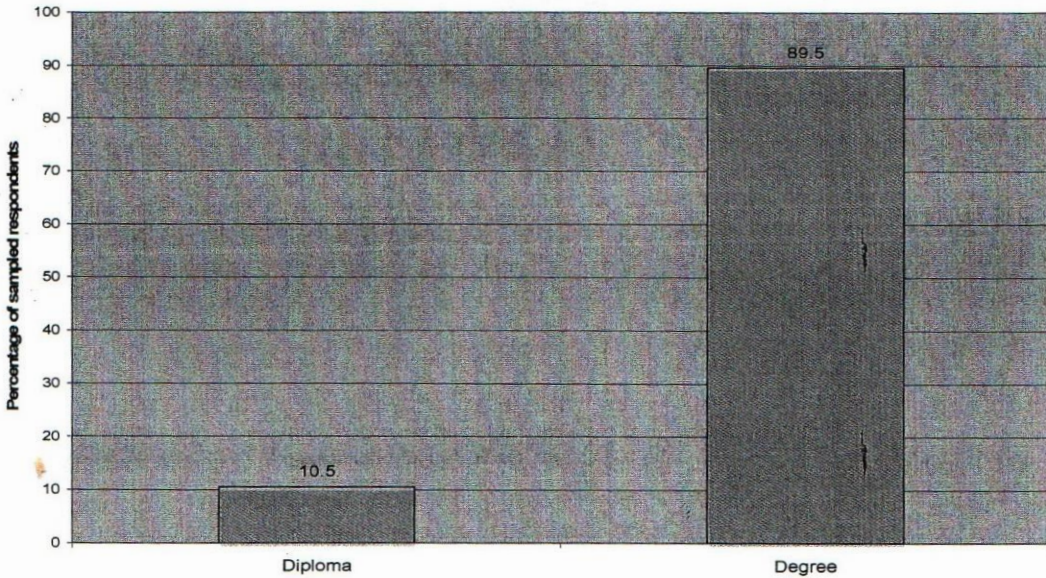


Figure 2: Highest academic qualifications of Head teachers sampled

Source: Field data

A survey on the Head teachers length of service as Head teachers revealed a large proportion of the sample had less than 5 years experience accounting for 31.6%. Those that had served for between 5 to 7 years and 7 to 12 years as school heads accounted for 21.1% respectively while those with above 15 years were 26.3% of the sample. This indicated that most head teachers had amassed valuable experience as school accounting officers and were bound to fairly understand the accounting and financial management procedures since their appointment as school heads. Findings are presented in figure 3.

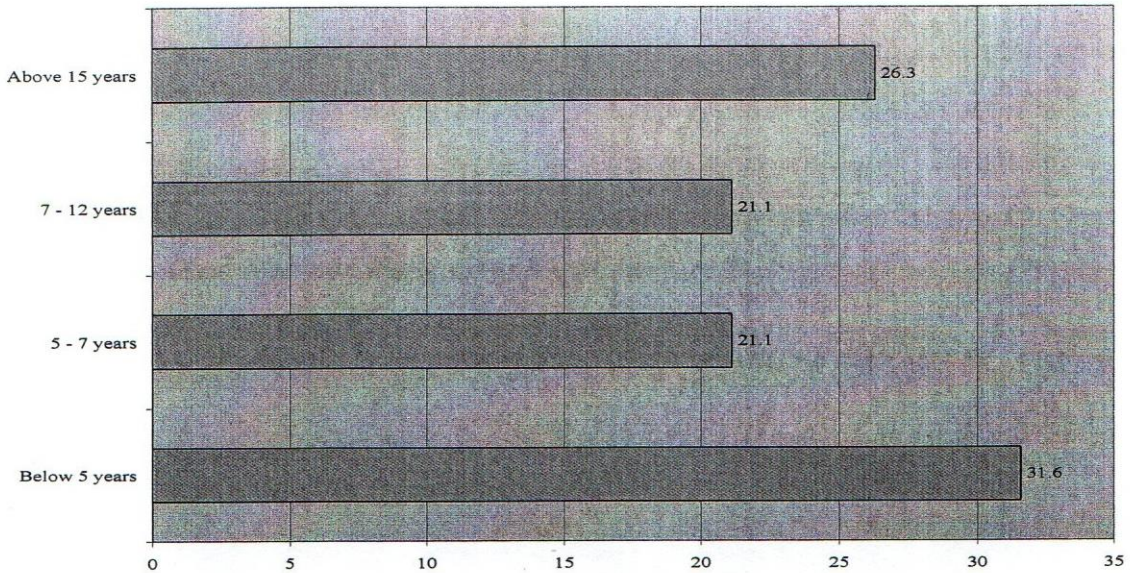


Figure 3: Length of service of Head teachers Sampled
Source: Field data

The study sought to establish whether the sampled Head teachers had attended any financial management courses. The findings showed that a large majority of the head teachers in Nakuru Municipality had not been inducted on financial management through training which accounted for 52.6% of the sample. Those affirming to having attended financial courses accounted for 47.4% of the sample. Table 5 presents the findings.

Table 5:
Attendance of Head teachers in any Financial Management Training Course

Response	Frequency	Percentage
Yes	9	47.4
No	10	52.6
Total	19	100.0

Source: Field data

Further investigations pertaining to the criteria followed in appointment of Head teachers yielded varying responses from the head teachers. Those that perceived the criteria as being very important accounted for 36.8% while those that rated it to be important formed 10.5% of the sample. A relatively large proportion cited that an appointment criterion was not

important or least important accounting for 21.1% and 0.5% of the sample respectively. A further 21.1 % were undecided on this issue. These findings seemed to raise observations from the serving head teachers that they did not seem to value the appointment criteria employed in promoting teachers from class to headship positions. Figure 4 presents the findings. The Education Act (1968) stipulates the criteria or qualifications for headship in Kenya. However, in many cases, selection of head teachers is done haphazardly, because of Board of Governors and Parents Teachers Association interference (PDE Rift Valley report, 2001).

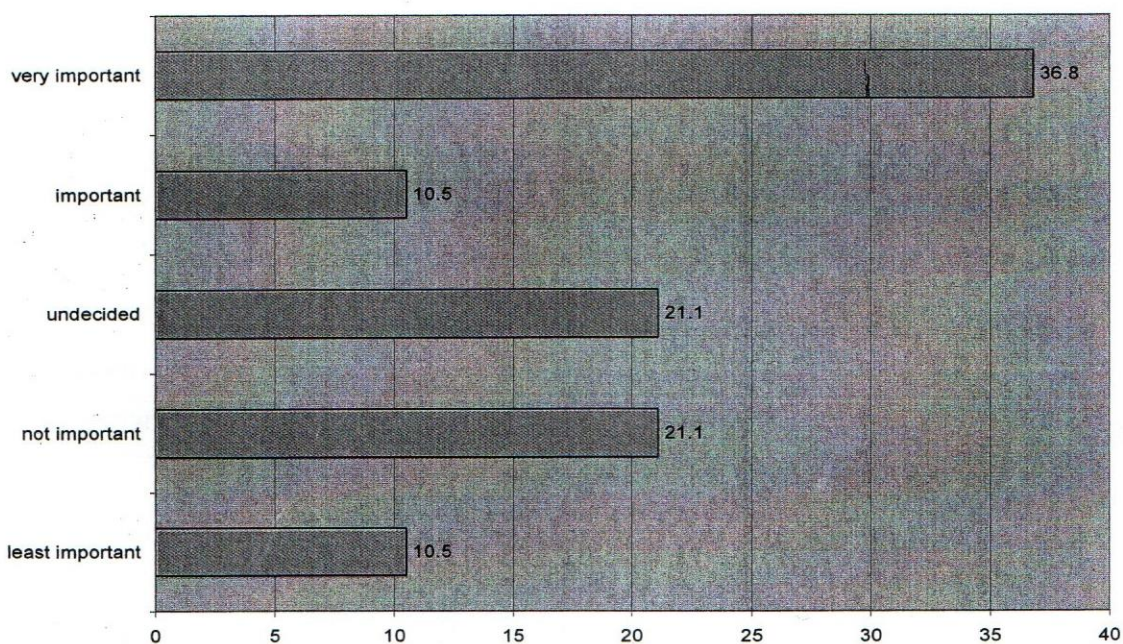


Figure 4: Perceptions on importance of Appointment Criteria for Head teachers
Source: Field data

4.3 Relationship between School Size and Effectiveness in Financial Management

Objective one sought to determine and describe the relationship between school size and effectiveness in financial management. The null hypothesis one stated that “there is no statistically significant relationship between the school size and the effectiveness in secondary schools financial management. School size was rated as a perception using a likert scale that rated its importance from a value of 1 (least important) to 5 (very important). Effectiveness in financial management was also rated using a rating of between 1 (ineffective) to 3 (effective). The relationship between school size and effectiveness in

secondary schools financial management were therefore determined using Pearson correlation analysis. Correlation analysis was used to determine the strength and the direction of the relationship between the two variables. The correlated scores revealed an r value of 0.58 obtained significant at 95% level of significance ($p < 0.05$). This indicated a positive correlation between school size and effectiveness in financial management in schools. This suggests that the size of the school in terms of enrollment, infrastructure, resources such as land and staffing have a strong influence in terms of the effectiveness' in managing the school. This led to the rejection of the null hypothesis one and the conclusion that there is significant relationship between the school size and the effectiveness in secondary schools financial management. Appendix C presents the correlated scores.

Table 6:
Importance of school size in relation to financial effectiveness

Response	Frequency	Percentage
least important	2	10.5
not important	4	21.1
important	6	31.6
very important	7	36.8
Total	19	100.0

Source: Field data

Table 6, indicates that a majority of the respondents accounted for 36.8% of the sampled Head teachers recorded very important, pertaining to the significance of school size in relation to effectiveness in school's financial management. Respondents, who perceived it as important, accounted for 31.6 % of the sample. Relatively smaller proportions of the Head teachers sampled, recorded, not important and least important and they accounted for 21.1% and 10.5% respectively. In order to enhance access and equity, the Ministry of Education has in place strategies of building new schools and expanding existing schools by increasing the number of streams to a minimum of 2 or 3 where possible, local day schools to enhance efficiency and increase the capital base for secondary schools through increased enrollment as away of reducing cost (MOEST, 2003).

4.4 Relationship between Parents Participation and Effectiveness in Financial Management

The second objective of this study sought to determine and describe the relationship between parents' participation and effectiveness in financial management. The null hypothesis two stated that "there is no statistically significant relationship between the parents and the effectiveness in secondary schools financial management". Pearson correlation coefficient was used to test this hypothesis. Parental involvement in school was determined by the use of a likert scale rating the level of involvement in school affairs. Responses ranged from least important with a value of 1 to very important that had a value of 5. Effectiveness in financial management was also rated using a rating of between 1 (ineffective) to 3 (effective). Correlation analysis between the two sets of variables gave an r value of 0.89 at 95% level of significance ($p < 0.05$). Appendix D presents the scores correlated. This indicated a positive correlation between parental involvement and effectiveness in financial management in schools. This suggests that the increased parental involvement in schools was an integral aspect in influencing proper financial management in secondary schools within Nakuru Municipality. This led to the rejection of the null hypothesis two and the conclusion that there is significant relationship between parental involvement and the effectiveness in secondary schools financial management.

Table 7:
Parental Participation/Cooperation

Response	Frequency	Percentage
not important	1	5.3
undecided	1	5.3
very important	17	89.5
Total	19	100.0

Source: Field data

Table 8:
Relations of Head teachers with Parents

Response	Frequency	Percentage
a little	4	4.5
undecided	6	6.7
much	27	30.3
very much	52	58.4
Total	89	100.0

Source: Field data

From tables 7 and 8, it can be observed that parental participation was an integral part in the running of school affairs as a majority of head teachers (89.5%) affirmed to their role being very important. Heads of departments of the schools sampled seemed to concur with the above proposition since 58.4% rated highly the relations of their respective head teachers with parents. A further 30.3% also rated their head teachers as having much relation with parents. A relatively small proportion of head teachers were rated to be undecided accounting for 6.7% with those that a little relations with parents accounted 4.5%. Dean, (1995) reports that developing a good reputation locally between the school and the community has numerous benefits such as provision of essential teaching and learning resources through donations as well as fundraising for projects. It pays for the head teacher to cultivate friendships with shop owners and senior personnel in local businesses which may be done through the extension of invitations to officiate school occasions such as presentation of prizes at school ceremonies or by asking them to provide technicians and other skilled people to give voluntary service to the school (Kent, 1989).

4.5 Relationship between Quality of School's Accounting Processes and Effectiveness in Financial Management

The third objective of this study sought to determine and describe the relationship between the schools's accounting processes and the effectiveness in financial management. The null hypothesis three stated that "There is no statistically significant relationship between a school's accounting processes and effectiveness in financial management. The school's accounting processes was measured on a 5-point range Likert scale using six items on financial records based on the frequency of the checking by the respective head teachers sampled. The indicators of financial management included the stores ledger, fees registers, cash book analysis, receipt books, trial balances and inventories. The school bursars were requested to indicate how often the head teachers perused through these records. The ratings were then scored on a scale of 1, indicating the lowest frequency, to 5, indicating highest frequency. A higher score was taken to as an indicator of a better school accounting practices. Pearson correlation coefficient was used to correlate the two sets of scores namely schools accounting processes and efficiency in effectiveness in financial management. A correlation coefficient r of 0.54 was determined at 95% level of significance ($p < 0.05$). This indicated a positive correlation between school accounting processes and effectiveness in financial management in schools. This seems to suggest that head teachers supervisory role in checking financial records had a strong bearing in terms of the effectiveness' in managing the school. This led to the rejection of the null hypothesis three and the conclusion that there is significant relationship between the school accounting processes and the effectiveness in secondary schools financial management. Appendix E presents the scores correlated.

Table 9:
Frequency of Head teachers checking of Financial Records

Response	Frequency	Percentage
sometimes	3	11.1
undecided	7	38.9
often	9	50.0
Total	19	100.0

Source: Field data

Findings in table 9 indicate that the school Bursars rated a significant number of the Head teachers (50%) perusing on a regular basis the school's financial records. The results also revealed that a relatively large proportion of head teachers hardly perused these crucial records in that 38.9% of the bursars answered to being undecided while a further 11.1% reported to their heads rarely going through the school's financial records. The school boards need to constantly oversee financial and accounting matters through acceptable book keeping practices, proper resource management, internal decision making, procurement decisions, fundraising decisions and cost control as a way of enhancing the overall quality of accounting practices in schools (Public Procurement Regulations, 2001).

4.6 Relationship between the Head teachers Characteristics and Effectiveness in Financial Management

The fourth objective of this study sought to determine and describe the relationship between head teachers characteristics and the effectiveness in financial management. Accompanying this objective was the null hypothesis which stated that "There is no statistically significant relationship between the head teachers' characteristics and the effectiveness in financial management. The head teachers characteristics were measured on a 5-point range Likert scale using ten items (characteristics) based on the perceptions of their respective Heads of Department. The Heads of Departments rated their head teachers on a score on the scale of 1, indicating the lowest influence of not at all, to 5, indicating highest influence of very much. A higher score was taken as an indicator of strong influence of the head teachers characteristics in influencing a better school accounting system. The head teacher's characteristic included their experience, gender, honesty, academic qualifications, ability to communicate, public relations, relations with parents, teachers, non teaching staff and the school board of governors.

Analysis was therefore done to establish whether any difference existed between the head teachers characteristics and effectiveness in financial management in Nakuru municipality. The scores obtained from the Heads of department and head teachers' perception on financial management were compared using the independent -samples t-test and the test statistic determined. Details of the 2 samples that were tested are given in table 10 and the results in Appendix F.

Table 10:

Scores obtained from the Heads of department and Head teachers' on financial management

Head of Department (Scores on Head teachers characteristics)	Head teachers (scores on effectiveness of financial management)
$n_1 = 89$	$n_2 = 19$
$\text{mean}_1 = 41.29$	$\text{mean}_2 = 2.737$
$s^1 = 16.09$	$S^2 = 0.212$
$SD_1 = 4.011$	$SD_2 = 0.461$

Source: Field data

A t_c value of 9.6 was arrived at with the t critical at 1.98 at 0.05 level of significance. On the basis of the t_c falling outside the critical region, the decision made was to reject the Null hypotheses at 0.05 level of significance. This meant that there was significant relationship between the head teachers' characteristics and effective financial management in secondary schools within Nakuru Municipality. This therefore suggests that the head teachers' personality traits such as values, teaching experience honesty, public relations skills among others were key in influencing better financial management in schools. Campbell, (1983) asserts that the Head teacher as a school manager should be knowledgeable in education and administration and managerial skills, which include financial management skills. This fact justifies knowledge and experience as prerequisites for appointment of head teachers from trained, qualified and experienced most preferably long serving competent deputy head teachers (Sisungu, 2002). The auditing exercise need to be strengthened as a means of enhancing the head teacher's skills in financial management. Feedback received from auditors is important in avoiding the repetition of mistakes (Mwangi 2000).

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter contains conclusions drawn from the study. It also gives implications of the study as well as the recommendations. In addition, areas of further research are presented. The purpose of this study was to determine the influence of selected factors on the effectiveness of financial management in secondary schools in Nakuru.

5.2 Summary of the Major Findings

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

- (i) There is significant relationship between school size and the effectiveness in secondary schools financial management. This suggests that the size of the school in terms of enrollment, infrastructure, resources such as land and staffing have a strong influence in terms of the effectiveness' in managing the school.
- (ii) There is significant relationship between parents' participation and effectiveness in secondary schools financial management. Therefore the role of parents in school affairs such as in parents' teachers associations (PTA), School Board of Governors (BOG) is significant in enhancing effectiveness in secondary schools financial management.
- (iii) There is significant relationship between a school's accounting system and effectiveness in secondary schools financial management. The head teachers' supervisory role in checking the schools financial records was established as a key ingredient in enhancing better financial practices in schools.
- (iv) There is significant relationship between the head teachers' characteristics and the effectiveness in secondary schools financial management. These characteristics were based on the perceptions of Heads of Departments and proved invaluable as they were considered as a form of appraisal of their superiors. Gender however was the only characteristic that was rated to having little influence on financial management.

5.3 Conclusions

The major purpose of this study was to determine the influence of selected factors on the effectiveness of financial management in secondary schools in Nakuru. Based on the analysis of data, the following conclusions were reached:

- (i) School size influenced overall effectiveness in secondary schools financial management.
- (ii) Parental involvement and cooperation influenced the overall effectiveness in secondary schools financial management.
- (iii) The quality of secondary schools accounting system influenced the overall effectiveness in secondary schools financial management. In this case, the thoroughness of the accounting officers who in this case are the Head teachers meant a better and efficient system in the financial management in schools.
- (iv) Head teachers' characteristics also influenced the overall effectiveness in secondary schools financial management. Key characteristics that need to be developed include honesty, public relations, and communication skills as well academic qualifications.

A closer examination on the findings of this study suggests that for better financial management in schools to be realised, a variety of factors seem to be pertinent and the need for a concerted effort by different stakeholders in realizing effectiveness in financial management. The role of parents still remains integral in realizing this noble goal as well as the paradigm shift of collective responsibility rather than an authoritarian system. With the Introduction of Free Secondary Education (FSE), schools previously faced with cash flow problems are expected to be the major beneficiaries which in turn means more challenges for head teachers in the management of these funds from the exchequer. The FSE policy introduced at the beginning of 2008 is expected to cushion children from poor socio-economic backgrounds from failing to participate in education or dropping out of school, as well as realizing the Governments efforts in achieving Education for all (EFA). The funds expected under FSE are expected to cover the purchase of teaching and learning materials, general-purposes and operations and maintenance as has been the case under FPE.

Communities on the other hand are expected to participate in the management and implementation through school committees (KIPRA 2006).

5.4 Recommendations

From the findings of this study, the following recommendations were made:

- (i) There is need to strengthen and support the secondary schools in provision of resources such as facilities, land and increased enrolment so as to entrench better accounting practices and overall financial management.
- (ii) There is a need for more parental involvement through committees to supervise financial discipline as a watch body on financial accounting and reporting. This would ensure adherence to guidelines by the Ministry of Education as well as act as whistle blowers to irregular practices.
- (iii) Parents should be educated on the need to ask questions during forums in schools such as during the Annual general meetings (AGM) for better accountability of public resources.
- (iv) The government through the Ministry of Education, Science and Technology should provide financial assistance to schools that are not well endowed in terms of resources. This can be realized by providing education grants as well as aiding in the establishment of capital projects and income generating projects aimed at raising schools profile and subsidizing the rising costs of education. This would in turn help stabilize the financial base of schools that are small in size and supplement the fees paid by students.
- (v) Institutions of higher learning, KESI, KIE should incorporate and emphasize financial accountability during training with an aim of equipping teachers with skills on how to approach financial management. Knowledge so obtained will enable head teachers handle challenges of running schools in the 21st century.
- (vi) There may be need to strengthen and support the efforts of stakeholder involvement in secondary schools such as parents, NGOs and sponsors so as to bring in a concerted effort in enhancing better accounting practices and effective financial management.

- (vii) The MOES&T should provide clear policies on school management, for example, involvement of parents in BOGs/school management. Need for concerted accountability of officers handling accounting documents such as the school bursar instead of the responsibility resting squarely on the Head teacher as the practice is at the moment. This would in the long run result in an effective financial management system in secondary schools.
- (viii) Continuous training and induction procedures for updating school heads and their Heads of department through seminars and workshops need to be ongoing. Secondary school head teachers should be encouraged to attain basic qualifications in their respective subject areas as well as consider undertaking post-graduate training in Education management to enhance their management financial skills.
- (ix) With secondary schools handling vast resources that include physical, human and financial there is a need for stakeholders to be involved in ensuring that stringent discipline measures be up held at all times through their supervision of the hiring of bursars and accounting clerks.
- (x) There is a need for Head teachers associations to develop mechanisms of internal inspection in schools and institutions in an attempt to improve on the effectiveness of financial management and accounting practices in secondary schools.
- (xi) There is a need for resources mobilization and support in secondary schools to ensure establishment of more streams in each school to increase on the school size as well as improve on the resource base in realizing better financial management.

5.5 Recommendations for Further Research

- (i) There is need to further investigate on influence of factors affecting the effectiveness of financial management in secondary schools using a larger sample and in a different locality so as to compare the findings and generate information that would allow for wider discussions and generalization of findings.
- (ii) There is need for further research on the modalities employed in the appointment of head teachers as the study found that the importance of such appointment criteria was perceived as not being an important factor in financial management by the sampled head teachers.

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APPENDIX A

QUESTIONNAIRE FOR HEAD TEACHERS

This questionnaire is meant for soliciting information in the study of "Factors that influence efficient financial management in secondary schools in Nakuru Municipality". You have been identified to be a respondent. Please be as objective and honest in answering the questions. The information you give will be treated strictly as confidential and will be used for the purpose of this study only.

PART 1 Background Information (Please tick)

1. Gender MALE FEMALE
2. Age bracket (yrs) 21 - 30 31-40 41-50 51-60
3. Highest academic qualification
Diploma Degree Masters
4. How long have you been a Head teacher ?
5. Have you ever attended any Financial Management training course ?
YES NO
6. If your response in 5 is yes please state the courses you attended.
(i)
(ii)
(iii)

PART II External Factors Influencing Efficiency in Secondary School Financial Management

In your opinion how important are the following external factors in secondary school financial management (Please tick the appropriate box)

- | | Least Important | Not Important | Undecided | Important | Very Important |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| 7. School Size | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 8. Type of School | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 9. Ministry of Education Policy Guidelines | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

10. TSC Code of conduct	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Code of Ethics	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	Least Important	Not Important	Undecided	Important	Very Important
12. Education Act	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. Procurement Policies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. Criteria for Appointment of Head teachers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. Community Participation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16. School BOG Qualification	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17. Head teacher Qualification	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. Bursar's Qualification	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19. Parent's participation/co-operation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20. Good Financial records	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21. Planning and Budgeting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
22. Internal control	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
23. Income generating projects	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
24. Any others, please state	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(i).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(ii).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(iii).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Thank you for your co-operation

APPENDIX B

QUESTIONNAIRE FOR HODS

Instructions: You have been identified to be a respondent. Please be as objective and honest in answering the questions. Please fill the questionnaire to the best of your knowledge. The information you give will help gather vital statistics that will be used to determine the influence of head teacher's characteristics on effectiveness in financial management in secondary schools in Nakuru District. Remember; do not indicate your name on this questionnaire. The information you provide will be treated as confidential and will be used for the purpose of this study only.

PART 1 Background Information (Please tick)

1. Gender MALE FEMALE
2. Age bracket (yrs) 21 - 30 31-40 41-50 51-60
3. Highest academic qualification
Diploma Degree Masters
4. How long have you been a HOD ?
5. Have you ever attended any Financial Management training course ?
YES NO

If yes list them below.

- (i)
- (ii)
- (iii)

PART II Head teacher's Characteristics

In your opinion how do the following head teachers characteristics influence effectiveness in financial management in secondary schools in Nakuru Municipality (Please tick in the appropriate box)

- | | Not at all | a little | Undecided | Much | Very much |
|---------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| 6. Experience | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

7. Sex

8. Honesty

Not at all a little Undecided Much Very much

9. Academic Qualifications

10. Ability to communicate

11. Public relations

12. Relation with the parents

13. Relation with the teachers

14. Relation with the Non-teachers

15. Relation with B.O.G.

(i).

(ii).

Thank you for your co-operation

APPENDIX C

INTERVIEW SCHEDULE FOR BURSARS

PART "A"

Name of school

1. What are your academic qualifications?

.....

2. What are your professional qualifications?

.....

PART "B"

3. What is the criteria for selecting bursars in your school?.....

4. In your opinion what are the necessary skills in financial management that a head teacher should have?

i)

ii)

iii)

iv)

5. How often does the head teacher check the following

never

often

always

i) Stores ledgers

ii) Fees registers

iii) Cash analysis book

iv) Receipt books

v) Trial Balances

vi) Inventories

What internal control mechanism exist in your school accounting system?

APPENDIX D

CORRELATION SCORES BETWEEN SCHOOL SIZE AND EFFECTIVENESS IN FINANCIAL MANAGEMENT

	School size	Effectiveness in Financial Management	
1	5	3	
2	5	2	
3	4	3	
4	2	3	
5	2	2	
6	4	3	
7	1	3	
8	4	2	
9	4	3	
10	5	3	
11	5	3	
12	4	3	
13	2	3	
14	2	2	
15	4	3	
16	4	3	
17	1	2	
18	4	3	
19	4	3	
	66	52	sum

$r = 0.58$ Pearson correlation coefficient

Key

School size

5 – very important

4 – important

3 – undecided

2 – not important

1 – least important

Effectiveness in financial management

3 – effective

2 – moderately effective

1 – ineffective

APPENDIX E

CORRELATION SCORES BETWEEN PARENTAL INVOLVEMENT AND EFFECTIVENESS IN FINANCIAL MANAGEMENT

	Parental involvement	Effectiveness in Financial Management	
1	5	3	
2	5	2	
3	5	3	
4	5	3	
5	5	2	
6	5	3	
7	5	3	
8	3	2	
9	5	3	
10	5	3	
11	5	3	
12	5	3	
13	5	3	
14	5	2	
15	5	3	
16	5	3	
17	5	2	
18	5	3	
19	1	3	
	89	52	Sum

$r = 0.89$ Pearson correlation coefficient

Key

Parental involvement/ cooperation

5 – very important

4 – important

3 – undecided

2 – not important

1 – least important

Effectiveness in financial management

3 – effective

2 – moderately effective

1 – ineffective

APPENDIX F

CORRELATION SCORES BETWEEN PARENTAL INVOLVEMENT AND EFFECTIVENESS IN FINANCIAL MANAGEMENT

	School Accounting system	Effectiveness in Financial Management	
1	3	3	
2	4	2	
3	3	3	
4	4	3	
5	4	2	
6	3	3	
7	4	3	
8	4	2	
9	4	3	
10	2	3	
11	3	3	
12	2	3	
13	3	3	
14	4	2	
15	4	3	
16	3	3	
17	4	2	
18	3	3	
19	3	3	
	64	52	Sum

$r = 0.54$ Pearson correlation coefficient

Key

School Accounting System (perceptions of bursars on head teachers' frequency in checking financial records)

4 – very often

3 – often

2 – rarely

1 – never

Effectiveness in financial management

3 – effective

2 – Moderately effective

1 – Ineffective

APPENDIX G

CORRELATION SCORES BETWEEN PARENTAL INVOLVEMENT AND EFFECTIVENESS IN FINANCIAL MANAGEMENT

	H/Teachers characteristics	Effectiveness in Financial Management
1	36	3
2	50	2
3	46	3
4	39	3
5	43	2
6	37	3
7	44	3
8	43	2
9	42	3
10	42	3
11	38	3
12	39	3
13	38	3
14	38	2
15	43	3
16	46	3
17	39	2
18	42	3
19	38	3
20	42	
21	49	
22	44	
23	38	
24	43	
25	39	
26	50	
27	39	
28	38	
29	44	
30	44	
31	46	
32	34	
33	37	
34	40	
35	45	
36	46	
37	39	
38	42	
39	46	
40	40	
41	37	
42	34	

43	37		
44	36		
45	50		
46	46		
47	39		
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51	43		
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53	42		
54	38		
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58	43		
59	46		
60	39		
61	42		
62	38		
63	42		
64	49		
65	44		
66	38		
67	43		
68	39		
69	50		
70	39		
71	38		
72	44		
73	44		
74	46		
75	34		
76	37		
77	40		
78	45		
79	46		
80	39		
81	42		
82	46		
83	40		
84	37		
85	34		
86	37		
87	40		
88	46		
89	37		
	3675	52	sum
	16.09550562	0.212418301	VAR

43	37		
44	36		
45	50		
46	46		
47	39		
48	43		
49	37		
50	44		
51	43		
52	42		
53	42		
54	38		
55	39		
56	38		
57	38		
58	43		
59	46		
60	39		
61	42		
62	38		
63	42		
64	49		
65	44		
66	38		
67	43		
68	39		
69	50		
70	39		
71	38		
72	44		
73	44		
74	46		
75	34		
76	37		
77	40		
78	45		
79	46		
80	39		
81	42		
82	46		
83	40		
84	37		
85	34		
86	37		
87	40		
88	46		
89	37		
	3675	52	sum
	16.09550562	0.212418301	VAR