

**HEADTEACHER COMPETENCE AND FINANCIAL MANAGEMENT IN SELECTED
SECONDARY SCHOOLS IN MUKONO MUNICIPALITY**

**MARY NANTONGO
15/U/14502/GMED/PE**


**A DISSERTATION SUBMITTED TO THE GRADUATE SCHOOL IN PARTIAL
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DECLARATION

I, Mary Nantongo, declare that this dissertation titled "*Headteacher Competence and Financial Management in Selected Secondary Schools in Mukono Municipality, Mukono District, Uganda*" is my original work and has not been submitted for any award in any University or institution of higher learning.

Signed: 

Date: 

MARY NANTONGO

15/U/14502/GMED/PE

APPROVAL

This is to certify that this dissertation titled "*Headteacher Competence and Financial Management in Selected Secondary Schools in Mukono Municipality, Mukono District-Uganda*" by Mary Nantongo was carried out under our supervision and is ready for submission with our approval.

Signed: .....
DR. JACOB LALANGO OYUGI

Date: 06/12/2017.....

Signed: .....
DR. GEORGE WILSON KASULE

Date: 08/12/2017.....

DEDICATION

I dedicate this work to my dear husband and my beloved mummy, who have encouraged, prayed and facilitated me at all times. May God bless and reward them abundantly.

ACKNOWLEDGEMENT

I wish to extend my sincere appreciation to everyone who facilitated the completion of my dissertation without whom this work would not be in its present form.

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ABSTRACT

This study investigated the Effect of Headteacher Competence on Financial Management in Selected Secondary Schools in Mukono Municipality-Uganda. The study was guided by the following specific objectives to: assess the extent to which budgeting affects financial management, determine how supervision, monitoring and control of expenditures affects financial management and to ascertain the extent to which internal audit system affects financial management in secondary schools of Mukono District.

The researcher employed a descriptive cross-sectional survey design covering both qualitative and quantitative research approaches to elicit data. The data collection tools used included interviews and questionnaires. Both simple random sampling technique and purposive technique were used to select respondents that included headteachers and teachers (n = 92). The data was presented in using frequencies, percentages, means and standard deviation. Analysis and interpretations were done using descriptive statistics.

The study established that: school headteachers controlled expenditures through coordinated efforts in execution of co-curricular activity, ignoring items not budgeted directed towards achieving good value for money; monitoring and supervision of the budget was only done by the headteachers and to a less extent by school finance management committee and Boards of Governors. Budget information needs to be reported regularly to internal budget holders; the study further revealed that headteachers were accountable for all income and expenditure at school. The systems of controlling and recording funds in the school should be clear as it informs the auditing of finances.

The study recommends that, there is need to improve the quality and competence of headteachers, seminars workshops and conferences have to be organized by Ministry of Education and Sports. There is need for headteachers to ensure accurate financial record keeping for proper functioning of the school. This allows a record of financial transactions to easily be traced and for proper control of the funds flow in the school. Further research should be conducted to examine the effect of Internal auditing on fraud detection in Uganda.

CHAPTER ONE

INTRODUCTION

1.0 Introduction

The study was set out to examine the competence of headteachers in financial management in selected secondary schools of Mukono Municipality. Besides headteachers having competencies in terms of their qualification and experience, providing strategic leadership and direction of schools, staff management and development as well as Organisation and management of systems and resources; effective financial management has remained wanting in most secondary schools in Mukono. Headteachers are required to have competence in support programme, allocated funds for school infrastructure, review filed records of transactions, monitor receipt books, payment vouchers, ensure transparency and accountability in use of funds, and avoid mismanagement of infrastructure fund, possess administrative skills and attributes. Mismanagement of funds leads to shortage of critical resources in schools as money is not available for the purchasing of the necessary books, equipment and which often results in the unsatisfactory performance of teachers and students. This chapter presents the background to the study, statement of the problem, purpose of the study, objectives of the study, research questions, scope of the study, significance of the study and the definition of key terms used in the study.

1.1 Background to the Study

This covers the historical, theoretical, conceptual and contextual perspectives

1.1.1 Historical Perspective

The historical development of financial management in educational institutions is traced way back between 1870 and 1902, when secondary schools were under the management of a patchwork of elected school boards or Board of Governors (Otieno, Omollo, Kute, Atieno, Yambo and Onyango, 2016). Kindiki (2012) reveals that there was a move to develop management competence for managers in the 1970s in United States of America. As a result of this movement, attempts were made to develop competencies for school headteachers such as the initiative taken by the National Association for Secondary School Headteachers (NASSP) to establish a set of generic competences for school headteachers for use in assessment centres in Australia, Canada, Netherlands (Wawira, 2013).

knowledge; skills; attitude; characteristics. Knowledgeable people make financial mistakes too because they may not have the right skills or attitude towards money management. Varma, (2009) divided the above components into two: The visible, that is, knowledge level and skill level can be seen and can be improved by reading up blog, and in-service training but this visible part is only 10-15% of what it takes to manage money. The hidden part that is, it depends on one's attitude and other characteristics like what one values, what is learned from parents and from others. This hidden part accounts for 85- 90% of what it takes to manage money. This theory is applicable to this study since in-service training equips trainees with knowledge, skills, competencies, values and attitudes (Vadesto Ashelly & Mgeni, 2015).

The bucket theory of financial management is a common sense approach to managing a family's financial future providing a systematic way for families to set and reach financial goals and help the family build a sound financial foundation (Sakwa, 2013). The theory supposes 5 buckets hanging in stair step fashion, each below and a little to the right of the one above it. As water flows into the top bucket, the bucket begins to fill. When it reaches its capacity, the water flows over the edge and into the second bucket. The process continues until all the buckets are filled.

It is assumed that the 5 buckets represent financial priorities starting from the basics to investment of surplus finances. The water that flows from bucket to bucket represents the resources a family has. To build a sound financial base for a family, each bucket must be filled before resources are diverted to the next one (Otieno, Kute, and Onyango, 2016). This theory is borrowed since schools can apply it when budgeting for financial resources moving from basic needs to other needs like investment in entrepreneurship. Basic needs in schools include food and teaching learning materials such as textbooks, exercise books, laboratory equipment and chemicals and other stationery (Sakwa, 2013 cited in Vadesto et.al., 2015).

1.1.3 Conceptual Perspective

Competence refers to skills and abilities headteachers exercise in discharging school financial responsibilities (Erick, Ochieng & Magak, 2013). These encompass fulfilling the statutory financial requirements, understanding and undertaking budget setting activities, adhering to the importance of communication of the school's financial performance to stakeholders, controlling and monitoring financial systems and operating the financial systems. A headteacher is expected to have competency

in Budgeting and controlling, providing accountability in a transparent manner. Headteacher competence is measured from his ability to assist schools develop financial policies and finance systems, Guidance on the preparation of school budgets, providing technical accounting advice to schools, facilitating financial management workshops, producing training material for schools, producing self-review material for schools, Facilitating contact between schools and their auditors and accounting service providers. Indeed, the regular and comprehensive review of public expenditure to realize effectiveness, efficiency, equity and sustainability perspectives are other capabilities that headteachers must possess.

According to Agadife (2006) financial management is concerned with the acquisition, financing and management of assets with some overall goals in mind. Financial management is the act of identifying where to acquire long-term finance and how to manage everyday financial activities in the business environment. In simple terms, school finance is seen as the business function of planning, obtaining and managing the firm's funds to accomplish its objectives in the most effective possible way (Atieno, 2013).

According to Atieno (2013), financial management is the area of business management, devoted to a judicious use of capital and a careful selection of sources of capital in order to enable a spending unit to move in the direction of reaching its goals. Financial management is a distinct area of business management and prudent or rational use of capital resources, careful selection of the sources of capital and Goal achievement. Financial management entails defining the goals of the organization, developing programs that will achieve these goals into quantitative terms, that is, and Ugandan shilling. Financial management is therefore a control system that determines how to use the available resources optimally to produce quality results. Senior secondary schools need to adopt proper financial management practice to run the day to day activities.

Thus, the budget represents the financial crystallization of the organization's intentions. It is through budgeting that a school can decide on how to achieve the intended goals. Those who control or administer the budget must not only comply with the spending plan but also show evidence of the expenditure. School headteachers need to be conversant with financial accounting procedures. They may use the services of accountants, bursars and accounts clerks. Berk and Demarzo (2008) points out how interested groups usually want information that will provide answers to two important

questions. These are: (i) what is the financial health of the organization at a given point in time? (ii) How well did the organization perform over a given period of time? School headteachers should be in a position to answer these two questions.

1.1.4 Contextual Perspective

Mukono Municipality has many secondary schools experiencing financial management challenges in regard to raising school revenue, receipt the funds and spending it (Ssekiziyivu, 2009). With the setting up of the Parents Teachers Associations (PTAs), parents have had to raise more money for school development fund, purchase of text books, school buses and computers in Mukono District. Budgeting, controlling collections as well as auditing bursars is a weaknesses headteachers experience in Mukono secondary schools. Such incompetency to manage salaries, maintenance grants and development grants has made bursars decline to forward financial records for scrutiny without fear and defraud the accounts (Drajo,2010).

Bua, Terhile, Adzongo and Ibuh (2014) noted that the competence of headteachers in the area of management of school finances and business, headteachers did not possess adequate proficiency in the following areas of competence; preparation of financial estimates or budgets; management and control of school finances; raising funds for development projects; generating funds within the school and tendering. According to Margaret, Wagithunu, Muthee, and Thingu (2014) majority of incompetent school managers experience difficulties in keeping track with the financial performance of their schools in Uganda. Hence financial resources cannot be used for meeting all the capital and recurrent expenditures in secondary school of Mukono.

1.2 Statement of the Problem

The success of education sector depends on how funds are sourced, budgeted, disbursed, financially planned, monitored and controlled, internally audited and managed efficiently and effectively (Ackom, 2015). However, in Mukono some Secondary School Headteachers demonstrate limited skills in providing proper accountability on income and expenditures of school funds and this has attributed to low generating funding (Mukono District Financial Management Audit Report, 2016). In Mukono Universal Secondary Education (USE), school funds allocated for specific projects are either diverted to unprioritized activities or misappropriated. The District Education Officer revealed

that a good number of audit reports indicate that headteachers have limited ability to enforce proper record of books of accounts which has led to fund manipulation (DEO, 2016).

The Ministry of Education and Sports has instituted financial management policies and train headteachers to avoid unnecessary expenditure but the problem of improper budget preparation, inadequate supervision and control have persistently continued. Moreover, poor financial position of a Secondary School regardless of context led to increased scarcity of school facilities, teaching materials among others. This therefore calls for educational institutions to have headteachers with unquestionable competence in financial management. Apparently, little is known about the headteachers' competence levels in financial management and how this impact the overall financial management in Ugandan secondary schools, particularly, in Mukono District. No study had so far been conducted to examine budgeting skills employed by headteachers, their ability to supervise bursar duties and responsibilities, how they monitor and control accounts and the extent to which internal audit system influences financial management. This study, therefore, explored the extent to which headteachers' competence in financial management influences the overall financial management in selected secondary schools in Mukono District.

1.3 Purpose of the Study

The purpose of the study was to establish the headteachers' competence in financial management in selected secondary schools in Mukono District.

1.4 Objectives of the Study

This research was carried out basing on the following specific objectives:

- i) To assess the extent to which budgeting affects financial management in secondary schools of Mukono District.
- ii) To determine how monitoring and control of expenditures affects financial management in Secondary schools of Mukono District.
- iii) To ascertain the extent to which internal audit system affects financial management in secondary schools of Mukono District

1.5 Research Questions

This study sought to answer the following questions:

- i) To what extent do headteachers draw up budgets in Secondary schools of Mukono District?
- ii) How are headteachers able to monitor and control expenditure as per the budget in Secondary schools of Mukono District?
- iii) To what extent do the headteachers set up internal audit system to aiding in financial management in secondary schools of Mukono District?

1.6 Scope of the Study

1.6.1 Geographical scope

The study was conducted from selected public Secondary Schools of Secondary schools of Mukono District (UBOS, 2009). Mukono District is located in the Central Region of Uganda, a distance of is about 21 kilometres (13 miles), by road, east of Kampala, the capital and largest city of Uganda (Google, 2016). Mukono District is bordered by Kayunga District to the north, Buikwe District to the east, Tanzania to the south, Kalangala District to the south-west, Kira Town and Wakiso District to the west, and Luweero District to the north-west (Globefeed.com, 2016). The district is chosen because it is a model district where headteachers are key in possessing financial management skills as a main development tool for both individuals and the Management Team as a whole in realizing school success.

1.6.2 Subject Scope

The study mainly focused on examining the competence of school managers in financial management in selected secondary schools in Mukono District. The study specifically: looked at the extent headteachers draw up budgets; supervise, monitor and control expenditure as per the budget; and set up internal audit system to aid in financial management in secondary schools of Mukono District.

1.6.3 Time Scope

The research examined how competence in financial management has been exercised within the past 3years (2014 – 2016). This period is chosen since it is the period when media reports published mismanagement of USE funds by most headteachers. Literature period was based on the past 10years while the study data was collected within a period of four (4) months i.e. from August to November, 2017.

1.7 Significance of the Study

The findings of this research may be used by:

This research will aid school managers to gain knowledge, skills and attitudes needed by secondary school for effective financial management in schools in Mukono district.

Secondary school managers to improve on their budget preparation, monitoring and control considering the wide range of departmental activities including line activities like timetable subject allocation to teachers and non-line activities such as feeding program, boarding and co-curricular activities. This is where plans produced are linked to the budget using technical know-how.

Education officers (Audit Section) as a stepping-stone to improve on their financial monitoring and control skills especially in comparing the budget and the actual expenditure by headteachers of public secondary schools.

The study on the financial management practices of senior high schools in Mukono District is to unearth current lapses and challenges in a bid to help improve the financial management systems of senior secondary schools in Uganda.

Also, the result of the study may contribute significantly to the improvement of the way financial administration is undertaken in the selected senior high schools in particular and secondary schools across the country in general.

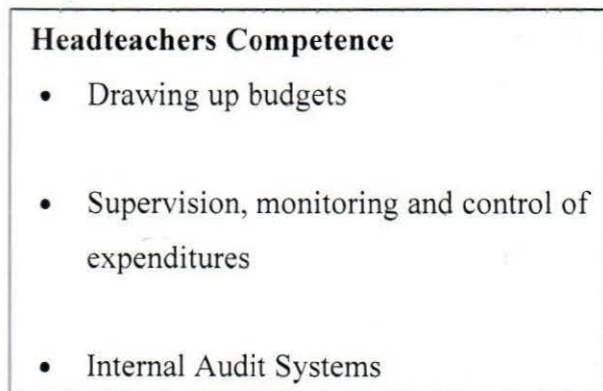
The research also seeks to add a voice to what has been said concerning the public financial management practices in Ugandan schools and provide a document that will serve as a basis for further research in this area.

1.8 Conceptual Frame Work

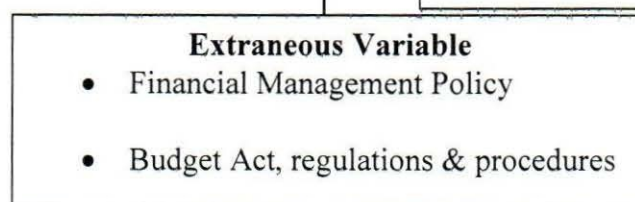
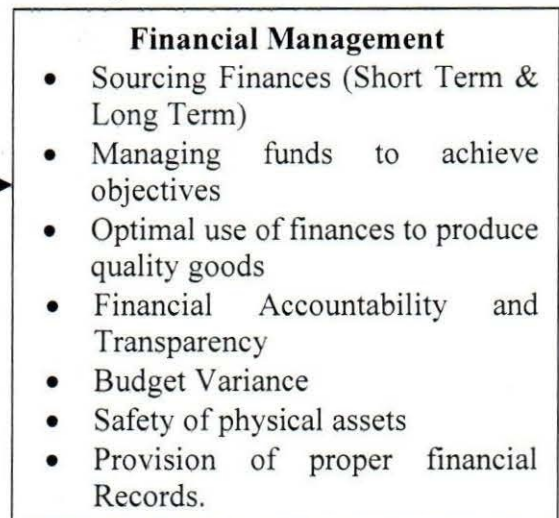
The idea on headteachers' financial management competence is conceived by examining access to adequate level of financial expertise, how headteachers lead and manage the development of strategic financial plans, and assess the characteristics that demonstrate this competence beneath it. Headteachers determine the strategic choices and recommend those most likely to achieve the school's goals and objectives among which includes: being able to extract and analyse information in a as a clear understanding of good financial management practices and the school's performance compared to it; Understands statutory financial requirements for the school, considerate the financial framework by undertaking budget setting activities and monitoring activities. Headteachers must be able to communicate the school's performance to stakeholders. Hence, this ideology can demonstrate the personal commitment and qualities required for financial management, Controls and monitors financial systems in a school. The illustration is as follows:

Figure 1.1: Conceptual framework illustrating the effect of Headteachers' Competence on Financial Management

Independent Variables



Dependent Variables



Source: Adapted from Rotich, Kipkirui & Mutisya, (2014) Factors that Influence Financial Management in Secondary School and modified by the researcher.

Figure 1.1 indicates that headteachers competence is the independent variable which directly affects financial management as a dependent variable. It indicates that competencies of school managers such as drawing up budgets, supervision, monitoring and control as well as internal audit systems influence financial management systems in terms of: Sourcing Finances (Short Term & Long Term), Managing funds to achieve objectives and optimal use of finances to produce quality goods, long-term well-being, low financial risks, and effective funds disbursement to realize optimal returns, Financial Accountability and Transparency, Budget Variance, Safety of physical assets and provision of proper financial Records. The conceptual framework further illustrates that Headteachers' competence in financial management is influenced by other extraneous variables such as: finance management policy, inflation, and school size. As such, the researcher undertook the necessary measures to limit the influence of these extraneous variables by adopting appropriate research designs and made use of accurate data collection tools.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter reviews related literature by different authors available on the headteachers' competence in financial management in selected secondary schools. The information is a combination of extracts, paraphrased statements from textbooks, pamphlets, journals, magazines, websites, publications and other official reports related to competency and financial management. The literature is reviewed according to study objectives that included to; assess the extent to which headteachers draw up budgets in secondary schools, determine how headteachers conduct budget supervision, monitoring and control in secondary schools and ascertain the extent to which headteachers set up internal audit system to aid in financial management in secondary schools.

2.1 Theoretical Review

The study was guided by the iceberg theory of money management, the bucket theory of financial management and supplemented by the Adult Learning Theory Malcolm. The iceberg theory of money management. This theory was advanced by Hansraj, (2007). It says that money management expertise has four components: knowledge; skills; attitude; characteristics. Knowledgeable people make financial mistakes too because they may not have the right skills or attitude towards money management.

Hassan (2010) divided the above components into two: The visible that is, knowledge level and skill level can be seen and can be improved by reading up blog, dailies, magazines and in-service training but this visible part is only 10-15% of what it takes to manage money; The hidden part that is, it depends on one's attitude and other characteristics like what one values, what is learned from parents and from others. This hidden part accounts for 85- 90% of what it takes to manage money. This theory is applicable to this study since financial managers (headteachers) need knowledge, skills, competencies, values and attitudes to manage operations of a school.

The bucket theory of financial management is a common sense approach to managing a family's financial future providing a systematic way for families to set and reach financial goals and help the family build a sound financial foundation. The theory supposes 5 buckets hanging in stair step fashion, each below and a little to the right of the one above it. As water flows into the top bucket, the bucket

begins to fill. When it reaches its capacity, the water flows over the edge and into the second bucket. The process continues until all the buckets are filled. It is assumed that the 5 buckets represent financial priorities starting from the basics to investment of surplus finances. The water that flows from bucket to bucket represents the resources a family has. To build a sound financial base for a family, each bucket must be filled before resources are diverted to the next one (Humphrey and Chetambe, 2013). This theory is borrowed since schools can apply it when budgeting for financial resources moving from basic needs to other needs like investment in entrepreneurship. Basic needs in schools include food and teaching learning materials such as textbooks, exercise books, laboratory equipment and chemicals and other stationery (Nyandoro, Mapfumo & Makoni, 2013).

Maina (2012) discusses the 'Petrol tank' view of school education: fill the tank full at the only garage before the freeway, and then away we go on life's journey. He discusses that problems can arise when people have not had their tank filled completely at school and suggests that there should be service stations along the length of the highway of life. According to Koontz and Weihrich, (2007) there is no single all-embracing theory of educational management. This reflects the diversity of educational institutions, the varied nature of problems encountered by educational institutions, and the multifaceted nature of theory in education and the social sciences. Maina (2012) classified the main theories of educational management into six major models of educational management: formal, collegial, political, subjective, ambiguity and cultural. This study uses a formal model as the researchers assume that schools are hierarchical systems in which headteachers use rational means to peruse agreed goals (Nyandoro, et.al., 2013).

Headteachers possess authority legitimized by their formal positions within the schools and are accountable to school governing bodies for their activities (Mobegi, Ondigi and Simatwa 2012). Formal models give prominence to official structures, rational processes, the authority of leaders and accountability. These may be linked to the school management tasks identified by Motsamai, Motsamai, Lynette and Corene (2011), namely planning, organising, leading and controlling. The administration of a school's finances is an integral part of effective school administration (Moses, 2010). Each of the aforementioned tasks briefly were considered regarding financial management.

2.2 Review of Related Literature

2.2.1 Budgeting system and Financial Management in Secondary Schools

Wambugu (2012) points out some characteristic of a good budget. He explains that, a good budget is characterized by the following factors: participation – this is a situation where many people are involved as possible when drawing up a budget; comprehensiveness – this is where budget preparation embraces the whole business organization; standards – based it on its established standards of performance of the business; flexibility- this allows the budget preparation for changing circumstances; feedback – monitoring of performance of the business organization constantly; analysis of costs and revenues – both cost and revenue are analyzed in the preparation. This can be done on the basis of product line, departments or cost centers.

Oche (2009) provides that in most times a headteacher should be encouraged to prepare a budget for the school programme to run effectively so as to use the funds available maximally for the benefit of students and the school. There should be prudent management to ensure appropriate contingency in the budget not to lead to a substantial under-spending or over spending of the resources at hand. There should be guidelines to review regularly questioning their cost effectiveness and monitoring the budgetary expenditure.

According to Kahavizakiriza, Walela, Kukubo (2015) Planning is a vital component of effective school financial administration. The planning of school finances usually begins with the drafting of a budget. According to Otieno (2013) a budget is the mission statement of the school expressed in monetary terms. Yambo, Odhiambo, & Odera (2014) argues that budgeting is an ongoing and dynamic process that is typically marked by regular phases, such as, planning, needs assessment and priority setting. Budgeting is a forward-looking process which should be guided by the school's vision for the future and a realistic assessment of the risks (Yambo, Odhiambo & Odera, 2014) .

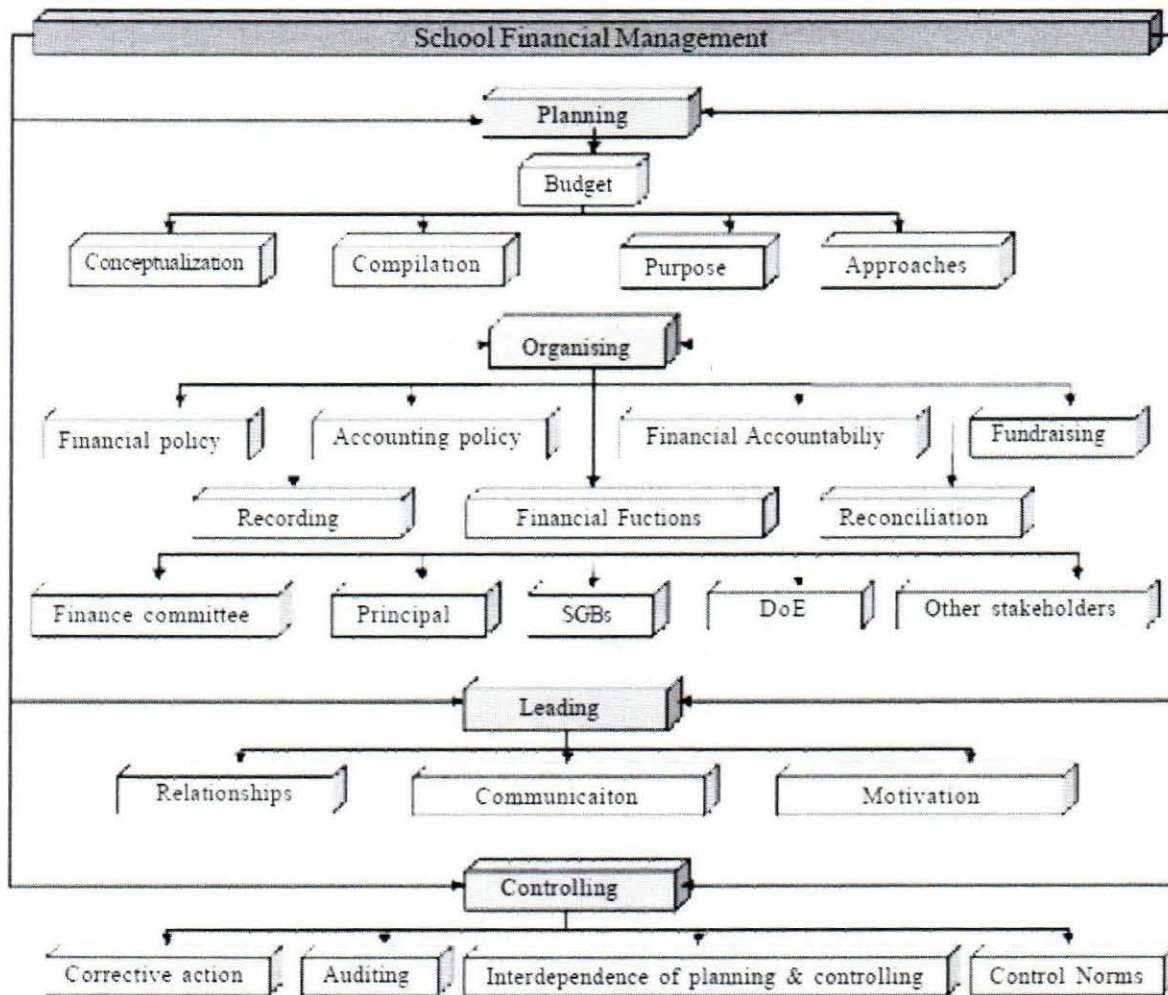
Agaoglu (2005) summarises the purpose of a budget as assisting systematic planning; quantifying objectives and identifying priorities; coordinating activities and communicating plans within the organisation; motivating and increasing the accountability of middle management; authorizing expenditure and activities; controlling, monitoring and analysing expenditure; and evaluating performance. In an education organisation its financial administration activity means bringing all possible input from staff, parents, students and the community together to render the service of quality education (Brigham & Houston (2007). In this respect, organising of school finances should include aspects such as drawing up a school financial policy; setting up a structure within the school to handle

administrative and financial matters; delegating certain functions to deputies, class teachers and the bursar; and coordinating activities (Brigham & Houston, 2007).

Leadership in financial administration involves three aspects: sound relationships, communication with all stakeholders and internal concerned with school finances. Eze (2008), notes that “harmonious collaboration between academic and administration staff is a prerequisite for successfully achieving financial objectives”. Eze (2008) believes that financial activities are dealt with most effectively when both the administrative and academic personnel are involved in the process. Communication is the basis for establishing relationships and for providing motivation. Eze (2008) argues that good communication will ensure that each staff member who is involved in school finances would be informed about authorisations for various expenditures, is knowledgeable about the financial procedure for expending money, and knows to whom the results of the expenditure should be reported.

Kruger (2005) emphasises that all staff members should feel that they have a role to play in all of the school’s activities, as this will motivate them to work hard and consequently achieve effective and efficient financial administration. The financial planning of school finances and its control are interdependent and closely linked with each other (Kaguri, Ibuathu, Njati & Thiaine, 2014). It can be deduced that the same relationship exists between the budget and control since a “budget is a planning instrument” (Ochai, 2005). This means that financial planning is about budgeting and in this regard Mutembei and Ndumba (2013) argues that a “budget is a financial control technique as well as a plan”. Besides, Mutembei, Ndumba (2013) further collaborate this view by stating that: “budget systems cannot function without effective and appropriate control”. Figure 2 gives a schematic overview of the financial management tasks and subtasks of school headteachers. This structure guides data analysis and discussion of the findings on the financial management of how the schools is doing. It is imperative for the researchers to capture not only the actions but also the intentions as may be influenced by the context of the participant. This can only be obtained through organised social interaction with role players.

Figure 2. 1: A summary of a School's Financial Management



Source: Mutembei, Ndumba (2013, p.28).

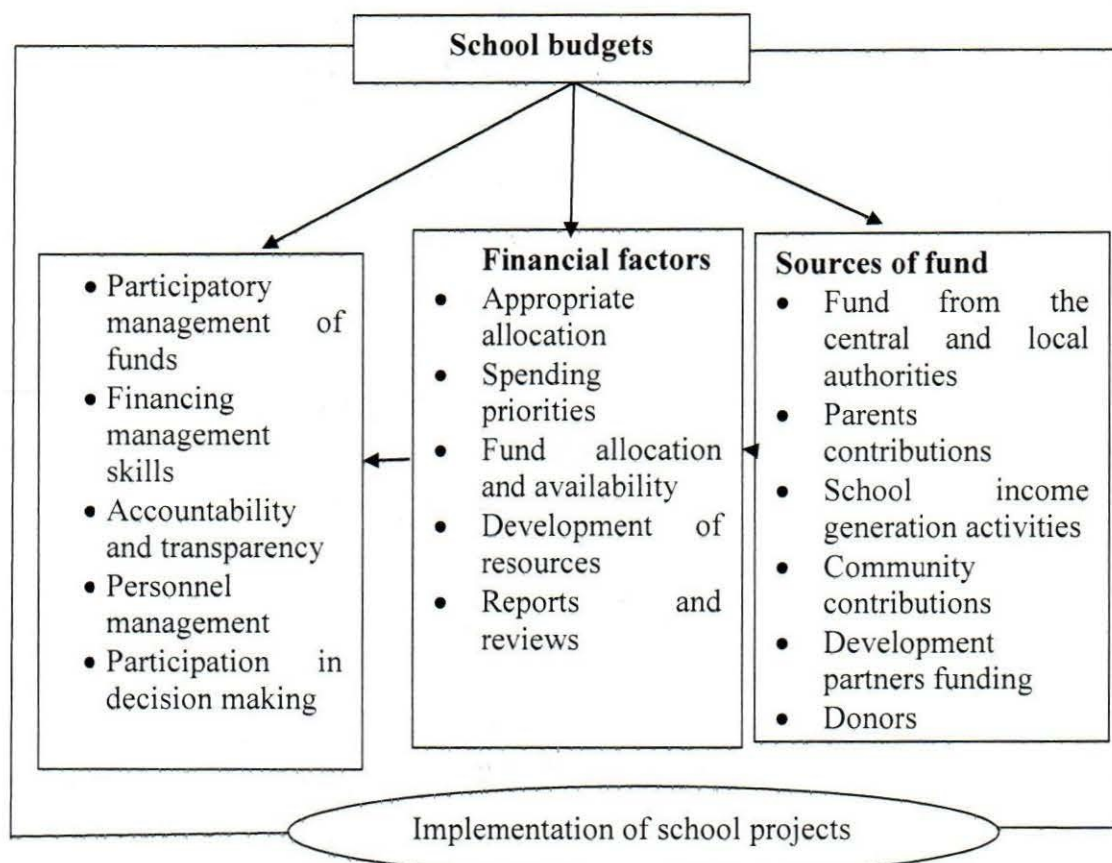
According to Otieno, (2013) budget is perhaps the most chosen course of action or inaction by the management and staff across all sectors. Management at all levels within the public, private and the third sector have used the budgets as their shield or excuse when confronted or challenged about any decision. A budget is a key management tool for planning, monitoring and controlling the finances of a project or organization. It estimates the income and expenditures for a set period of time for your project or organization (World Bank, 2010).

According to UNESCO (2006) budget can serve a number of important purposes, including: Monitoring the income and expenditures over the course of a year (or a specific project time frame), helping to determine if adjustments need to be made in programs and goals, Forecasting income and expenses for projects, including the timing and the availability of income (such as additional grant

funds), providing a basis for accountability and transparency. In line with the evolution of societies, budgeting processes underwent a number of changes both in terms of objectives and formats. Budgeting as it is applied today is a product of this evolution, figure 3 below on the next page.

Budgeting Managers of secondary schools need to look ahead, establish priorities and plan the activities in the school. If they do this, they will manage their money well. Clear long term plans and priorities will bring about effective school financial management. It is unlikely that a school has more funds available than it needs. It is therefore important that clear priorities of spending the limited funds be drawn. The managers should not implement plans that are unaffordable and which will drive them into straining parents. The development plans drawn should have direct impact on the improvement of education standards (UNESCO, 2006).

Figure 2. 2: Effectiveness model of the System of Secondary School Budget in Implementation of School Projects



Source: Nyandoro, Mapfumo and Makoni (2013. Pg.35.)

Hansraj (2007) points out that it is wrong for schools to strain parents by initiating costly projects like the purchase of buses that has no direct impact on the improvement of education standards. He feels that it is high time the headteachers prioritize the schools' needs by implementing development plans that are less taxing on the parents and at the same time enhance learning. Plans need to have long term objectives. The managers need to carry out the major analysis of the school's current performance and the school situation to determine future needs. A SWOT analysis will help make things straightforward, practical and as such less time consuming. In the SWOT analysis, the managers need to know the strengths and weaknesses of the school and consider the opportunities and threats likely to arise in future for the school.

Kiboyo (2012) feels such analysis needs to consider the schools' environment, internal resources and organizational culture (values, attitudes, relationships, styles, politics among others) as well as the school's performance and outcomes. With such planning and analysis, a proper budget will be put in place. It is this budget that will act as a management tool for planning, implementing and evaluating. With a budget in place, one important function will be fulfilled, that is provision of a system of control. This is because Kiboyo (2012) sees budgets to be representing the financial crystallization of an organization's intentions. He feels that it is through budgeting that a school can decide to allocate resources so as to achieve organizational goals. For a budget to operate, it must be acceptable to those who use it, that is, it must be discussed and agreed upon by the implementers.

Nyandoro, Mapfumo and Makoni (2013) feel that to develop a realistic budget, management must predetermine the decision rules and organizational structure that will be used during actual operations. This means that at the time of budget preparation, there must be a concurrent knowledge of the decision rules to be employed.

Besides, Norman (2010) indicates that it is important that people within the school system be involved in the budget building. This means that teachers will have a real voice in suggesting what is necessary by way of working conditions, equipment, supplies, books and other items to make instruction most effective. This also means that support staff who clean floors, repair buildings, or do other tasks will also have a voice in suggesting what is needed to do these jobs efficiently. All of these suggestions may not be accepted, but they should be considered.

This will bring in maximum delegation as Newstrom and Davis (2002) feel that the underlying philosophy of financial delegation to schools stems from the application of the principles of good management. Good management requires the identification of management units for which objectives can be set and resources allocated; the unit is then required to manage itself within those resources in a way which seeks to achieve the objectives; the performance of the unit is monitored and the unit is held to account for its performance and for its use of funds. There should not be maximum delegation to the school but also within the school, that is, from the headteacher to departments, class teachers and other employees of the school. Such delegation of responsibilities should appear within an appropriate framework.

Budget holders should not require authorization from a higher level except for specified exceptions. They should not be unduly restricted by regulations and they should be free to switch expenditure from one vote head to another. Budget holders should know that they should be clearly accountable. If there are any restrictions on their scope of action, for instance a maximum amount for a given expenditure without need for additional authority, it should be clearly spelt out. Expenditures should be clearly authorized by the person in charge and be traced to the authorized budget (Sanyal, 1996).

According to Yambo, Odhiambo & Odera (2014) good planning provides a good starting point for financial management. Otieno (2013) gives four approaches to planning: Approach one is the rational approach in which the management process follows a cycle, thus: Chart one Analysis Goals Objectives, Evaluation Plans, Monitoring and Implementation. Approach two; Resources Approach is the pragmatic approach which she tries to attain the objectives set in small steps depending on the need that has cropped up. This has been the most popularly used method by headteachers or head teachers in secondary schools because it is flexible and builds on existing strengths and tries to tear down the weaknesses. It mainly concentrates on short term planning. Approach is the entrepreneurial approach in which the managers plan considering the opportunities available and the resources available to exploit such opportunities. For example, opening up doors to the community to access computer facilities in the school or supplying water to the community using the school water pump will help the school raise funds for other uses and this will help publicize the school extensively and create more opportunities to be exploited. Approach 4 is the lateral approach in which future goals are identified and ways identified which can lead to the achievement of these goals. With planning, therefore, a school may choose any of these approaches depending on the situation in which they are.

2.2.2 Monitoring and Control in Secondary Schools

A school like any other organization requires finance in order to run. There must be an efficient control of finance to keep the school afloat. Funds have to be obtained budgeted and utilised for. Efficiency in handling school's funds requires proper records to avoid misappropriation (Atieno 2013).

Berk and Demarzo (2008) says that business management is concerned with understanding the sources of revenue for the school, preparation of the school budget and monitoring expenditure in light of the approved budget. According to Ochieng & Magak (2013) lack of accountability and misappropriation of finances in secondary schools was mainly due to inadequate management training of officers assigned management responsibility.

Financial controls are the process in which managers assume that resources are obtained and used effectively and efficiently, in the accomplishment of the organization's objectives (Webster, 2000). Webster also suggest that financial controls is a system of related variables and clearly a symbolic model of the firm; since it is a representation of the organization that enables an organization to predict, explain and interpret the behavior of the organization. Financial control systems include variables that are under the control of management.

Financial controls are usually associated with public accountability, "public accountability" refers to the reporting of comprehensive information about the condition, performance activities and progress to all those with social, economic and political interests (Coy and Dixon, 2004). Under public accountability, school financial controls would be concerned with a broad range of sufficient and meaningful information, in both financial and non-financial terms, that enables stakeholders to obtain a comprehensive understanding of the school's objectives and performance (Coy, Fischer and Gordon, 2001).

MOE school management guide (2008) stresses that financial resources are scarce and misuse or inappropriate distribution can make things worse. The head teacher, B.O.M /P.T.As and H.O.Ds should monitor, supervise and control school funds in close connection/liaison with the school bursar. The system should provide a complete history of all the transactions to the B.O.M and other stakeholders. The school should deposit any excess revenue to avoid cases of theft, loss or other

malpractice. Auditing should be done at the initial stages by the school principal and at a later stage by external auditors from the MOE which helps in knowing the financial standing of the school, credibility of accounting records, detecting and preventing errors in future.

All financial transactions must be recorded in the cash book on a daily basis or as they occur and all payment vouchers must have the following: Serial number, relevant support documents, head teacher's signature and payee's signature. The head teacher should check the preparation of the accounting records and submit the financial statements for audit every year. Financial statements and audit reports are often allocated very little time in B.O.M / PTA meetings and is often put last in the agenda, by the time they reach it they are bored, tired or in a hurry to end the meetings, the statistics, especially taking into account the language and explanations overwhelm them thus they end up not understanding finer details of what took place. This should be consciously avoided and such issues should be high on the agenda and allocated adequate time that allow deeper understanding of finer details and questions can be asked relating to the accounting figures and procedures, that way, management of school finances can be more widely and readily improved. Lucey (2002) defines a budget as a quantitative statement for a defined period of time which may include planned revenue, expenses, assets, liabilities and cash flows. A budget provides a focus for the organization aids the coordination of activities and facilitates control.

Some of the reasons they found responsible for the misappropriations include long span of period before auditors check books of accounts in schools, signing blank cheques, collusion with suppliers and auditors, ignorant BOG members, weak internal controls and lack of involvement of teachers in the budgetary process among other reasons. Watsulu and Simatwa (2011) Found out that auditing was not adequately done due to shortage of auditors thus long span of time elapses before auditing is done. Some schools have incomplete financial accounting documents like payment vouchers. Some schools delay in submitting the books of accounts for auditing thus it took long before feedback is given. Some heads claimed they lack adequate time to carry out audit internally.

Planning is achieved by means of a fixed master budget whereas control is generally exercised through comparison of actual costs with a flexible budget. Lazarus (2000) observes that budgetary

control is one of the best techniques of controlling management of finance, in which case every department's budget is made of estimated data from original data and fix the responsibility of employee if variance will not be favorable, in other words to make the budget and control the business is a key tool in budgetary control.

Financial Management Standards in Schools (2007) schools have many systems for controlling and recording financial transactions. These controls are important because they show governors about how the budget is spent, protecting schools' resources from loss or fraud, enabling governors to receive accurate information, guiding in decision making and providing assurance that transactions will be properly processed, errors or fraud if they occur quickly detected. Examples of key internal controls includes internal checks where one person checking another person's work reparation of duties which involves distributing work so that the tasks are assigned to separate members of staff, system of authorizations where each transactions is authorized before passing on to the next stage of the process ,system manuals which include clear readable description of how system works and who does what and when. Also, audit trail which tracks all stages of transactions, for example from copy of invoice to accounts, to cheque or other payment record. This can act as a control in its own right.

Wanga et al (2010) suggests that principals must know where to find support and learn to accept criticism on how finances can be best managed; this should be seen in the way they plan, control and monitor the school finances especially in areas such as budgeting, accounting and monitoring effective implementation of school budget

Manasseh (2007) outlines non-financial controls as first; Organization charts. This defines responsibilities in order to minimize conflict in duties, reduce tension and associated costs; it boosts accountability and facilitates coordination and harmonization of effort. Secondly, segregation of duties, this entails authorization and executions that is; limits for authority accorded to an individual different from the one who authorized the execution of the act, meaning one who authorizes is not the one who executes it. Forexample for assets, the one who authorizes their purchase is not the one who keeps them. Valuable and portable assets should be under custody of different officials and their security should be ensured. Thirdly physical controls should be in place so that there is no access to assets by unauthorized persons such as cash, stock and tools. Fourth authorization and approval controls; no transaction should be carried out without approval of relevant authority.

Osiri et al (2012) found out that in some schools, there was no segregation of duties and the typist or store keeper doubled as the accounts clerks. Most schools lacked qualified store keepers to safeguard loss of school property. Some transactions were carried out without any authorization in the pretext of emergency. In some schools the principal was the authorizing officer, accounting officer as well as the purchasing officer technical competence lays the foundation of any organization, particularly so in the modern business industry. Skills in accounting management function is essentially a checklist of data base of organizational capacities that can help a school determine whether it can deliver particular services on time to the required expectation efficiently.

BOM should therefore ensure the accounting staff are qualified to perform their duties. It is the responsibility of the BOM to analyze the skills gap and provide the necessary training to the staff to bridge it. Wanga et al (2010) adds that principal is the accounting officer in school and is in-charge of any expenditures incurred in other words (A.I.E) holder, thus they should continuously boost their professional development by acquiring relevant skills and abilities required to effectively manage resources of the school.

Each secondary school should determine its expenditure priorities through established procedures and the expenditure priorities must be approved by the institutions management, the approval must be evidenced in writing. A budget should then be prepared reflecting recurrent and capital (development) expenditure. Analysis of expenditure items shall be in the format of standard account names; vote/vote head/sub-heads/items. The secondary school is expected to raise money in accordance with approved budget which may include user charges on parents, grants from government and donors and income generating activities (MoEST, Financial Management Instructions for Education Institutions, 2002).

2.2.3 Internal Audit System and Financial Management in Secondary Schools

Wawira (2013) reveals that since schools are public agencies, their rising and spending of money must be reviewed and audited in a yearly basis as an- on -as needed basis as determined by the governing body. The headteachers need to be well acquainted with accounting procedures, as recorded by Wagithunu, Muthee, Thingu (2014) asserts that the head teacher is regarded as the chief executive officer, a policy maker, policy executive, educational manager and administrator. The heads of schools, as accounting and supervising officers are fully responsible for all financial

transactions in the preparation of financial statement for the school as well as any irregular accounting. The study sought to establish whether headteachers in secondary schools in Mukono municipality had competencies of preparing financial statements to portray a true and fair view of school financial status.

The headteacher has an important role of improving school infrastructure using the funds provided by the Ministry of Education, parents or donors. The success of a headteacher in the development of school infrastructure will depend on his ability to management school funds. A headteacher who is competent to manage school infrastructure will require knowledge of financial accounting, budgeting procurement, record keeping and auditing. The financial administration regulation (1979) section 125 explains internal controls as “the duty of head of department to ensure that financial management of the department is so organized that proper supervision is exercised over the work of subordinates” (Agadife, 2006). The study sought to examine whether headteachers of secondary schools in Mukono Municipality had competence in managing school facilities with sufficient knowledge of financial accounting, budgeting, procurement, record keeping and auditing.

According to Bua, Adzongo and Ibh (2014) School financial management draws a lot of concern from parents, learners and central administration. It is therefore important that headteachers become transparent to the stakeholders on the way they spend finance. This will only be possible through appropriate record keeping procedures. Headteachers should be well acquitted with accounting procedures for auditing exercise to be meaningful. Auditing deals with the investigation of the financial records of an educational organization in order to ascertain the objectivity and accuracy of the financial statements. Auditing of school accounts is the final stage in the process of managing school funds. At the end of each financial year the headteacher must prepare and present to the school governing body (Board of Governors) an audited financial report.

Estimates, Budgets and Budgets Control

Agaoglu (2005) notes that the total sum provided by the government and fees from students collected in the school and any other funds from external sources should be properly managed to meet the budgeted plans. The headmaster, accountant –in-charge, the board of governors and other senior staff come together to compile such financial estimates on both revenue and capital accounts as may be needed from time to time by management of the school. The accountant-in-charge would ask officers

to provide their budget estimates, financial and other relevant information's for compilation of the main budget estimates for the school. This study was intended to examine the A headteachers' level of competence in coordinating the drafting of budget estimates and compilation of financial and relevant data for efficient financial management.

Security over Cash, Cheques and Other Negotiable Instruments

These are measures put in place in order to safeguard the use of cash, cheques and other negotiable instruments in the school. All bank drafts received should bear the name of the student, class, amount paid, and the name of the school. The accountant should issue receipt to students after receiving the bank draft to indicate that they have paid such amount. The accountant –in-charge gives authority to the cashier to accept any other payment that is not done through the bank to ensure that there is proper accountability for such monies received (Ochieng & Magak, 2013). The study sought to establish whether headteachers enforced, supervised and monitored fees collection through Banks other than cash from school.

Control of Bank Balances

Signatories to the school account must be two people, the headmaster and the accountant-in-charge. No account opened in the name of the school must be overdrawn. Any drawings made by the school at the bank must be authorized and approved by the administrator. All accounts must be opened in the name of the school with approval from the headmaster and the accountant. The administrator must advise the bankers in writing of any alterations in the conditions of operating accounts that may be required by the financial regulations of the board of governors. An account must be opened as the main account for the day to day operations of the school. A second account must be used for the receipts of government fund a third account for monies received from local and other and other partners abroad (Eze, 2008). There was need to examine how bank accounts are controlled by headteachers in Mukono secondary schools through having competencies in preparing bank reconciliation statements.

Internal Check

The goal of financial management is to ensure efficiency, accountability and transparency in the public sector. All these cannot be achieved without the initiation of internal check in Senior High Schools. Internal checks are to facilitate the breakdown of laid down procedures so as to avoid the

inefficiencies and to establish a free flow of work, therefore reducing the possibility of fraud and errors (Chetambe, 2013). The study sought to establish the effectiveness of the internal control systems instated by headteachers in Mukono Municipality.

Hansraj (2007) refers to internal check as the aspect of management which is exclusively concern with prevention and early detection of errors and possibility of fraud. It therefore involves the arrangement of book-keeping and other clerical duties in such a way as to ensure that; One-person work will be a check on others (segregation of duties), No single task is executed by only one person from the beginning to the end and the work of each personnel engaged on a task is subjected to an independent check in the cause of another person's assignment. The study was intended to examine whether headteachers were able to employ a bursar and an accountant or book keeper to manage the different books of accounts accurately and whether he conducted regular checks to analyse their level of accuracy.

Internal Audit

Like internal check, internal audit ensures that frauds, embezzlement and errors are determined. In light of this, Makoni (2013) defined internal audit as an independent appraisal activity within an organization for the view of operations as a service of management. The existence of internal audit function is a form of control in an organisation which provides assurance to management that the internal accounting controls are operating efficiently and reliable financial information is generated. There was need for the researcher to conduct a study to establish how the internal audit system in Mukono secondary schools provided assurance to the effectiveness of headteachers management controls.

Prevention and Detection of Fraud in Schools

According to Thinguri et.al., (2014, pg.53) the Headmasters/Headmistresses are in charge of the schools and they do day to day administration of the schools academically, financially, and socially. The accountants on the other hand are the financial advisors to the heads and the schools. They record and prepare financial statements and also in charge of the schools funds and material resources. Hence the responsibility for the prevention and detection of fraud and embezzlement in the schools is the prime duty of the Heads. Apart from the normal internal controls instituted by every institution to

safeguard its assets and ensure proper financial administration, the main financial controls system in the schools for the prevention and detection of fraud and embezzlement are:

Payment of fees by Bank draft: bank draft is use to collect school fees from the students, and that way the money from the school fees are paid directly into the bank accounts of the schools without been paid to any person not even the Accountant or the Headmaster/Headmistress.

Segregation of duties: no one person is allowed to carry out any financial transaction from the beginning to the end. For instance, purchases are made by the procurement board, authorization of expenditure by the Headmaster/Headmistress, the Headmaster/Headmistress and the Accountant being the signatories to the school accounts.

The secondary schools in general have charged the Heads of the Institutions as responsible spending officer, and to bring sanity to the financial administration of the schools. These measures include:

The Heads see to the preparation of Annual estimates (budgets), and the rate of expenditure does not exceed far and faster than provided for in the estimates. It is also the responsibility of the Head to ensure that expenditure is incurred in accordance with the approved estimate as well as prompt payment and collection of debt owed by the school and for the school; Their supervisory role over the Accountants and the Accounts Clerks is by seeing to it that the proper accounts, books of accounts and records are kept quarterly and annually; Their final approval of any disbursement made after checking to verify whether it is justifiable and has been properly documented. Proper provision is made for the safe custody of assets, banking and investment of cash and safe custody of value books(pg.55).

Ojera & Yambo (2014) advance that secondary schools established its internal Audit Unit to strengthen and regularize the financial records. This internal audit unit serves as the Internal Audit and they visit the schools to audit the schools' financial activities. The Auditor General being the External Auditor for the schools have been empowered by Financial Administration Degree (Wawira, 2013) to audit and submit to parliament annual report of the public accounts and public institutions.

2.3 Summary of Literature Reviewed

Basing on the above literature, management of school finances is a crucial area and headteachers need to perform their role in financial management to the expectation of the stakeholders. However, literature shows that headteachers are mainly appointed from the lot of classroom teachers who excel in their teaching subjects. What this approach fails to take cognizance of is the fact that a good classroom teacher may not necessarily be a good administrator. Literature also agitates for changes in education systems thus necessitating appropriate approaches in teaching and management of school. The work of the headteachers has become complex demanding appropriate skills, knowledge and attitudes that would enable them work effectively.

Literature has provided a strong positive relationship between competencies and financial management, some have provided a negative relationship while some studies show no relationship at all. This gap necessitates need for further research. Further still there is no clear evidence that headteachers' competence in the management of school finances, preparing budget for school programmes, accounting for the finances, monitoring of expenditures and appropriate record keeping procedure enhance efficient and effective financial management in secondary schools in Mukono district or Uganda. Thus, from the reviewed literature, the researcher will be able to try to fill this gap in educational management literature from an informed perspective.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter presents the methods that were used to conduct the study about “Headteacher competence in financial management in selected secondary schools in Mukono municipality, Uganda”. It covered a description of the research design, population and sampling techniques, data collection, quality control, data collection analysis, study limitations and delimitation

3.1 Research Design

The study adopted a cross-sectional survey design. This design is considered appropriate for the study due to the fact that it is used to gather data from a sample of a population at a particular time in order to obtain information about preferences, attitudes, practices, concerns or interests of a group of people (Cohen, Manion & Morrison, 2007). Both qualitative and quantitative techniques were used for the mutual validation of findings for the production of more coherent and complete picture of the investigation domain than a one method research can yield (Creswell, 2009. Pg.13).

3.2 Population and Sampling Techniques

3.2.1 Access Population

The target population of 184 respondents consisted of: 120 Teachers, 04 Headteachers, 04 Deputies 04 School Bursars, 16 Board of Directors, 08 School Auditors, 28 School Finance Management Committee in Mukono Municipality, Mukono District, Uganda. The study was carried out among teachers in 4 Universal Secondary Education schools in Mukono Municipality. The teachers that were considered were graduates and holders of diplomas and in education since these are considered to be qualified teachers. The aforementioned categories of participants were considered appropriate for this study because they had firsthand opinions, views and ideas regarding headteacher competence in financial management in selected secondary schools in Mukono District, Uganda. This was based on the fact that they are key actors in the instructional process in secondary schools in Mukono Municipality.

3.2.2 Sample Size

A sample is a part of the targeted population that is systematically selected to represent the whole population. The formula for selecting the sample size for teachers was determined by obtaining 30%

of the population. This is supported by Amin, (2005) who revealed that sample size between 20% and 30% is sufficient and desirable for the study findings to be legitimate.

Table 3. 1: Sample size description

Category of Respondent	Population				Sample Size	Sampling Technique
	Schools					
	A	B	C	D		
Teachers	30	30	30	30	36	Simple random
Headteachers	01	01	01	01	04	Census
Deputies	01	01	01	01	04	Census
School Bursars	01	01	01	01	04	Census
Board of Directors	04	04	04	04	16	Purposive
School Auditors	02	02	02	02	08	Purposive
School Finance Management Committee	07	07	07	07	28	Stratified
Divisional Education Officer	1				01	Purposive
Total	184				101	

Source: Researcher's Sampling Scheme, (2017)

3.2.3 Sampling Technique

Simple random sampling technique was used to select teachers because it provides equal chance of participation. Purposive sampling technique was used to select Board of Directors, School Auditors and School Finance Management Committee because they are knowledgeable and had willingness to provide sufficient and reliable data. Simple random sampling was used to select teachers while census was used to select headteachers, deputies and DEO. This sample helped in providing relevant and adequate data for the study. A census study is necessary because all headteachers, deputies and bursars hold key financial information while other members of the tender committee if all included will reduce biasness that may arise from using a few members

3.3 Data Collection

A number of tools were used during collection of data. Both primary and secondary data was collected and the tools used included:

3.3.1 Instrumentation

Self-administered questionnaire

A self-administered questionnaire was the major instrument that was used in data collection. Questionnaires were administered to 36 school teachers. This helped to gather quantitative and qualitative information regarding the intrinsic and extrinsic motivators for teachers and how they affect their performance in secondary schools in Mukono Municipality. Mugenda & Mugenda (2005) stated that questionnaires were used to obtain vital information about the population and ensure a wide coverage of the population in a short time. In addition, Kothari, (2004) states that questionnaires are efficient data collection mechanisms where the researcher knows exactly what is required and how to measure the variables of interest, they are also less expensive and save time and they do not need much skills to administer them. The questionnaires comprised of closed questions formulated by the researcher. Rensis Likert's scale statement having five category response continuums of 5-1 were used i.e. strongly disagree (1), Disagree (2), Not sure (3), Agree (4), Strongly agree (5) with assertion.

Closed ended questions are easy to administer and analyse, they are also economical in terms of time and money. Questionnaires are relatively cheap, simple and clear, and if well designed and made anonymous will encourage respondents to give sincere responses. Face to face interviews were also conducted on selected principals and bursars according to convenience, this gave in depth information that the questionnaires may not be to give

Interview guide

Key informant interview guide were designed and administered to key informants to capture qualitative information. The key informants for in-depth interviews included four headteachers as well as one DEO. This was purposely intended to get more information about the headteachers competency and financial management in Mukono municipality. The structured interviews will be used together with the questionnaires in order to give in-depth information that may not be given by questionnaires. Secondary data will be collected through document analysis of the school accounting records.

Documentary Analysis

The main sources of secondary data were obtained from the field include the following: school reports to Divisional education office, teacher welfare committee minutes from secondary schools in Mukono Municipality. While on the other hand secondary data for literature review was got from; financial management policy for secondary schools, budget books, and school financial plans were viewed.

3.3.2 Research Procedure

The researcher obtained an introductory letter from the Head of Department, Education Planning and management, Kyambogo University which she used to introduce herself to the headteachers of secondary schools in Mukono Municipality, seeking permission to carry out the study in their respective schools. The researcher personally administered the questionnaires in the selected secondary schools.

3.4 Data Quality Control

Validity and reliability of the research instrument were measured as follows:

3.4.1 Validity of Instruments

Validity refers to the extent to which research results can be accurately interpreted & Generated to other populations. Research tools were first prepared, presented to the supervisors who check on their correctiveness. The supervisors' comments were used to improve the questionnaire by eliminating all errors. Pretesting of questionnaires also was done by administering questionnaires to 10 respondents within the target population but outside the sample this helped to identify the gaps and make modifications accordingly. The researcher ensured that questions are relevant in order to have meaningful and reliable results represented by variables in the study, (Mugenda and Mugenda, 2005).

The researcher used the formula below to establish validity of the research tool;

$$\text{Content validity index (CVI)} = \frac{\text{agreed items by all judges as suitable}}{\text{Total number of the items judged}}$$

If the overall Content Validity Index of the instrument is greater or equal to 0.7, then the instrument were accepted as valid (Amin, 2005).

3.4.2 Reliability

Reliability is the measure of the degree to which a research instrument yields consistent results after repeat. Cronbach's Alpha coefficient was used to measure reliability of the instrument. According to Amin (2005) an alpha of 0.5 or higher is sufficient to show reliability the closer it is to 1 the higher the internal consistency in reliability, (Sekaran, 2003). The questionnaire were pretested using respondents within Mukono Municipality secondary schools and reliability was computed using statistical Package for Social Scientists (SPSS) and scores were evaluated. To ensure reliability of quantitative data, the Cronbach's Alpha Reliability Coefficient for Likert-Type Scales test were performed. In statistics, Cronbach's alpha is a coefficient of reliability. It is commonly used as a

measure of the internal consistency or reliability of a psychometric test score for a sample of examinees. According to Sekaran (2003) some professionals as a rule of thumb, require a reliability of 0.70 or higher (obtained on a substantial sample) before they use an instrument. Upon performing the test, the results were 0.85 for the questionnaire and 0.78 for the interview guide and all were above 0.7 and were considered reliable.

3.5 Data Analysis

3.5.1 Quantitative data Analysis

The quantitative data involves data from the questionnaires only. The data was put in order and structured to get meaning from data. The raw data was cleaned, sorted and coded. The data coded was entered into the computer, checked and statistically analyzed using the statistical package for social scientists (SPSS) software package to generate descriptive and inferential Statistics. Descriptive analysis was applied to describe the primary variables and associated indicator item related to the study objectives by generating percentages, mean and standard deviation.

3.5.2 Qualitative Data Analysis

Qualitative data was collected using interview guide during the discussion with the administrators. The researcher collected open-ended emerging data with the primary intent of developing themes from the data. Information collected was categorized and organized based on pattern, repetitions and commonalities into different themes and sub-themes using content analysis and substantiated using quotations. This kind of data was interpreted by explanations and substantiated using open responses from the field. The data was analyzed using content analysis based on study variables and information was recorded and summarised.

3.6 Study Limitations and Delimitations

Funds: The researcher had inadequate financial resources to cater for all the expenses that ought to be incurred. However, the researcher tried to mobilize as more funds as possible, to avoid extravagancy and debts. The researcher also made a budget to suit his available finances.

Time factor: The research was affected by time constraint since the researcher has to carry out the study at the same time working and yet limited time frame is given for submission of a dissertation. The researcher thus established a system time schedule apportionment for the available time to the different activities accomplishments and ethically adhere to the work plan.

Information: Some of the respondents were not willing to give complete information as they looked at research as a threat to the organizational status and wastage of their time. The researcher, however made her questions and interviews as objective as possible and also avoid mis-leading questions.

Area of study: The boundary in which the researcher carried out the study is wide in such a way that, narrowing down the study to suit the researcher ability was not an easy task. The researcher however, used an appropriate sampling technique convenient for the study.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION OF FINDINGS

4.0 Introduction

This chapter covers the statistical results that were generated from both primary and secondary. The data was carefully presented, interpreted and analysed in accordance with the research objectives in bid to answer the research questions in chapter one.

4.1 Response Rate

Table 4.1: Rate Responses

Tools Administered	Distribution/returns	Frequency	Percentage (%)
Questionnaires	i) Distributed	91	100
	ii) Returned	84	92.3
Interviews	iii) Planned	10	100
	iv) Interviewees who turned up	08	80
Total responses	(ii) + (iii)	92	91.1
Targeted Sample	(i) + (iv)	101	100

Source: Primary Data (2017)

From table 4.1 above, it is illustrated that the researcher administered 91 questionnaire forms out of which 84 were fully answered and returned. Unstructured interviews targeted 10 key informants' but only 08 responded positively. This indicates that the overall response rate was 92 (91.1%). This finding concurs with Mugenda and Mugenda (2003), a response rate above 70% is very good for the study.

4.2 Demographic Information

In order to elicit data the demographic information of the respondents constituted gender, Age Bracket, Highest education level attained, period at work as well as the sources of school finance in Mukono municipality. Questions 1-5 were administered and the following was revealed.

4.2 Bio-data of the Respondents

The results in the table 4.1 below show characteristics of respondents in the study.

Table 4.2: Characteristics of the Respondents

Bio-data		<i>Frequency</i>	<i>Valid Percent</i>	<i>Cumulative Percent</i>
Gender	Male	51	55.4	55.4
	Female	41	44.6	100.0
	Total	92	100.0	
		<i>Frequency</i>	<i>Valid Percent</i>	<i>Cumulative Percent</i>
Age Group	25years and below	7	7.6	7.6
	26 -30years	20	21.7	29.3
	31 -35years	40	43.5	72.8
	36years and above	25	27.2	100.0
	Total	92	100.0	
		<i>Frequency</i>	<i>Valid Percent</i>	<i>Cumulative Percent</i>
Education level	O' level	21	22.8	22.8
	A' level	17	18.5	41.3
	Diploma	23	25	66.3
	Degree	18	19.6	85.9
	Post Graduate	13	14.1	100
	Total	92	100.0	
		<i>Frequency</i>	<i>Valid Percent</i>	<i>Cumulative Percent</i>
Sources of school finance	Government grants	30	32.6	32.6
	School fees	22	23.9	56.3
	Parent Teachers Association (PTA) levy	15	16.3	72.8
	External aid/funding	05	5.4	78.2
	Internally generated funds	20	21.7	100.0
	Total	92	100.0	
		<i>Frequency</i>	<i>Valid Percent</i>	<i>Cumulative Percent</i>
Period of service	1-5years	29	31.5	31.5
	6-10years	38	41.3	72.8
	11-15years	16	17.4	90.2
	Above 15years	9	9.8	100.0
	Total	92	100.0	

Source: Primary data (2017)

The data in table 4.2 above reveals that majority of the respondents were male (55.4%) while 44.6% were female. The above results imply that males are more involved in implementing financial

management systems of secondary schools than their female counterparts in Mukono municipality. The sample was dominantly composed of persons aged between 31-35years (43.5%) while only 7.6% were ≤ 25 years. The respondents in the 26-30 age bracket comprised 21.7%; and ≥ 36 age brackets comprised 27.2%. This means that applicability of financial management were more effectively planned for with the middle aged staff than the young and the old. In regard to education level, 22.8% of the respondents were O'level graduates, 18.5% were A'level leavers, 25% hold diploma 19.6% had degrees while 14.8 had postgraduate qualifications. This means majority of the respondents were elites to understand and interpret questions rightly which helped to obtain valid results.

Table 4.1 revealed that the sources of finance for secondary schools in Mukono district include; government grants constituting 32.6%, school fees collections (23.9%), PTA contributions (16.3%), external funds (5.4%) while internally generated fund from projects (21.7%). The implication of this finding is that having diversified sources of finance required headteacher competence in financial management for proper use and accountability in selected secondary schools in Mukono district - Uganda.

The results in table 4.1 above show that most of the respondents (41.3%) had worked between 6-10years while 31.5% had worked less than 1-5years, 17.4% had worked for a period between 11-15years and only 9.8% had worked for more than 15 years. This means that the majority of the respondents had worked between 5-10 years. The above results imply all respondents were ably experienced and therefore provided valid data with strong and intellectual reasoning.

4.3 Budgeting and Financial Management in Secondary Schools

The first objective of the study was to examine the effect of Budgeting on Financial Management in Secondary Schools. The researcher administered research tools where for each of the statements, respondents indicated the extent to which they were in agreement or disagreement on a 5point scale ranging from "SD"-strongly disagree' (1), "D"-Disagree (2), "N"-Neutral (3), "A" Agree (4), to SA-Strongly Agree (5); as presented below;

Table 4.3: Budgeting and Financial Management in Secondary Schools

	Budgeting and Financial Management	N	SD=1	D=2	N=3	A=4	SA=5	Min	Max	Mea n	SD
1	Headteacher plans for financing the desired activities of a school.	92	42 45.3%	15 15.8%	2 2.1%	18 20%	15 16.8	1	5	2.89	0.043
2	Headteacher must be active in determining, mobilizing and acquiring financial resources.	92	(35) 37.9	(28) 30.5	(1) 1.1	(10) 10.5	(18) 20	1	5	2.91	0.668
3	The headteacher ensures that estimated expenditures are approved by the Board of Government	92	(31) 33.7	(29) 31.6	(2) 2.1	(15) 16.8	(14) 15.8	1	5	3.07	0.769
4	The headteacher prepares fees Accounts requirements.	92	(34) 36.8	(23) 25.3	(1) 1.1	(12) 12.6	(22) 24.2	1	5	3.86	0.739
5	The headteacher prepares project budget like constructions of class rooms, or building of perimeter wall.	92	(31) 34.7	(25) 27.4	(1) 1.1	(7) 8.4	(26) 28.4	1	5	2.31	0.837
6	The headteacher prepares Parents/Boarding Accounts requirements	92	(29) 31.6	(28) 30.5	(8) 8.4	(11) 11.6	(16) 17.9	1	5	3.98	1.214
7	Teachers are not involved in budgeting which compromises school activities	92	(21) 23.2	(8) 8.4	(2) 2.1	(41) 44.2	(20) 22.1	1	5	1.54	0.141
8	Budgeting enhances prompt payment of staff salaries and allowances	92	(31) 33.7	(33) 35.8	(2) 2.1	(15) 16.8	(11) 11.6	1	5	3.31	0.161
9	Through budgeting proper use of school fees and other internally generated funds is possible	92	(42) 45.3	(32) 34.7	(1) 1.1	(7) 7.4	(10) 11.6	1	5	3.98	1.214
	Total									27.85	5.786
	Overall Average mean									3.09	0.643

Source: Primary Data (2017)

Table 4.3 shows responses on Budgeting and Financial Management in Selected Secondary Schools in Mukono District-Uganda. Results showed that Headteacher plans for financing the desired activities of a school (mean=2.89 and $\sigma = 0.043$). Respondents agreed that Headteacher must be active in determining, mobilizing and acquiring financial resources (mean=2.91 and $\sigma = 0.668$). Respondents further agree that the headteacher ensures that estimated expenditures are approved by the school management committee (mean= 3.07 and $\sigma = 0.739$).

Respondents further agreed with the statement that the headteacher prepares fees Accounts requirements (mean=3.86 and $\sigma = 0.739$). It further shows that the headteacher prepares project budget like constructions of class rooms, or building of perimeter wall (mean=3.98 and $\sigma = 1.214$). Furthermore, the item that the headteacher prepares Parents/Boarding Accounts requirements (mean=1.54 and $\sigma = 0.141$).

Respondents generally agreed teachers are not involved in budgeting which compromises school activities (mean=3.31 and $\sigma = 0.161$). The study shows Budgeting enhances prompt payment of staff salaries and allowances (mean=3.98 and $\sigma = 1.214$). It was further found out that Through budgeting proper use of school fees and other internally generated funds is possible (Mean = 3.98, $\sigma = 1.161$), table 4.2 further revealed that the planning of school finances usually begun with the drafting of a budget (Mean = 3.98, $\sigma = 1.214$)

4.4 Budget Supervision, Monitoring and Control in Secondary Schools

For each of the following statements, please indicate (by ticking) the extent to which Budget Supervision, Monitoring and Control in Secondary Schools influence financial management you agree them, using the following scale: *Strongly Agree (SA)*, *Agree(A)*, *Not sure(NS)*, *Disagree(D)* and *Strongly disagree(SD)*.

Table 4.4: Supervision, Monitoring and Control in Secondary Schools

		N	SD=1	D=2	N=3	A=4	SA=5	Minimum	Maximum	Mean	Standard deviation
1	Proper accounting records on cash received build financial management efficiency	92	80 (87)	- -	-	12 13	-	1	2	2.26	0.661
2	Regular deposit of cash received helps to control fraud	92	72 78.4	16 17.4	-	-	2 2.2	1	3	3.83	0.026
2	Periodic account reconciliation with student records is an effective financial management tool	92	60 55.2	10 9	-	10 9	12 11	1	4	2.48	0.751
3	Records on all disbursements are financially well managed	92	59 64.1	13 14.1	-	06 6.5	14 15.2	1	4	1.89	0.043
4	Periodic account reconciliation with the bank statement is done as a financial control mechanism	92	31 33.7	34 36.9	02 1	11 11.9	14 15.2	1	5	2.91	0.668
5	Daily statement from bank on students payments are obtained by Headteacher	92	21 22.8	29 31.5	9 9.7	15 16.3	18 19.6	1	5	1.07	0.769
6	Authorisations for various expenditures, is a headteachers' financial control mechanism	92	22 23.9	33 35.9	8 8.7	14 15.2	15 16.3	1	5	2.46	0.139
7	All purchases are done by the procurement unit and documented	92	33 39.9	29 31.5	2 2.2	18 19.6	10 10.9	1	5	1.31	0.837
8	Headteachers execute approved budget in accordance to available funds and in line with budgeted activities.	92	20 21.7	33 35.9	4 4.3	16 17.4	20 21.7	1	5	2.48	0.759

Source: Primary data

Respondents were asked to explain how supervision, monitoring and control of expenditures affects financial management in Secondary schools of Mukono municipality. Findings from table 4.4 revealed that: 87% of respondents disagreed that Proper accounting records on cash received build financial management efficiency whereas 13% agreed that Regular deposit of cash received helps to control fraud, (mean= 4.26 and $\sigma = 0.661$). Meanwhile, 80% of the respondents disregarded the view that Periodic account reconciliation with student records is an effective financial management tool, 78.4% agreed while 2.1% of the respondents who agreed so, (mean= 4.83 and $\sigma = 1.006$). Table 4.4 illustrates that 64.2% (55.2+9) agreed that Daily statement from bank on students payments are obtained by Headteacher while 20% (9%+11%) refuted the view, (mean = 4.48 and $\sigma = 0.759$). 78.2%(64.1%+14.1) disregarded the view that Authorisations for various expenditures, is a headteachers' financial control mechanism whereas 21.8%(6.5%+15.2%) strongly disagreed,(mean= 3.89 and $\sigma = 1.043$). Out of 92 respondents, 65(31+34) representing 70.5% (33.6%+36.9%) agreed that, all purchases were done by the procurement unit and documented mean= 3.91 and $\sigma = 0.668$).

During Interview, one of the respondents said,

“Proper application budgeting competence Function helped to achieve its objective, help in the detection of fraud, help in minimizing costs, perform their assigned tasks both effectively and effectiveness all of which improve financial performance”

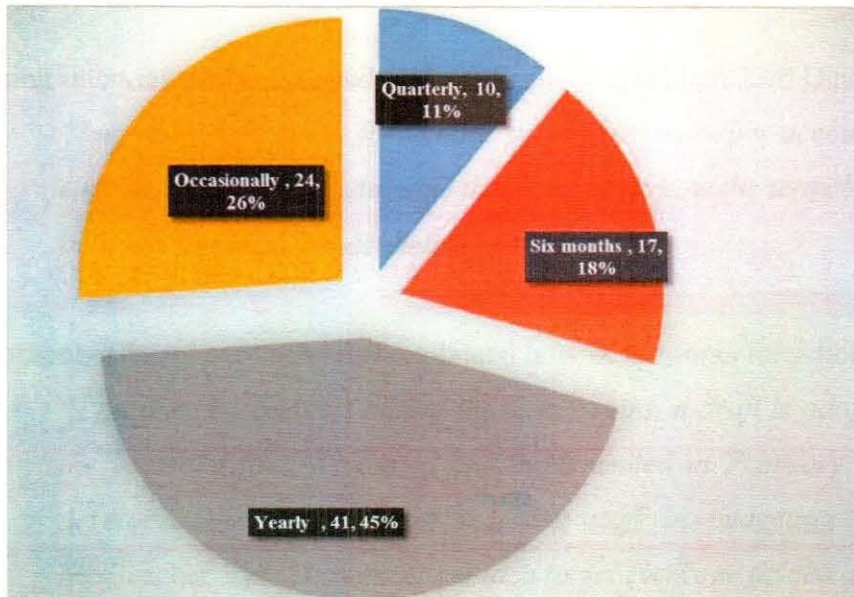
Accountability within the financial Planning Framework

In addition to these checks and balances, other measures are also put in place to improve +accountability within the financial management of the schools.

First, signatories to the school account must comprise of two persons, the headmaster and the accountant-in-charge. Second, no account opened in the name of the school must be overdrawn. Any drawings made by the school at the bank must be authorized and approved by the administrator. Third, all accounts must be opened in the name of the school with approval from the Board of Governors founding body. The administrator must advise the bankers in writing of any alterations in the conditions of operating accounts that may be required by the financial regulations of the board of governors. All these measures are to ensure that the financial management framework is strong enough to deal with any form of financial irregularities

4.5 Internal Audit System and Financial Management in Secondary Schools

Figure 4. 1: How often the accounts were audited in Mukono Secondary schools



Source: Primary Data (2017)

The pie chart above illustrates that financial management in selected secondary schools in Mukono District-Uganda were audited occasionally 24(26%), quarterly 10(11%), six months/half yearly 17(18%) whereas 41(45%) revealed that it was done yearly. This meant that occasional auditing limited proper institutionalization of financial management systems in Mukono municipality.

Table 4.5: School Audits of the accounts

	Frequency	Percent	Valid Percent	Cumulative Percent
Internal auditors	06	6.5	6.5	6.5
District auditors	38	41.3	41.3	47.8
Valid Regional Auditors	08	8.7	8.7	56.5
National auditors	40	43.5	43.5	100
Total	92	100.0		

Source: Primary Data (2017)

From table 4.3 above, 6.5% of the respondents stated that secondary schools in Mukono municipality were audited by internal auditors, 41.3% revealed that school finances in Mukono district were audited by district auditors, 8.7% of the respondents stated that school finances were audited by regional auditors while 43.5% revealed that national auditors audit secondary school finances in

secondary schools. The implication of the above finding is that all respondents agreed that both district and national auditors helped to financial management in secondary schools.

During interviews with the headteacher of school A held on 23rd October 2017, had this to say:

"I am able to account for school money by providing accountability as a crucial element in budgeting. Am able to demonstrate how the school funds help the student in achieving excellent academic performance".

Another headteacher of school B explained how he accounts for school money as follows;

"I prepare my budgets before the term begins, a draft is adopted before the end of the year and finally adopted and implemented in February of every year. I have developed the capability of teaching staff in budgeting processes", said the headteacher. *This is an excellent idea to get everyone involved.*

The headteacher of school D interviewed on 25th October 2017 revealed that,

"To properly account for school funds, I liaise with the service providers, supervise and monitor all expenditures approved whether there in line with the approved budget to ensure all processes are working well".

The researcher further administered the research tool to find out the procedures followed before making any major financial decision in the school. The findings were as follows:

Headteacher of school C lamented that,

"I use robust and transparent planning and budgeting processes which is linked to the school strategic plan. Good budgeting assists with the preparation of the Statement of Variance at year's end, as it is written from the annual goals".

Another headteacher of school D said that,

"I monitor spending within budget parameters. An over-spend in any part can mean disaster, even though other budgets are underspent".

The headteacher of school A revealed that the procedures followed before making any major financial decision in the school,

“I ensure that all the financial policies are up-to-date and are reviewed annually. This is done with the board”.

During interview with the DEO on the role of school headteachers as far as management of school finances is concerned, he had this to say;

“Headteacher must monitor the fortnightly payroll system; keep a record of all staff, pay rates, annual leave balances, sick leave balances, and pay increment dates; they are supposed to ensure that staff are paid from the operational grant are paid as per budgets, headteachers must know how to read payroll and banking staffing reports.”

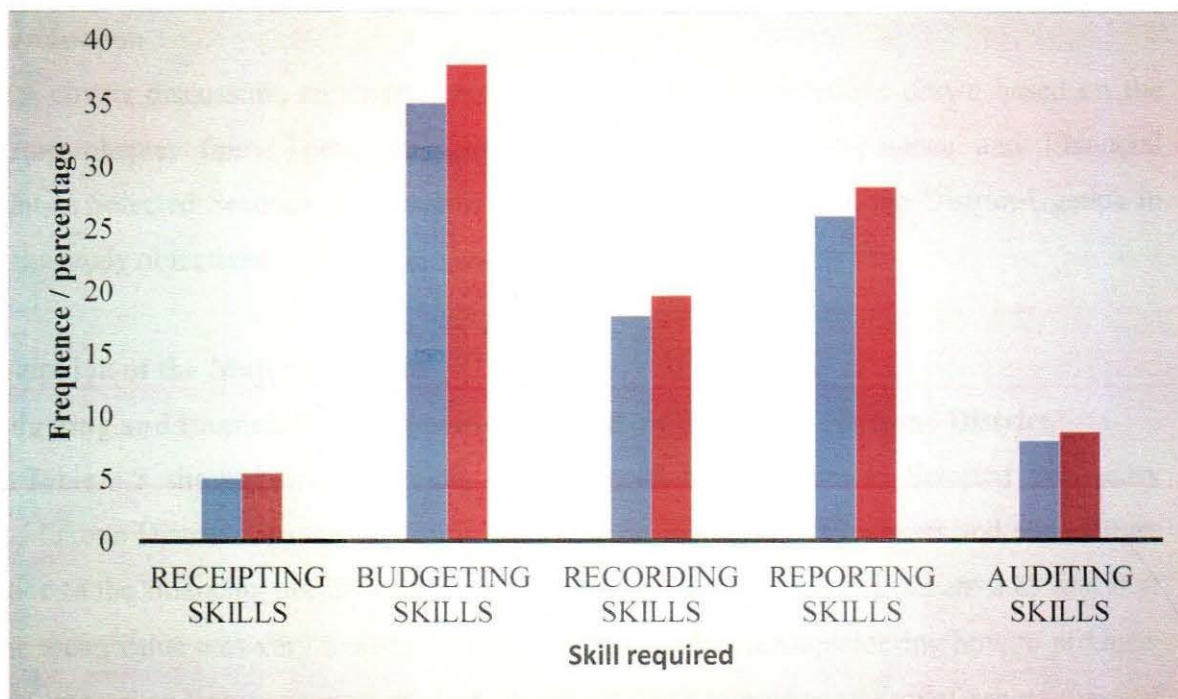
An FSA fiscal management system includes procedures for DEO argued that,

“the headteacher requests funds from government; is charging with the responsibility of disbursing funds to eligible students and parents; accounting for funds and financial activities; keeping accurate and auditable records including providing the clear audit trail required by cash management regulations; meeting the documentation requirements of the individual program regulations; managing cash; ensuring proper filing of timely applications; and enabling timely internal and external financial reporting”.

Whether headteachers were accountable to any authority person on financial decisions made on behalf of the school.

The pie chart above shows that majority of the 68(74%) respondents accepted that headteachers were accountable to different stakeholders on the financial decisions made on behalf of the school while 24 (26%) declined the view. This implies that headteachers accounted to approximately 68% of the stakeholders in taking financial decisions.

Figure 4. 2: Kind of training that can assist headteachers develop effective and efficient financial management skills



Source: Primary Data (2017)

The bar graph above illustrates that headteachers require different skills to become competent in financial management as follows; Receipting skills 5(5.4%), Budgeting skills 35(38%), Recording skills 18(19.8%), Reporting skills 26 (28.3%) and Auditing skills comprising of 8(8.7%).

The DEO remarked that:

The mismanagement of fees and money meant for the education of children is one of the causes of the deterioration of standard of education in the district. It is regrettable that school fees paid by parents for the welfare of their children were embezzled by some headteachers while other lacked financial management skills. The future and academic performance of our children depends on the judicious management of scarce resources by headteachers

From the above qualitative data, it can be inferred that most headteachers lacked financial competencies to appropriately manage fees collections, finance activities in accordance to the priorities of the schools. This compelled poor financial management and thus low academic performance.

CHAPTER FIVE

DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter covers discussion, summary, conclusions and recommendations drawn based on the findings from chapter four. These were based on Headteacher Competence and Financial Management in Selected Secondary Schools in Mukono municipality, Mukono District-Uganda in relation to the study objectives.

5.1 Discussion of the Major findings

5.1.1 Budgeting and financial management in Secondary Schools of Mukono District.

Results in Table 4.3 showed that Budgeting and Financial Management in Selected Secondary Schools in Mukono District-Uganda. Involved Headteachers planning for incomes and expenditure in accordance to the financing needs desired activities/outcome of the school (mean=2.89 and $\sigma = 0.043$). The mean value was very low implying that planning entailed considering how to produce, raise money, expand and give accounts of funds provided for the implementation of programmes of an organization or a school. The second finding of the study revealed that school fees and other revenue generated significantly impact on the provision of instructional materials in secondary schools. One of the schools had a pavers project generating additional income of 10millions per term. The finding agrees with the views of Wambugu (2012) who suggested that headteachers need to be creative in generating revenue from other sources in order to meet these challenges. This will supplement government efforts thereby creating rooms for remarkable achievements by the students. Good management and planning strategies in generating some funds will go a long way in sustaining good performance. Teachers should also improvise instead of folding hands and waiting for government.

The results also indicated that Headteachers were active in determining, mobilizing and acquiring financial resources (mean=2.91 and $\sigma = 0.668$). This was done through seeking for government funding especially USE funds, collecting money in form of school fees from students, generating grants and donations. This helped the headteachers to plan for anticipated revenue during budgeting.

Respondents further agreed with the statement that the headteacher prepares fees Accounts requirements (mean=3.86 and $\sigma = 0.739$). Poor management of finance results in financial misappropriation, embezzlement, diversion of finance for different projects and so on. Mgbodile (2000) summarizes some factors that leads to mismanagement of school funds to include the following: delay in release of funds to schools, mismanagement of funds, diversion of funds to other sectors of the economy, lack of training or inadequate training of heads of educational institutions in issues of finance, financial clerks negligence in school finance matters, outright appointments by politicians of unqualified personnel to head schools; attitudes of form teachers in remitting fees collected to headteachers and due to delay or non-payment of their salaries. The results concur with According to Kahavizakiriza, et.al. (2015) who revealed that planning is a vital component of effective school financial administration. The planning of school finances usually begins with the drafting of a budget. Similarly, Otieno (2013) a budget is the mission statement of the school expressed in monetary terms.

It further shows that the headteacher prepares project budget like constructions of class rooms, or building of perimeter wall (mean=3.98 and $\sigma = 1.214$). Furthermore, the item that the headteacher prepares Parents/Boarding Accounts requirements (mean=1.54 and $\sigma = 0.141$). School finances are used for the day-to-day running of the organization. It is of paramount importance to note that every school manager or headteacher needs to plan the school budget either termly or annually to achieve optimal school objectives and for the effective management of finance. It is solely the responsibility of the school administrator to see to it that the necessary funds regularly solicited for, meet the demands of their schools. The availability of such funds will help handle school projects which will go a long way to enhance better learning and teaching. This is in line with According to Otieno, (2013) who revealed that budgeting is the most chosen course of action or inaction by the management and staff across all organizations.

Respondents further agree that the headteacher ensures that estimated expenditures are approved by the board of Governors (mean= 3.07 and $\sigma = 0.739$). There is little evidence in the operational mode of strategic planning and associated financial budgeting. For the four schools, the major portion of school expenditure was subject to incremental budgeting. Further, and despite the establishment of responsibility centre budget holders, budgets are predominately set from above without meaningful participation or consultation. It was revealed that in school A and C, more than 68% of total revenue

was allocated to staff salaries as expenditure. In schools B and D more than 72% are spent on staff salaries. Spending high proportion on salaries will stop hiring additional teachers and provision of facilities, which will have negative impact on operational efficiency. Financial management skills of headteachers are utilised to receive, allocate and control financial resources. The efficient and timely utilization of such resources will require the headteachers to be knowledgeable about such skills, which are significant in trend-setting schools. The estimation and execution of fiscal resources are dependent on effective management of resources, which promote operational efficiency of secondary schools in Mukono Municipality. The results are supported by Hansraj (2007) who points out that Budgeting Managers of secondary schools need to look ahead, establish priorities and plan the activities in the school.

Besides Budgeting involving planning for revenue and expenditure, headteachers also had a duty to control funds flow. In school B, the School Governing Board (SGB) tasked headteachers to put funds control mechanisms in place. This involved the secondary school to approve and appoint three signatories to school account. These included; the Chairperson of the SGB, the Treasurer and the headteacher as prescribed in the school financial management manual. The school Busar keeps the cheques, requisition file and reconciles income and expenditure as stipulated as minuted in the school management committee minutes. The Deputy headteacher controls the petty cash, which is not in line with policy. In all the four secondary schools, parents were encouraged to make payments in the respective bank accounts as a control mechanism to curb financial mismanagement as part of the budget system. Further still three secondary schools had finance management committee, headed by the secretary Board of Governors while in one school it was headed by the chairperson deputy headteacher. The SGB manages funds and present monthly statements to the SGB. Finances were normally discussed in quarterly meetings by the SGB and school finance management committee.

Interview results with the DEO revealed that, financial management in education is the most vital realm as it aids to realise education quality through resource optimisation. The DEO added that Educational expenditures are considered as investment, which forms one of the tangible inputs. Proper ratio of expenditures can be maintained by keeping a balance between spending on teachers and instructional processes as well as expenditures on management and students, he argued headteachers.

The DEO further stressed that, school headteachers need to have sufficient knowledge of financial management techniques in order to have effective financial competence. He added further that headteachers are financial managers who forecasts, plan budgets (involving heads of departments) and executes the budget according to specified estimates that funds are effectively and efficiently used to achieve the desired objectives of the school.

Results also indicated that teachers were partially involved in budgeting which compromises school activities (mean=3.31 and $\sigma = 0.161$). free secondary education made secondary schools C and D to experience poor budgeting system where finance there was inadequate financial resources to meet the budget requirements. This kind of budgeting where schools have to wait for untimely government funding caused deficit spending and thus attributed to poor budgeting competence of school headteachers. It further leads to scarcity of teaching materials. This finding was in agreement with that of Yambo, Odhiambo & Odera (2014) who reaffirmed that training in financial management is important for headteachers especially in keeping financial records. This is not far from Chinyemba's (2011) view who counselled that for headteachers to manage school finances well, they need to be sufficiently trained in financial management. There was no adequate funding for recurring expenditures such charges as salaries, fixed contingent, grants and sanctioned recurring grant-in-aid and the latter includes; petty construction and repair, non-recurring expenditure for buildings and other charges which fluctuate from year to year. This forced headteachers to reduce the non-salary provisions, which adversely affects the quality of education. Headteachers lack competence in conducting cost-benefit analysis to properly ration expenditures to keep a balance between spending on teachers and instructional processes as well as expenditures on management and students.

5.1.2 Supervision, monitoring and control of expenditures and financial management in Secondary schools of Mukono Municipality.

Results on how supervision, monitoring and control of expenditures affects financial management in Secondary schools of Mukono municipality were revealed in table 4.4. this indicated that effective supervision of educational expenditures ensures control over both overspending and money lapsing. The financial category includes revenues, grants, expenditures and use of funds. For schools A, B and D, financial planning tends to focus on the more immediate concern of financial survival (i.e. maintaining a balanced budget or minimising deficits) rather than output despite the official claims that more efficient and effective decision-making would occur under devolved responsibility for

financial management, the incremental bias in budgeting reduced the likelihood that headteacher worked with school finance management committee to plan effectively for proper use of resources to achieve school needs. For example, for the four schools investigated, salary costs represent some 63% to 82% of the annual budget. Together with the unavoidable necessity to pay bills such as water, power rates, and audit fees, the impact of this budgetary decision is that the actual level of the budget available to resource school priorities is minimal and there is, therefore, an element of routine about allocating the budget as opposed to the decision-making intended by the reforms. This finding is in agreement with Atieno (2013) who revealed that A school like any other organization requires finance in order to run. There must be an efficient control of finance to keep the school afloat. Funds have to be obtained, utilised and budgeted for. Efficiency in handling schools' funds requires proper records to avoid misappropriation

Results indicated that government delays to fund public schools. This makes budget supervision and implementation of the budget. Inadequate supply of instructional materials like audio visual equipment, laboratory equipment and even standard textbooks are speculated to be instances of the effects of financial management on secondary schools. The government determines how funds provided for the implementation of secondary school programmes are managed makes budget implementation and supervision difficult. It became difficult to overspend what is not available. The results agree with Bua, Adzongo and Ibh (2014) who revealed that School financial management draws a lot of concern from parents, learners and central administration. It is therefore important that headteachers become transparent to the stakeholders on the way they spend finance. This will only be possible through appropriate record keeping procedures.

Effective supervision of these ensures control over both overspending and money lapsing. More than 50% of total education expenditure was allocated to staff salaries. Without good financial management the programme of secondary schools will not be properly implemented. He says that good financial management leads to increase in the output of funds utilization and proper allocation of the funds are among competing alternatives. The finding is supported by Asemah (2010) who revealed that financial management in schools simply as implying how finances are raised in school, the identification of sources of school finance, methods employed in its collection and how collected revenues are effectively applied to the school system to achieve the stated goals and objectives of the school.

Out of 92 respondents, 65(31+34) representing 70.5% (33.6%+36.9%) agreed that, All purchases are done by the procurement unit and documented mean= 3.91 and $\sigma = 0.668$). many school administrators fail in their statutory functions in the identification of sources of school finances, methods employed in its collection and how the collected revenue are effectively applied to the school system. It has been observed that the condition of secondary schools have worsened so much that teaching and learning have received poor attention despite all the financial contributions of the federal government and other sources of funds available to schools. Most schools' C and D are in a dilapidated state because of poor management of school finances by headteachers. This is contrary to Kwaghbo (2008) who says that financial management involves proper planning, organizing, coordinating, directing and collecting of payments in such a way as to achieve organizational goals.

Headteachers also monitored fees defaults, which result into high deficit spending. Parents are reluctant to pay fees and again it is the heads who must ensure that the fees is paid. During interviews schedule with the headteachers and the District Officer they all complained of huge fee arrears caused by poor fee payment and that was a great challenge to school management. The poor cashflow from the students caused lack of proper sources of finances. This attributed for all three schools in Mukono Municipality to initially set a deficit budget for the year under review.

5.1.3 Internal Audit System affects Financial Management in Secondary Schools of Mukono District.

In view of this, the third objective of this study examined the internal audit system in the selected senior high schools. Results in chapter four illustrates that financial management in selected secondary schools in Mukono District-Uganda were audited occasionally 24(26%), quarterly 10(11%), six months/half yearly 17(18%) whereas 41(45%) revealed that it was done yearly. This meant that occasional auditing limited proper institutionalization of financial management systems in Mukono municipality schools. Auditing helps to keep track of internal controls as “the duty of head of headteacher to ensure that proper supervision is exercised over the work of subordinates”. Auditing is one of the main tools employed to ensure that there is effective and efficient financial management system in an organisation. Auditing also ensures that financially headteachers work within the confines of financial rules and regulation. The need for internal checks in schools is to facilitate the breakdown of laid down procedures so as to avoid the inefficiencies and to establish a free flow of

operations, therefore reducing the possibility of financial misappropriations, misallocations, fraud and errors.

Although the headteacher is accountable for the accuracy of financial books, the managing of funds in the execution of its statutory functions relating to the assets, liabilities, property and other financial management issues. Financial management emphasizes transparency and information sharing among all stakeholders. Accountability has become a collective responsibility which should include all stakeholders. The Headteacher and the School Board collaborated in a responsible manner to be accountable to the parents, learners, the community and the District Education officer. The headteacher in the four secondary schools were require to ensure preparation and safety of monthly and quarterly statements. This is in agreement with Wagithunu, Muthee, Thingu (2014) who revealed that a final report on the income and expenditure for the financial year must be submitted to the School Governing Board for approval and the Parents should also be invited to comment on and acknowledge the annual report.

Headteachers in Mukono secondary schools need to have basic competencies in accounting procedures in which include preparation of financial statements such as income statements, balance sheets, reconciliation, statement and flow of fund statements. Finances of the schools A and D are audited by qualified auditors. The headteacher and School FMC members of both schools has indicated that their books are audited every year and there were documents presented as evidence to support their statements. The audited financial statements for both schools A and D were presented to the parents in the first quarter of the year. Their audited financial statement were presented to the parents in an AGM as evident from the minutes of the SGBs and submitted to the district as per instruction. The result is complementary to Chetambe, (2013) who revealed that the goal of financial management is to ensure efficiency, accountability and transparency in the public sector. All these cannot be achieved without the initiation of internal check in Senior High Schools. Internal checks are to facilitate the breakdown of laid down procedures so as to avoid the inefficiencies and to establish a free flow of work, therefore reducing the possibility of fraud and errors.

Internal auditing was done to ensure that the secondary schools in Mukono district record financial data accurately and control their finances in terms of its own financial policy; and to ensure that the school is meeting the legal requirements of the Uganda Public Financial Management Act (2015).

The auditor needed to check documents such as minutes of meetings, attendance register and departmental letters so as to perform proper auditing service. Auditing of finances at schools must be done at the end of each financial year as prescribed by the law.

Hence the responsibility for the prevention and detection of fraud and embezzlement in the schools is the prime duty of the Heads. Apart from the normal internal controls instituted by every institution to safeguard its assets and ensure proper financial administration, the main financial controls system in the schools for the prevention and detection of fraud and embezzlement are:

- **Payment of fees by Bank draft:** bank draft is use to collect school fees from the students, and that way the money from the school fees are paid directly into the bank accounts of the schools without been paid to any person not even the school Bursar or the Headmaster/Headmistress.
- **Segregation of duties:** no one person is allowed to carry out any financial transaction from the beginning to the end. For instance, purchases are made by the procurement board, authorization of expenditure by the Headmaster/Headmistress, the deputies and the Bursar being the signatories to the school accounts.

The audit report revealed that to prevent the embezzlement and misappropriation of fund and money received at the account office, monies taken by the cashier must be banked early to prevent the embezzlement. Receipts should also be given to students, after payment of school fees and the amount paid recorded in the appropriate book of account to know the number of students who have paid and those owing the school. The schools are improving on their management of expenditure and therefore for any expenditure to be occurred, it has to fall within the budget forecast. And if there is the need for management to consider certain expenditure that may not fall within the budget estimated, it must be done by the use of virement ((transfer of budgeted funds from unspent appropriations category to another, but within one head of appropriation. The transfer is to allow flexibility in the use and management of its resources to achieve target outputs as specified in the organizational plans). This is confirmed by According to Thinguri et.al., (2014) who revealed that the Headmasters/Headmistresses of the second Cycle institutions are in charge of the schools and the day to day administration of the schools academically, financially, and socially.

5.2 Conclusions

The main purpose of the study was to examine the effect Headteacher Competence and Financial Management in Selected Secondary Schools in Mukono District-Uganda. Headteachers require financial skills for enhancing effective financial controls. They had weak management of finances due to failure to prioritise aspects of school teaching materials, increasing staffing and curriculum resources. This was incorporated in budgeting which was underfunded.

The study further found that the budgets of the schools represent the main financial planning framework around which incomes and expenditures are managed. The findings however revealed the major challenges confronting the effective financial management of the schools include late disbursement of funds by the central government and lack of financial management skill by head teachers to effectively manage the schools' finances. A budget is a carefully outlined plan for financing the desired activities of a school. The head teacher as the lead person in planning and directing school activities must be active in determining, mobilizing and acquiring financial resources. This could help to effectively implement the school development plan and overcome deficit spending.

The school budget is the management tool by which the headteacher guides school management team and the school governing body estimate, plan, utilize, coordinate monitor and evaluate the allocated school financial resources. There was mismanagement or embezzlement of school funds due to weak budgetary control mechanisms as well as ignorance of simple techniques of budgeting and management in Mukono municipality secondary schools.

5.3 Recommendations

In a bid to improve the financial competencies and as well have sound financial management systems in secondary schools budgeting systems, the study recommends that;

To overcome deficit budgeting and spending, schools headteachers should move away from complete dependence on parents and the government to self-sustenance for certain school activities by engaging in income generating activities to improve financial management.

The headteachers should involve the school community in planning, monitoring and evaluation of the school programs. This will help to reduce opportunities for corruption. For proper accountability, Financial reports may vary, but should cover expenditure, appropriations, income and cash flow. The school governing board should know what has been spent, how the current year compares with the previous one, what account receivables are outstanding and are out of harmony with board policy on collections, and how much funding remains.

To improve the quality and competence of headteachers, seminars workshops and conferences have to be organized by Ministries of Education. Headteachers need training and re-training in financial management as well as administration of schools. The quality of training acquired by them will sharpen their administrative visions and mission.

There is need to headteachers to ensure accurate financial record keeping for proper functioning of the school. This allows a record of financial transactions to easily be traced and for proper control of the funds flow in the school.

The study recommends that school heads, accountants/bursars should be trained to understand financial management in their respective schools. Also, the school heads must seek avenues to improve their financial management competence.

Schools management committees should involve heads of department in monitoring and supervision of the budget, leaving school financial records open for scrutiny by the people in the system to curb on corruption and mismanagement of funds. They can serve as good internal auditors which can be a stepping stone for external auditing.

The headteachers should be accountable to the government as far as expenditure within the budget is concerned and should show a high degree of transparency and accountability. The study recommends that government should disburse their subventions to the schools without delays, this will go a long way to ensure that that the financial plan of the schools are followed to improve teaching and learning.

5.4 Areas of further Research

The researcher suggests that further research should be conducted in the following areas;

To examine the impact of Internal audit on fraud detection in private companies in Uganda

To investigate the effect of Internal audit on financial reporting in universities

To assess the effect of Institutional leadership on school management in Uganda

To establish the School Development Committees' perception of effectiveness in financial administration.

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APPENDICES

APPENDIX I: QUESTIONNAIRE FOR TEACHERS AND DEPUTIES

Dear Respondent,

I am Mary Nantongo, a student of Kyambogo University conducting a study on; *“Headteacher Competence in Financial Management in Selected Secondary Schools in Mukono District, Uganda”* You have been chosen as one of the participants. I therefore request you to spare some time and help me to fill in these questionnaires. This study is a requirement for partial fulfilment for the award of the degree of Masters of Education in Policy, Planning and Management of Kyambogo University and is purely for academic purposes. Therefore, the information given will be treated with utmost confidentiality. Your response is highly appreciated.

Thank you for your cooperation.

Section A: Background Information

Instruction:

Please *tick* the most appropriate option that applies to the topic of study in relation to your school.

1. School Name:

2. Gender Male Female

3. Age Bracket of the Respondent

Age	25yrs and below	26 -30yrs	31 -35yrs	36-40yrs	Above 41yrs
Tick					

4. Highest education level attained

Qualification	1.Ordinary Level	2.Advanced Level	3.Diploma	4.Degree	5.Post Graduate	6.any Other (Please specify)

5. How long have you been employed in this school?

Period	1yr and less	1- 2 years	3-4 years	5-6 years	Above 6years
Tick					

6. Which of the following are the sources of school finance in Mukono municipality

Government grants School fees Parent Teachers Association (PTA) levy
 External aids Other sources School activities

Section B: Budgeting and Financial Management in Secondary Schools

8. Which of the budgets does your school adhere to?
 Resource mobilization Line item budget
 Formula base budget Zero base budget
9. For each of the following statements about budgeting and financial performance, please indicate (by ticking) the extent to which you agree them, using the following scale: *Strongly Agree (SA), Agree(A), Not sure(NS), Disagree(D) and Strongly disagree(SD)*.

No	Budgeting and Financial Management in Secondary Schools	Responses				
		SD	D	NS	A	SA
1	Headteacher plans for financing the desired activities of a school.					
2	Headteacher must be active in determining, mobilizing and acquiring financial resources.					
3	The headteacher ensures that estimated expenditures are approved by the school management committee					
4	The headteacher prepares fees Accounts requirements.					
5	The headteacher prepares project budget like constructions of class rooms, or building of perimeter wall.					
6	The headteacher prepares Parents/Boarding Accounts requirements					
7	teachers are not involved in budgeting which compromises school activities					
8	Budgeting enhances prompt payment of staff salaries and allowances					
9	Through budgeting proper use of school fees and other internally generated funds is possible					
10	The planning of school finances usually begins with the drafting of a budget					

Section C: Supervision, Monitoring and Control in Secondary Schools

10. For each of the following statements, please indicate (by ticking) the extent to which Budget Supervision, Monitoring and Control in Secondary Schools influence financial management you

agree them, using the following scale: *Strongly Agree (SA), Agree(A), Not sure(NS), Disagree(D) and Strongly disagree(SD).*

No	Statements	Responses				
		SD	D	NS	A	SA
1	Proper accounting records on cash received build financial management efficiency					
2	Regular deposit of cash received helps to control fraud					
3	Periodic account reconciliation with student records is an effective financial management tool					
4	Records on all disbursements are financially well managed					
5	Periodic account reconciliation with the bank statement is done as a financial control mechanism					
6	Daily statement from bank on students payments are obtained by Headteacher					
7	Authorisations for various expenditures, is a headteachers' financial control mechanism					
8	All purchases are done by the procurement unit and documented					
9	Headteachers execute approved budget in accordance to available funds and in line with budgeted activities.					

Section D: Internal Audit System and Financial Management in Secondary Schools

11. How often are the accounts audited?
 - a. Quarterly () b. Six months () c. Yearly ()
 - d. Occasionally e. Other ()
12. Who audits the accounts?
 - b. Internal auditors () b. District auditors () c. Regional Auditors ()
 - d. National auditors () e. Other ()
13. How do you account for money in your school?
 - a) Receipting [] b) Budgeting [] c) Recording []
 - d) Auditing [] e) Reporting []

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

.....
.....
.....

15. Are you accountable to any authority person on financial decisions you make on behalf of your school? Yes [] No []

16. In your opinion, what kind of training can assist you develop effective and efficient financial management skills?

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

Thanks for your cooperation

APPENDIX II: INTERVIEW GUIDE FOR HEADTEACHERS, SCHOOL BURSARS, SCHOOL AUDITORS AND DEO

Dear Respondent,

I am a student of Kyambogo University pursuing a study on; *“Headteacher Competence in Financial Management in Selected Secondary Schools in Mukono District, Uganda”*. You are among the selected participants in this study by providing information. This study is a requirement for partial fulfilment for the award of the degree of Masters of Education in Policy, Planning and Management of Kyambogo University and is purely for academic purposes. Therefore, the information given will be treated with utmost confidentiality. I therefore request you to spare some time and help provide information. Your response is highly appreciated.

Thank you for your cooperation.

1. Who is responsible for the procurement of goods and services within the school?
2. How are the procurement activities undertaken within the school?
3. In your opinion, does it follow laid down procedure?
4. In your answer to question 3 is no, why do you think so?
5. Who is responsible for the disbursement of funds for school activities?
6. Please describe the financial planning framework of the school
7. Do you believe the current financial planning framework is yielding the desired result?

Please explain your answer

8. Please indicate the major challenges confronting the financial management system of the school 9.

In what ways are these challenges affecting the smooth management of the school’s finances?

10. Please describe the measures being taken by the school to deal with the challenges enumerated above

“Thanks for your Cooperation”

**APPENDIX III: INTERVIEW GUIDE FOR BOARD OF DIRECTORS AND SCHOOL
FINANCE MANAGEMENT COMMITTEE**

Dear Respondent,

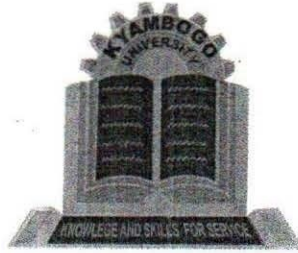
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Thank you for your Cooperation

1. Who is responsible for the purchasing scholastic materials in your school?
2. Who budgets for students’ needs in your school?
3. Who is responsible for the disbursement of funds for school activities?
4. How are student leaders able to provide their expenditure for approval of termly requirements?
5. How do headteachers manage finances for the school to run smoothly?

“Thanks for your Cooperation”

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P. O. BOX 1 KYAMBOGO, KAMPALA - UGANDA
Tel: 041 - 285211 Fax: 220464
www.kyambogo.ac.ug

Department of Educational Planning Management

28th June 2017

TO WHOM IT MAY CONCERN

Dear Sir/Madam

RE: MARY NANTONGO - 15/U/14502/GMED/PE

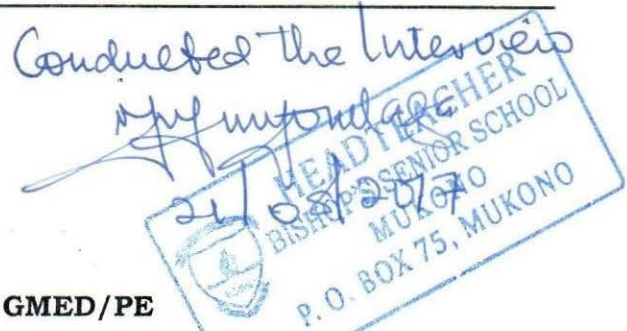
This is to certify that **Mary Nantongo, Reg. No. 15/U/14502/GMED/PE** is a student in our department pursuing a Master of Education in Policy Planning and Management. She is carrying out research as one of the requirements of the course. She requires data and any other information on this topic entitled:

HeadTeacher Competence and Financial Management in Selected Secondary Schools in Mukono District, Uganda.

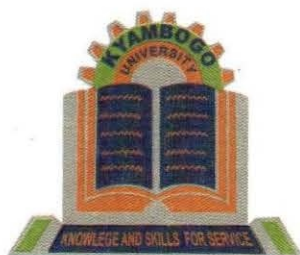
Any assistance accorded to her is highly welcome. She is strictly under instructions to use the data and any other information gathered for research purposes only.

Thank you.

Komba
Leticia Komba Rwakijuma (Mrs.)
AG. HEAD OF DEPARTMENT



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UNIVERSITY

P. O. BOX 1 KYAMBOGO, KAMPALA - UGANDA
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Leticia Komba Rwakijuma (Mrs.)
AG. HEAD OF DEPARTMENT

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Thank you.

Komba
Leticia Komba Rwakijuma (Mrs.)
AG. HEAD OF DEPARTMENT

Amuganyu Edna
HEADTEACHER
ST. CHARLES LWANGA S.S.
BUKEERERE
18 AUG 2017
P. O. BOX 20047, KAMPALA
HEADTEACHER

CONSTRUCTIVE

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P. O. BOX 1 KYAMBOGO, KAMPALA - UGANDA
Tel: 041 - 285211 Fax: 220464
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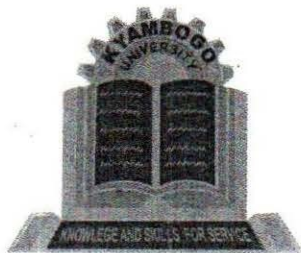
Thank you.

Komba
Leticia Komba Rwakijuma (Mrs.)
AG. HEAD OF DEPARTMENT

*Granted permission
to do research at
Mukono High School*



KYAMBOGO



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Thank you:

H. Kombe
Leticia Kombe Rwakijuma (Mrs.)
AG. HEAD OF DEPARTMENT

Mpungu Constantine
Sigatzi

HEADMASTER
KYAMBOGO COLLEGE
P.O. BOX 771 KAMPALA

7/02/2017