THECURRENT PRACTICES AND CHALENGES OF FINANCIAL MANAGEMENT IN SOME SELECTED GOVERNMENT GENERAL SECONDARY SCHOOL'S OF KOLFE-KERANIO SUB-CITY.

ADDIS ABABA

ATHESIS SUBMITTED TO THE DEPARTMENT OF EDUCATIONAL PLANNING AND MANAGEMENT IN PARTIAL FULLFILLMENT FOR THE DEGREE OF MASTER OF ART IN EDUCATIONAL LEADERSHIP AND MANAGEMEN

BY

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ADDIS ABABA

JUNE 2014

ADDIS ABABA UNIVERCITY

COLLEGE OF EDUCATION AND BEHAVIORAL STUDIES

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Abstract

The main objective of this study was to assess the Implementation of financial management in six selected government general secondary schools in Kolfe Keranio sub-city. It was aimed at assessing the financial management activities such as budgeting, non public finance sources, accounting, auditing, purchasing and reporting practices of general secondary schools. Descriptive survey design is used to carry this study. Three groups of respondents participated in this study. These were academic staff, financial officers and PTSA's members. Sample schools and respondents were selected by purposive sampling technique due to their direct relation with the issue under study and also to gain sufficient information. The data were collected through questionnaire, interviews and Review of Documents. The collected data were analyzed quantitatively through mean values, percentages and chi-square tests and qualitatively.

The main findings of the study showed that the degree of implementation of the Financial Management Guidelines was found minimum , efficient utilizations of allocated budgets for intended purposes, the competence of financial personnel in the financial task was good, the materials purchased by purchasing department were required amount and have quality, community contribution, schools' internal income and NGOs were the sources of education finance in addition to the public budget. Public budget was allocated to schools based on the previous year's performance and the number of students in the schools, Schools have shortage human resource in their finance offices absence of the participation of all staff members in budget preparation and financial activities absence of internal and external auditing practices, lack of training on budget preparation, accounting, auditing and reporting practices the standard of account office was poor and also lacks the necessary furniture and equipments, the filling of financial statement in appropriate.

Major recommendations include participation of all school staff personnel in budget preparation, assigning additional trained personnel for school's finance office, the provision of training, school's should conduct internal auditing and the sub-city. Finance and economic development office should conduct external audit at least every quarter, schools and sub-city finance and economic development office prepare standard office and also conduct close supervision in order to reduce in appropriate filling of financial statements.

Acknowledgements

I am very much grateful to my advisor Ato Ayalew Shibeshi for his continuous and unreserved professional advice from the inception of this study to its completion.

Again, I would like to thank school principal teachers, financial officers, PTSA members and sub-city finance and development officials for their hospitality, time and opinion. Without their participation and honest responses this study would have been impossible. With this regard I am particularly grateful to Ato Eftah Ayenew who supported me to carry out this study. I am also grateful for to all the staff members of Kolfe secondary school for their assistance.

Finally, my especial and deepest appreciation and indebtedness goes to my wife Selamawit Alemayehu for her continuous support and sacrifices she paid in shouldering the whole burden of life during study.

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Acronyms

AAU- Addis Ababa University

ESDP- Education Sector Development Program

GAAP- General Accepted Accounting Principles

GAAS- Generally Accepted Auditing Standards.

GDP- Gross Domestic Product

GNP- Gross National Product

LEA- Local Education Authority

LFM- Local Financial Management

MoE- Ministry of Education

MoFED-Ministry of Finance and Economic Development

NGO- Non-Government Organization

PTSA- Parent Teacher Student Association

ScFEDO- sub-city Finance and Development Office

SPSS- Statistical Package for the Social Sciences

TVET- Technical Vocational Education Training

CHAPTER ONE

1. INTRODUCTION

This Chapter is concerned with the introductory part of the thesis. This Includes; Back Ground of the Study, Statement of the Problem, Objectives of Study, Significance of the study, Delimitation of the Study, Limitation of the Study, and Definition of key Terms.

1.1. BACK GROUND OF THE STUDY

Education is a lifelong process that helps to enhance the social and economic status of a given society (King, 2003). And also it is a fundamental instrument in the poverty alleviation process of any country. Now days, Nations as well as internationals efforts are being exerted to achieve Universal Primary Education. Education as an important means for developing Human resource and proper Utilization of Natural Resource is becoming critical for Social and Economic development and Poverty reduction. According to MOE (1994), education helps human beings to improve change as well as develop and conserve environment for the purpose of all rounded development by diffusing Science and modern technology in to the Society and also it has great significance to understand and respect democratic and human rights. It is a prerequisite for personal development of an individual and economic development of the Society as well for the country.

As indicated above education plays a significant role for the growth and development and Poverty reduction of a country. Nations spent a huge amount of finance on education. As a result, it takes the largest share of government expenditure (Forojalla, 1993). Accordingly, financing educational system in Ethiopia with special emphasis on primary education and secondary education has been improved by increasing the government allocation for infrastructure, building provision of educational materials (MOE 1994). The government budget allocation to education has been increasing. For instance, ESDP III (2005) assumed the rate of growth of GDP to be in the range of 7.3% to 9.6%.The Government also committed to increase the share of education from GDP 3.1% in 2004/05 to 7% in 2009/10.

Based on a 9.6% growth rate, The government allocation to education was estimated to increase from about Birr 5 billion in 2005/06 to Birr 10.9 billion in 2009/10(ESDP IV,2010).

It is well known that the goal of education cannot be achieved through the limited resource of the government alone. According to MoE (1994), Community, Private sectors and Donors participation are one of the strategies that shall be permitted to achieve the goals set to education. In the document; Communities, Private sectors and Donors are direct financial assistance in the construction of additional class rooms, support to school maintenance and helps to bring equity and quality of education. Therefore, to achieve Universal Primary Education by year 2015 donors' agencies, private sectors and local community should bring their effort together in financing education in addition to government. As indicated ESDP IV (2010) for instance; community contributions were estimated to increase from Birr 784.5 million in 2005/06 to Birr 1.13 billion in 2009/10 and total donor financing to education was estimated at around $340 million (2009/10).

The government budget allocation in Ethiopia is based on the proclamation which defines the power and provisions to Federal, Regional, Zones and Wereda level. Accordingly, Regions get their supplemental budget from federal government by a formula approved by the House of Federation and implemented by (MoFED) Ministry of Finance and Economic Development (MoE.2006). And also regions also provide Block Grants to suit their respective objective conditions. Then each Wereda allocate the annual budget for their public sectors at Wereda level. It is obvious that allocation of budget and taking the largest share of the government, community, and Privet Sectors and Donors resource alone could not produce the efficiency and quality of education and meet goals and objectives of education. The provision of quality of education and achievement of educational goals is also determined by how for the education systems are in a position to allocate and manage the available financial resources.

According to Melaku (2000), the most important factor for the attainment of educational goals effective and wise allocation of available scarce resources.

Thus, the financial resources generated from different sources should be properly allocated and used for the planned purposes. This means; effective financial Management in education like any organization needs certain basic managerial and technical skills for the purposes of how to plan and control money, how to cost time utilization, the educational process and its out puts (Knight, 1993). However, studies have shown that there are problems in management of education finance at different level for instance; a study by Liernso (2006) conducted in Kembata Tembaro and Hadiya Zone and Abdela Yuya (2006), conducted at wereda level in East Hararghe Zone shows there was a problem. This inspired the researcher to assess the management of finance in education at school level. Therefore, in this study, the practices of budget preparation and budget controlling system (accounting, Auditing and reporting) were assessed for its consistency with the existing financial management guideline of the government and investigate the problems experienced in managing finance.

1.2. STATEMENT OF THE PROBLEM

Education deals with matters related to the heart and soul of the individual citizens and, at the same time, is critical to the political and Economic welfare of the nation and its Security (King, 2003). As a result, the Education system of any country is big industry, involving large number of Personnel, Building programs and the use of materials resources. Because of these, in most countries, a large proportion of the Gross National Product (GNP) is spent on education. And also with this regards to financing public education in Ethiopia the Education and Training Policy suggested sufficient budget allocation and proper utilization of the educational budget for the intended purpose. It stated that “The financing of education must be Just, Efficient and Appropriate to promote equity and quality education of education” (MoE, 1994).

As a result, Ethiopian Government devotes a large amount of money for education since it plays a significant role in promoting economic development and improvement in the life standard of a society. However; allocating large amount of budget alone couldn't bring change in the quality of education; thus, effective management of financial resource is very essential issue for the provision of the quality of education and the achievement of educational objectives.

Lack of capacity in financial management will lead to the absence of quality of education. In addition to; lack of finance, lack of capacity to plan and manage funds and coordinate different actions at the ground level results in low implementation of policies and objectives.

It is observed that there is a problem of financial management in education. As indicated in ESDP III (2005), there was a problem of low budget utilization in civil works due to weak capacity of management implementation.MoE (2006) also shows that there is weak administrative capacity of educational finance management. And also different researched findings show these facts. For instance: A study by Liernso (2006) conducted in Kembata Tembaro and Hadiya Zone also revealed that financial utilization did not consider the guidelines set by organization and the existence of wastage and inefficient utilization of budget, but the problems in financial management in education may not be equal at all places at different education levels.

The major purpose of this study was to assess the financial management practices of secondary schools of Kolfe Keranio Addis Ababa: the case of Kolfe Keranio sub city and investigate the problems experienced in managing finance. Hence, the study attempts to find out answers to the following basic questions:-

1. To what Degree school's principals and Finance officers implement the guidelines of financial management?
2. How school's principals and financial officers to carry out regularly the works of accounting, auditing and reporting educational finance?

3. What are the problems observed in the process of school's financial management?

1.3. OBJECTIVES OF THE STUDY

1. GENERAL OBJECTIVE

The objective of the study is to assess the implementation of financial management practices and problems of secondary schools in Kolfe Keranio.

2. SPECIFIC OBJECTIVES

This study specifically aims to:

- Assess how schools principals and financial personnel carry out the functions of financial management.
- Examine how the audit system in secondary schools performed.
- Identify the mechanisms employed to solve the problems in financial management in the study area.

1.4. SIGNIFICANCE OF THE STUDY

As resources are scarce to address economic and social needs of the society the available limited resources, particularly Finance, and should be used effectively and efficiently. There are observed problems in managing finance. In this respect this research is important to address the following issues:

- It will help the education sector managers and responsible bodies in financial affairs to have better understanding about the problems of financial management in secondary schools.
- It shall awaken educational leaders, planners and decision makers to consider and look in to problems that exist in education finance management strategies.
- It may indicate some solutions about the problem under investigation.

- It will help to encourage and initiate other interested investigators in related fields to carry out further, broader and deeper study.

1.4. DELIMITATION OF THE STUDY

In order to have more comprehensive information, it would have been good if the study included all the secondary schools of Addis Ababa. However; to increase the manageability of the study in relation to time, financial and other constraints this study was delimited to six selected Government General secondary schools of government of Kolfe Keranio out of eight secondary schools.

Private schools were not included in this study due to constraints of time and finance. Moreover, this study includes the financial management activities such as: Budgeting, Non Public Source of Finance, Accounting, Auditing, Purchasing and Reporting systems of the schools under study.

1.5. LIMITATIONS OF THE STUDY

The study is limited in relation to financial constraints, Unavailability of the principals in the schools and inability of some respondents to return the questionnaires (40 questionnaires did not return) and also the questionnaires not return on time.

Difficult to get the sub-city finance official for an interview due to different reasons.

However, the researcher used various mechanisms (telephone and frequently contact with respondents) to breaking through such hardships and gain sufficient required to fulfill the study.

1.6. DEFINITIONS OF KEY TERMS

This work focuses on local schools in Addis Ababa. Some words in the study are contextually used. Therefore, operationally using some terms become very important.

In this regard words and phrases used in the research are defined in this section to avoid doubts. The words and phrases in this section reflect the context of the Thesis:-

- Academic staff: A group of people in Government General Secondary Schools which consists of Teachers, Department Heads and Principals.
- Audit:-Is a systematic examination of Financial Statement records and Relates operations to determine; adherence to Generally Accepted Accounting Principles (GAAPs), Management Policies or stated requirements.
- Budget:-Is a detailed outlining the acquisition and use of finance and other resources over some given time period.
- Financial Management:-Is managerial activity, which is concerned with the planning and controlling of the Organization's financial resources.
- Region:- refers to one of the Federal states that constitutes Ethiopia
- School Staff Personnel:-A group of people in Government General Secondary School which consists of non- academic staff.
- Sub city:-An intermediate administration level between Wereda and city administration of Addis Ababa.
- Wereda:- is the next smaller administrative unit within a sub city. Each sub city includes a number of weredas.

CHAPTER TWO

2. REVIEW OF RELATED LITRATURE

This chapter presents some important topics, which are related to financial management practices in education. The major topics discussed include: the concepts of financial management, financial management in education, financial management guidelines, the sources of education finance, budgeting in education, experience of other countries in school financial management, and education financing system in Ethiopia.

2.1 The Concepts of Financial Management

Financial Management is described by different authors in many ways. The followings are some of the explanation provided by certain known authors.

“Financial Management is an operation where an organization ensures that available funds are used for the achievement of its objectives. It is concerned with the implementation of management decision of various activities and administration day to day transactions”. The direction coordination and control of the expenditure of the funds and accounts for all funds that are received and spent within an organization are part of the management process (Mbamba, 1992:165-166).

According to Dixon (1986), Financial Management can be defined as the process of planning the provision, generation and conservation of financial resources. The Financial management must perform a number of functions as part of the general management function. Hence, the two basic functions of Financial Management functions are Financial Planning and Financial Control.

Financial Planning: As in any management planning, provides the base and orderly approach to future actions. It is the method of deciding what do with money at hand and to do it. In general this attempt leads to compressive programming and budgeting of future operation.

Financial Control Function: As with any management control, assigns organizational responsibility for the implementation of approved plans. It involves the monitoring of actual transaction events against the plan taking prompt action, where there is deviation from the plan, the control function takes appropriate measure either to improve performance or revise planned target in terms of cost and output.

Knight (1993:6) states:

> *Financial Management has at least two factors money management and Cost management. Money management is centered on financial resources and cost management is not just identifying costs and reducing them, valuable through this, but also costing time utilization, educational process and its outputs and alternative educational strategies.*

According to this author, one can be effective manager if he/she can plan and balance the budget, the money side and cost of operation. As Knight (1993) stated specifically the United Kingdome (UK) audit commission had adopted the three Es as the foundation of good financial management: that are: Economy, Efficiency and Effectiveness.

- Economy can be defined as careful use of resources. It implies the avoidance of expenditure above a reasonable minimum requirement. It is a useful and familiar concept, but limited in that it only relates to expenditure, and not to its use.
- Efficiency refers to the relationship of an organization's output and the corresponding input that went to it. It is the capacity to produce desired results with minimum expenditure of energy, time, money or materials more specifically; It is the fullest possible attainment of specific objectives or standards.

Effectiveness is the fullest possible attainment of the goals and objectives of organizations.

2.2 Financial Management in Education

The education sector like any other sectors needs to have financial management system. It serves as important instrument that instrument enables the teaching and learning process to properly proceed so that the goals and objectives can be achieved. The sector requires effective and efficient fund raising mechanisms and its own rational process for effective utilization of the fund generated for the betterment of education programs and realization of educational aims. Thus, the financial management in education as part of the general management function has to perform a number of functions, primary financial planning and financial control (Lavacic and Keynes, 1989).

According to Adesina (1990), the fundamental principle in school finance is not how much money goes into the school system but rather how well the available funds are effectively put in to use. This requires to plan for generating funds and for expenditure as to utilize funds efficiently. Thus, planning as essential part of financial management enables to efficiently utilize the available education finance for the effective achievement of desired goals and objectives of education.

Lavacic (1995) lists the steps of financial management for the effective utilization of education finance as “First stage is the acquisition of resources, second stage is the allocation of resources and planning the budget, third stage is implementation and the fourth stage evaluation of the budget plan.”

Although the concept of financial management system in public education is not much different from the general financial management system, there are some characteristics of educational finance management. Mbua (2002) states, “Usually the way of financial management operates in practice largely depends on the organization and other related aspects (such as accounting systems used) of the national and local education system, as a result the practices of centralized and decentralized educational systems are likely to differ.”

According to EI-Ghannan in Mbua (2002), Educational authorities have secondary role in making major decision on education finance. This is because it is the Ministry of finance that is responsible for the provision of required funds and for development of funds and services. High degree of centralization in the management of education finance also characterizes financial management in education. In such cases, education authority has details of resources of finance and draws up estimates of education expenditure and determines allocation by level, sectors and certain items in the budget. Hence, freedom left to local authorities is limited.

As the same author, poor regulation between management side of finance and technical aspect of education is the most serious problem faced by educational administration. That is, there is a divorce of world of finance from the world of instruction. This is because the management of education finance is in the hands of specialists in finance concerned with accounts, books and balance sheets having little contact with educational process. However, the technical aspect is typically the responsibility of an educational graduate. Hence, the two rarely meet in any meaningful sense and do not understand each other's point of view. According to EI-Ghannan in Mbua (2002), lags in the flow of money to the users of the education sector, concern with financial inputs rather than with the relation to educational outputs and the lack of efficient personnel are among the features of financial management in education.

Financial Management in education is concerned not only with acquisition of the financial resources but also securing of the resource obtained from different sources and making a sound decision to properly allocate and utilize for the effective attainment of education goals. Since financial decisions in education are crucial to education system, setting up a sound and efficient organization for the finance is very essential.

Management functions on finance require certain skills. As Bateman and Zeithmal (1990), three management skills are found to be important for financial management of the organization: the technical, human, and conceptual. The technical skill refers to the ability to perform specialized financial tasks such as budgeting, accounting, reporting and the like requiring certain methods. The human relation skill is the ability of working with people. The conceptual skill on the other hand is the manager's ability to recognize complex and dynamic issues to identify factors the financial management in an organization.

The human resource in the financial management in education system is a pivotal issue to be considered. This is because the effectiveness of financial management depends on the quality and skills of the staff in the organization. Thus, the lack of financial resource is not the only constraint that impedes the achievement of educational goals and objectives. Caillods and Hallack (2004) state: "As much of lack of finance, a lack of capacity to design, plan, negotiate, manage funds and coordinate different actions and actors at ground level is a reason behind for the low implementation of objectives."

2.3 The Rationale for Financing Education

The important role of education in national development is widely recognized. It brings enormous economic and non economic benefits to both individuals and society (Tsang, 1988:181). Balsara (1996:121) also emphasizes and further explains this idea as:-

> *Education is considered as a basic human need as it equips People with fundamental knowledge, skills, value and attitudes and enhances their capacity to change and their willingness to accept new ideas. Education is also an essential means of meeting the core basic needs like adequate nutrition, clean drinking water and health care.*

Education equips the new generation with necessary skills, experiences, attitudes and knowledge. It enables individuals and society to make all round participation in the development process by acquiring knowledge, ability, skills and attitudes (ETP, 1994). The skills, experiences and knowledge acquired through educating citizens contribute to scientific and technological development that promotes social betterment. It is this knowledge, skills and experiences that citizens acquire from education which enables them to properly adjust to their country. Education deals with matters related to the heart and soul of individual citizens, and the same is critical to the political and economic welfare of the nation and its security (king and others, 2003)

Studies have shown that expenditure on education in developing countries is very profitable investment and the rates of return to education are higher than for physical capital investment (Psacharopoulos, 1985 in Tsang, 1988). All the developed and developing countries have an abiding faith in the effectiveness of education as powerful instrument of national progress and development (Mbua, 2002). It is due to these significant roles education plays that nations devote a substantial amount of financial and other resources to it.

Education consumes an over whelming amount of resources so as to accomplish the objectives the policy demands. Thus, education is both producer and consumer since it draws enormously on the economy and contributes enormously to it (Adesina, 1990).

When compared with other government sectors' expenditure, education consumes a large share of overall government expenditure (Forojalla, 1993).

Thus, education contributes to sustainable development and improvement of the largest society through the production of trained qualified and capable citizens. It is due the role education plays that countries devote an overwhelming amount of financial resources and it consumes the largest share of overall government expenditure.

2.4 Financial Management Guidelines

In Ethiopia, as to the mandate given to the council of Ministers, financial guidelines regarding the administration of payments and deposits of public money stated clearly in the proclamation No. 17/1997, Article 21-24 describes about the payments guidelines as follow:

Authority: payments shall be made only if they appropriated.

Payment Vouchers: no payment shall be made unless it is adequately vouched: and public bodies shall complete payment voucher for all payments in accordance with directives issued by the Ministry of finance.

List of Authorized Persons: 1) the head of every public body shall establish and have maintained a list of employee whom he or she has authorized to sign the documents referred to in these regulations. 2) Such lists shall be circulated to the senior financial officer of the public body, the head of the Internal Audit of the public body, and to the ministry of finance.

Mode of payment: payment shall be made by means of cash, cheque, letter of credit, bank transfers or payment orders, in accordance with directives issued by the ministry of finance whose fundamental principle is that no payment is effective unless there is a budget allocated for the disbursement or expense. Within this boundary, the organization can make the payment through cash, cheque, and other methods as it is stated in the proclamation. However, these payments can only be made after the proper voucher raised. Further according to the proclamation, the organization should notify the ministry of finance and its own account and internal audit section about the lists of designated people who are actually permitted to sign on the documents and cheque of the organization. In the case of the receipt and deposits of public money, Article 31 and 32 clearly state the procedure of the collection and the deposits of the public money.

Receipt of Public Money: 1) for every sum of the money collected on behalf of the Federal Government of Ethiopia, a serially numbered, official receipt of the ministry of finance shall be issued. 2) For every remittance received, including cash transfers from ministry of finance or other public bodies, whether they are in the form of cash, cheque or bank transfer, an official receipt shall be issued to the remitter by the receiver Contributes enormously to it. When compared with other government sectors' expenditure, education consumes a large share of over all government expenditure. Thus education contributes to sustainable development and improvement of the largest society through the production of trained, qualified, and capable citizens. It is due the role education plays that countries devote an overwhelming amount of financial resources and it consumes the largest share of overall government expenditure.

2.5 Sources and Methods of Education Finance

2.5.1 The Source of Education Finance

According to Forojalla (1993), the sources of finance for educational provision in Africa including Ethiopia three, viz:- the public authorities; the users of education and self generated income. Both public and private educational institutions may derive funds from all three sources.

Developing countries like Ethiopia are now facing a big demand for more and better education. To produce greater quality and equality within the education system it requires the provision of adequate finance from different sources. Policy makers and implementing agencies are paying more attention to increase the sources of funding. Even though there are discussions on who should pay for commonly known sources that flow to education system are government, private and donor agencies, community and internal income sources (Alebachew, 2005).

2.5.1.1 Public Finance (Government Sources)

Public resources for education in most Africa countries including Ethiopia are raised in three ways: taxation, foreign loans and grants (Forojalla, 1993). The role of government in the provision of education is used for equalizing access to education and considering and considering educational benefits that cannot enter into a private firm's calculation. Government role is always high when there is a need for investment in non profit making programs and projects, such as school and road construction, teachers training, school feeding program (Peano, 2000).

In Ethiopia financial support for the education sector from the government will be up to the completion of general secondary education (up to grade 10) and related training with increased cost sharing at high levels of education is the government (MEO, 1994). According to Forojalla (1993), it is dangerous for the education which has weak tax system. The up to now experience in Ethiopia show that the resources that comes from the government source was adequate enough to address the educational demand. For example as indicated ESDP IV (2010) the government education budget is around 18 billion birr in 2010/2011, climbing to nearly 27 billion birr by 2014/2015, the difference with the projected costs leads to a financing gap, and the financing gap for each of the five years of ESDP IV, totaling nearly 30 billion birr. Thus, the government sources should be supported by other sources to increase the access and improve quality of education.

2.5.1.2 Private and Donor Agencies

These are also the second contributors of education financing next to public financing, private sources are diversified in their types and nature. They are non government sources, which include funding from families, business firms or corporations, etc. In another study UNESCO (2002) identified that private sources include contributions from individuals, household and other private entities (example; religious groups, firms, associations).

Melaku (2000) summarized the major groups of private contributors as follows:

- Families: pay fee for tuition, registration, examination and other purposes and expenditures for purchase of school uniform, books, and instructional supplies and for transportation.
- Local communities: may cover capital expenditure when the government takes the commitment to cover recurrent expenditure.
- Business Corporation or firms: Government can enact laws that direct corporation and business firms to participate in financing and provision of educational service. They can also be involved in sponsoring vocational/technical training programs mainly to satisfy their owen human resource needs.

The financial support for educational purpose comes from international donor organizations in the form of loans and grants. This source is not permanent and it is unreliable means of financing. There is an economic burden on developing countries when they try to repay the loans in foreign exchange. It needs political decision to the loan and grants for education sector, because government would be using up its limited borrowing capacity on education at the expense of other public sectors. There are some arguments that nonprofit producing projects or social services such as education should not be financed through borrowing (Forojalla, 1993).

2.5.1.3 Community Contribution

As is known, the provision of education and training in Ethiopia was confined to the sole responsibility of the government since the introduction of modern education in the country. The overall result was that access to and equity of education has been found to be one of the lowest even in Africa. The situation has been changing recently since communities have started to support and manage schools.

Communities are now adding more classrooms and even building new schools (ESDP III, 2005). As indicated in ESDP IV (2010), community involvement will go beyond financial, material and labor contribution communities will be expected to exercise leadership, participate in school management in such a manner that it reflects their ownership of the school. Students and parents also participate in the financing of education through fees in TVET and tertiary education. An increase these contributions can contribute to filling the financing gap.

2.5.1.4 School Internal Income

Schools generate internal income in addition to the government budget they are subsiding in order to overcome budget deficits. The income may be obtained from different school activities as indicated Regulation No. 36/2011, internal income of school are the ones to be generated from the following sources:- sales of varies educational out puts, Sport activities, Sales if trees and Grasses etc. This income will be implemented according to the government financial rules and regulations. Currently almost all schools in Addis Ababa region have internal income from different sources.

2.5.2 Methods of Education Finance

According to Mbua (2002), educational institutions are financed in several ways. These are through payments' of tuition and other related fees by pupils or students. Government budgetary allocations grants in aid, donations (endowment funds) and revenues from projects. The authors further explained the methods or ways of financing as follows.

1) Tuition and Other Fees:- when pupils or students attend school at any level, they may be asked to pay for the teaching they are going to receive when such payments are made, we say that "tuition fees" are paid by such pupil or students. Also students or pupils may have to pay registration, examination, laboratory and development fees, and pay for uniforms as the case may be.

2) All these are possible forms of raising funds forms of raising funds from the pupils or students.
3) Government Budgetary Allocation and Subventions or Grants:-
   Educational institutions that are owned by government (public schools) are financed through budgetary allocations.
4) Parent-Teacher-Student Association Dues:- They charge dues or levy for the children attending school. These are used for projects such as construction of classrooms, fence, office, library facilities, recruitment of supplementary personnel, training, etc. These deal more with capital projects.
5) Revenue Yielding Projects:- This method of financing education is through the establishment of school farms, renting of band or musical services and so on. However, the revenue raised through these sources is very insignificant.

2.6 Budgeting in Education

2.6.1 The Concept of Budgeting

Budgeting is defined by several authors in many ways. In one way or other, most of them stress the translation of plan of an organization into money. According to Abdela (2006), budgeting is the process whereby the plans of an institutions are translated into an itemized, authorized and systematized plan of operation, expressed in to dollars, for a given period. Budgets are the blue prints the orderly execution of program plans; they serve as a control mechanisms to match anticipated and actual revenues expenditures.

Similar to this is the definitions given by Ukeja and others (1992:378); they gave the definition of education budget in the following form:

> *Educational budget is the translation of educational needs Into financial plan which is interpreted into the public in such a way that when formally adopted it expresses the kind of educational Program the community is willing to support financially and morally, For a one year.*

According to Ukeja and others, the common and important elements in this definition are:

- The budget is a financial plan
- The budget expresses the kind of educational program envisaged
- The budget is normally prepared for a period of one year.

On the other hand, as Forojalla (1993) pointed out the budget constitutes the principal instrument with which the authorities of an education system (national, regional, local or municipal government) express their priorities in terms of a plan objectives and overall policies. Budgeting also offers management the opportunity to examine in detail both the general situation of the economy the economic inter-relationship among all the education systems' various activities.

According to Knozevich (1969), budget is the heart of fiscal management. Through the budget the government can approve and determine the expenditures of the school system. Since the budget is the fiscal interpretation of the educational program, reducing the proposed expenditure or refusing to approve the procurement of receipts stipulated in the budget are highly affect the quality and quantity of educational services provided in the country. In one sense, the budget can be regarded as an expression of the educational hopes and aspiration of the people. It is by nature future oriented. Similar to the above explanation of budget and budgeting, it is possible to say that budget is:

- A plan for financial operation which includes an estimate of proposed expenditure for a given period of time and a proposed a means of financing expenditures.
- A systematic plan for the efficient utilization of man power, materials, or other resources.
- A financial plan which serves as a pattern for and control over future operations of an institutions.

Therefore, in public education, budgets are more than matters of arithmetic; adding up the proposed expenditures and the anticipated receipts for a given period.

According to Knozevich (1969), the budget must be regarded as the fiscal translation of the educational program. Sooner or later everything we desire to do in public education must be translated into its financial equivalent. Reducing proposed expenditure or refusing to raise necessary receipts has more than mere monetary significance. As previously stated, it touches up on the quality and quantity of educational services to be made available in the region or district.

With regard to time, budgets two features; the short term and the long term which serve different purposes (Levacic and Keynes, 1989). As these authors the short term budgets are annual budgets that break down in to quarterly, monthly or even weekly periods. It has merits of its own that management can monitor progress throughout the year and take corrective action as soon as possible rather than to wait until the end of the year. Management can also extract information during this period to adjust current budget for remaining period if changes are found. As the same authors, the long term budget relates to the development of a project or program over many years. A period between three and ten years may appropriate for it.

Budget plan preparation requires a collaborative and integrated effort so as to enhance efficiency and effectiveness in the education system.

> *Budget planning requires a well-orchestrated and lengthy cycle with active participation of staff, governors where by educational aim and objectives are then coasted and budgeted for. Thus, the budget is a fully integrated into school corporate*
>
> *and development planning which consists of a medium term strategic plan and short term action plans (Levacic, 1995:88).*

As the same author there are different factors which contribute for making budget planning more difficult such as: external factors and internal factors.

The internal factors as the author are problems of finding sufficient time to involve staff and governors so that they contribute support the resulting decisions.

The external factors include lack of synchronization between financial years the academic year. As Adesina (1990), in preparing the budget plan, it is necessary to state that problems are faced in securing funds, if any. Non availability of funds, or delayed payments affect the administration of the school system. The common complaints as the author, are teachers' salaries, are delayed, approved funds are sometimes reduced and that other capital recurrent grants take a very long period to release.

2.6.2 Types of Budgets

The budget is used to do several things (Forojalla, 1993). Such as:

- It is used to plan for cash receipts and expenditures in most education systems in countries, the education services, like all other units of government, operates with in a fixed amount of budgeting budgetary allocation based on plans and needs. This is an apportion budget. Any additional amounts required above such allocation can only be incurred through a supplementary budget allocation.
- The budget is used to plan for debt repayment and the efficient use of cash. The general cash fund in most counties is held by the ministry of finance at the national or regional level or the sub-treasury at the local government level; and its proper operation is the sole responsibility of the finance ministry under the guidance of the national or regional political leadership.
- The budget usually covers one academic year and should include receipts and expenditures for both the previous and current financial year and estimates the following fiscal years. The budget should also project receipts and disbursement on a monthly, quarterly or half-yearly base is depending on the rate of cash flow and out flow from the reservoir or general funds in the treasury.

According to Forjalla (1993), there are basically three major types of budgeting used in planning the flow of funds into and out of the general cash flow available to government, they are explained below:

A. The Line-Item Budget or Function-Object Budget

The basic feature of a line-item budget is the breakdown of the budget items or objects-salaries, supplies, equipment, services and so forth and their distribution or classification according to purpose – administration, instruction, student welfare, adult education, etc. this approach to budgeting is sometimes also referred to as input budgeting, as the budget is prepared on the basis of resource inputs.

The basic components of educational expenditures in many African countries are generally arranged on this basis under the following functional sub-heads (Forojalla, 1993). Such as:

1. Personnel emoluments (salaries, allowances, insurances and super annulations)
2. Other charges or running expenses, like travel and transport of personnel, purchase of goods materials, services (water, electricity, etc.) and repair and maintenance of buildings, and equipment.
3. Capital expenditure

As Jeilu (2009), the line item budget is also referred to as object function budget where an object budget is a listing of the objects of expense such as salaries, supplies and the like while a function budget classification lists of estimate of expenditure in terms of the purpose for which they are made: administration, instruction and adult education and etc. line item budget is a better tool for fiscal control than it is for fiscal planning.

B. Program Budgets of Planning, Programming, Budgeting (PPBs)

As described in Forojalla (1993), the program budget entails setting forth certain major objectives, defining programs essential to these goals, identifying resources to the specific types of objectives and systematically analyzing the alternatives available.

PPBs involve an analysis leading to the choice of the preferred mix of a set of proposed projects. It requires decisions like: qualitative discussion of some of the more relevant non-quantitative issues involved in the decision, example: political factor etc. a program budget provides for determination of the costs of program goals and objective. This can be used to compare the costs and advantages of competitive programs. The PPBs differs from the line-item budgets, which despite its degree of retirement and sophistication, is essentially no more than a descriptive tool, in that it aims at examining alternatives.

C. Zero-Base Budgeting (ZBB)

Zero-base budgeting in its correct context refers to a general management tool that companies can use to improve planning, budgeting and operational decision-making with it, managers can re-assess their operations from the ground up and justify every dollar spent in terms of current corporate goals (Forojalla, 1993).

As Phyrr in Forojalla (1993), instead of staying within the same budgetary structure year after year, mangers can make major allocations of resources from one year to the next, Thus, ZBB does not build up on the previous year's base. Instead the budget begins at a decreased expenditure or base zero.

2.6.3 **Budget Monitoring and Control**

Budget Monitoring compares the actual expenditure against estimated (Knight, 1993). Monitoring the budget by comparing planned receipts and expenditure month by month with those which actually needs to be undertaken so that budget manager can make adjustments to the budget as new events and information unfold (Levacic, 1995).

As Knight (1993), Budget monitoring need not be confined to the expenditure. It can also be monitoring income, capital, or project expenditure and cash flow. Monitoring expenditure is mainly undertaken through regular budgetary tabulation. Thus, budget monitoring enabels to make adjustments to the budgets using information obtained while comparing the actual expenditure with already planned.

Budgetary control safeguards funds and ensures that they are as authorized (Knight, 1993). Budgetary control in education is ensuring that the funding though visible means is directed to the instructional priorities to be achieved (Mullins and Michael, 2005). Therefore, controls over expenditures must be established to assure that the allocated funds are in accordance with the authorized budgetary statements (Vashit, 2008). This could be done through recording of actual performance and the provision of regular feedback that enable continuous monitoring.

2.6.3.1 Financial Accounting

As Mengistu (2008), accounting is defined as: to rescored, summarize, report, and interpret economic data for use by many groups within our economic and social system. As Condoli and others (1984), accounting is recording and reporting activities and events affecting personnel, facilities, materials or money of an administrative unit and its programs. Hermanson and et,al (1989) ,also state that accounting is the methods and records established to record, summarize, process and report an entity's transactions and to maintain accountability for related assets and liabilities. Accounting provides useful financial information that enable to make a sound decision. The accounting system provides a history of speeding and may be used to evaluate how the plan developed in the budget document is proceeding (Ubben and Hugbess, 1997).

Financial accounting is concerned with the recording of transactions for a business or other economic unit and the periodic preparation of various reports from such records. The reports, which may be for general purposes for special purpose, provide useful information for managers, government agencies and the general public of particular importance to financial accountants are the rules of accounting, termed "Generally Accepted Accounting Principles (GAAPs)" (Mengistu, 2008).

School accounting programs are more than a set of abstract records which contain historical information about past activities in the local district, they provide basic information used in making current administrative decision and planning future activities (Vashit, 2008).

As this author, every educational decision will require an allocation of financial or material resources in its implementation, the reliability of the accounting systems is one of the vital elements in the effective administration of local school district.

The entity's accounting system consists of methods used to record, classify, summarize and report the entity's transactions and hence has major impact in the reliability of the entity's financial statements (Hermanson and et.al, 1989). Without a good accounting system, financial control becomes weakened, unrealistic due to the lack of information and transaction could also be weakened. Efficient accounting system is a decisive issue and a precondition for good financial management. For an accounting system to be efficient there should be financial rules, regulations and internal control procedures. Therefore, in the management of education finance, there has to be appropriate accounting for the funds received and expensed by the educational organization over expenditures must be established to ensure that the funds are spent in accordance with authorized budgetary statement.

2.6.3.2 Auditing

Auditing is an activity involving an independent review of the accounting records. In conducting an audit, public accountants examine the records supporting the financial reports of an enterprise and given an opinion regarding their fairness and reliability (Mengistu, 2008).

According to Hermanson and et.al (1989), auditing is a systematic process of objectively obtaining and evaluation evidences regarding assertions about economic actions and events to ascertain the degree of correspondence between those assertions and established criteria and communicating the results to the users. It is the checking of the transactions of the business with its books of accounts and evidences with a view to find out the arithmetical accuracy of the accounts, the correctness and truthiness of the transactions recorded in books and their results (Jain, 1996). Auditing is the accumulation and evaluation of evidence about information to determine and report on the degree of correspondence between the information and established criteria.

Auditing should be done by a competent, independent person (Arens and et.al, 2012). Thus, auditing is

concerned with the verification of the accounting data with the aim of determining the reliability and accuracy.

Auditing has several advantages in improving the financial activities of an organization. According to Kumar and Sharma (2001), auditing serves as a means for defection and prevention of errors frauds and to update records available. It also facilitates executions of decision without delay. Furthermore, auditing enhances acceptability of authorities and provision of professional advice. According to Arens and et.al (2012), the relevance and reliability of two important aspect of auditing that help accounting information useful for decision.

Through auditing, weak areas of financial management could be identified and so as to take corrective measures to improve the weak areas. Mbua (200) categorized audits in education into two main types: Internal audit and External audit. External audit are conducted by appropriate official form within the organization. The external audits examines whether the financial statements according with General Accepted Auditing Standards (GAAS) and Generally Accepted Accounting Principles (GAAP). That is, examines the accounts and sees to it that the accounts have been prepared in line with the legal requirements regulations and the proper accounting practices have been observed in the compilation of the accounts (Hepworth, 1979).

The internal audit is an independent appraisal function established by a firm in order to examine and evaluate that firms activities (Hermanson,et.al, 1989). According to Arens,et.al, (2012), internal auditors' responsibilities vary considerably, depending on the employer, but the principal responsibility of internal auditors are to determine if the various operating divisions are following management's policies and procedures.

Therefore, because auditing plays a significant role in improving and strengthening the activities of the financial system, it requires the education system to have a well structured auditing system and timely auditing since a huge financial resource are being utilized in the system. The auditors (both the internal and external) have to play role in carrying out their responsibility to make the practice of financial system meaningful and useful. The managers in the educational organizations also have to create conducive environment so that the internal audit system properly functions and financial activities run in accordance with the existing rules, regulations/ guidelines and financial principles.

2.6.3.3 Purchasing

Purchasing is the acquisition of goods and services in the exchange of money. By its very nature purchasing is a basic and integral part of business management and thus it is impossible for any organization to achieve its full potential without a successful purchasing activity (Dobler, et.al, 1984). As the part of managerial activity purchasing requires planning, organizing and controlling the interrelated activities. Educational institutions or organizations require materials which are either directly offered by the government or purchased using the fund available or the local governmental level. They require the materials to run their daily activities. As Dobler and other (1984), no organization can operate without materials and thus, they must be available at proper time, in the proper quantity and at the proper place, failure of fulfill any of these responsibilities concern the material add to the organization cost and decrease in performance.

Purchasing has its own objectives, and guiding rules, procedures and principles. Thus, purchasing power is not inherent but is delegated to the organizations by regulators of the state (Jordan, et.al, 1985). The state mandates purchasing responsibility and authority, purchasing limits, procedures based on which organizations act to purchase materials required to organizational activities and render public services.

Doubler, et.al, (1984) state the objectives of purchasing as “To support company operation with uninterrupted flow of materials, to buy competitively and wisely, and to develop reliable alternate sources of supply.”

The five “Right” in relation to these purchasing objectives stated by Bally, et.al (1994) is, to purchase: - the right quantity of the material in right time, in the right quality from the right sources at the right price. Thus, for an organization to continuously operate and render the public services effectively it has to get materials made available through the purchasing process. The materials delivered should satisfy or fit the need of the organization. Here, time should also be taken into consideration that the materials should be made available in the time required by the organization (i.e. right material) with a reasonable price.

2.6.3.4 Financial Reporting

A summarized and analyzed report of accounting information plays important role in an organization. It makes communication to be effective and efficient and enables to investigate the existing situation and to take relevant and timely administrative action. Performance reports are a form of feedback to managers directing their attention on problems or opportunities that might otherwise go unnoticed (Garrison, 1991).

As Jordan and others (1985), there are three levels of financial reports prepared by local institutions:

1. The comprehensive financial report prepared annually comprising all financial statements.
2. The general purpose financial statement prepared monthly or quarterly.
3. The popular report summarizing date contained in the comprehensive financial report into format that is easily understood by the public and that may contain graphs and figures to enable reading.

In the ESDP III (2005), it is emphasized that quarterly, semi-annually activity and annual financial performance report to be produced at every governmental level of Ethiopia. As the document, among issues concentration is given in the report is information on actual capital and recurrent expenditure. The quarterly report is mainly to serve the day-to-day management purpose at implementation level. The semi-annual and annual reports will be the main source of information

n on progress and achievements of the entire program as compared to plans.

2.7 Experience of England in School Financial Management

Until the education reform Act of 1988, the English educational system was characterized as “A national system locally administered “ between 75 percent and 80 percent of the system’s financing was provided by the national government. Administration was left to divisions of local government called Local Education Authorities (LEAs) and to school heads (principals) (King, et.al, 2003).

According to King, et.al (2003), local authorities established the education budget under the 1994 Act. However, they were severely contained by decisions made at the national level through negotiations between representatives of local authorities and the national government.

As Lawton in king, et.al (2003) indicated the education reform Act of 1988 gave the secretary of state for education 415 new specific powers, and subsequent legislation has added further to the secretary’s authority, the Act “Shifted power away from LEAs to the central authority, contrary to the established tradition of avoiding too much central control”.

Expenditure levels are now virtually set by the national government, and the share of primary and secondary school expenditures paid by the national government has grown to 80-85 percent. Variation in expenditure per pupil among LEAs is even less now than it was before. Government financial support is distributed through the LEAs.

The LEAs pass these grants, plus the local supplements, on to the schools, withholding only an amount sufficient to provide for strategic management, ensuring that sufficient school places are available, school improvement, and special education. The amount withheld by the LEAs is less than 10 percent of the total allocation. The grants to schools provide for their operating expenses, including all staff salaries, they are paid to each school's governing body by its LEAs largely on the basis of enrollment and age of pupils. Schools can determine their own staffing patterns, make their own personnel decisions (including administrators' pay with in national guidelines), and contract for support services such as buildings maintenance, accounting, purchasing, payroll, insurance and auditing.

Dawnes (1988) states that in its simplest form, the essence of local financial management (LFM) transfer the local educational authority (LEA) to the individual establishments of the power to spend their allocated money. This helps: the governors and head of each school to make the most effective use of the resources available to them and give each head flexibility with in an agreed budget to managing the school.

2.8 Education Financing System in Ethiopia

The guardian of the traditional cultural that is churches were providing the schools in the high lands of Ethiopia for centuries. There was traditional education in the early nineteenth century. Quranic schools were also found in the inhabited area of east and west parts of the country. Protestant and Catholic missionaries engaged in a certain amount of teaching (Bender, 1976). Until the end of the 19th century, education was totally left in the hands of the church which neither bothered to expand it nor to make it relevant to the socio-economic needs of the country as referred in Ayalew (2001).

Orthodox Christian church schools were always found adjacent at the outer wall of the church. Students lead a communal life in groups and they live in little huts near the church. Students were assigned to particular villages in the surrounding countryside to which after lessons over go-out and beg for food.

This is not necessarily a daily activity of each individual student; they may take turns as it was indicated in Ayalew (2001).

Most teachers are celibate who are unmarried for religious reasons and hermits who demand no food or salary or any other compensation. These facts indicate that, the cost was very low in the educational system. There was very low in the educational system. There was no need felt to build schools, to train teachers for long period of time but uses only locally available materials and as a teacher who can read and write success as deacons and priests. One teacher teaches all students, which is similar to self-contained way of teaching methodology and senior students are assistant of the teacher in church schools. Teachers had no salary which was paid by the government. However, some of them had their own agricultural land as a source of income and some of them were subsidized with grains by the local community. Motivating factors to the teachers were that they get honor and respect from the community for being a teacher who inculcates the principles of Orthodox Christianity and teachers consider themselves as they sacrifice the time, knowledge and labor to serve their God and this make happy rather than gaining other benefits.

Modern education in Ethiopia was started following the opening of Menilik II School in 1908; between 1930 and 1935 about 20 schools were opened in the provinces. Accordingly the MoE and Fine arts was established in 1930 E.C Menilik II issued a regulation for his school which indicated that regular students should pay 2 birr per month for their educational materials (Mahtame Selassie, 1970). Teferi Mekonnen issued a regulation for his school which notified a student to cover his/her own expense when he/she would pay the required amount of money to the school. Children without parents or guardians would not only exempted from payment of fee, but the government would provide them with food and clothing too Ayalew (2000).

Up to 1941E.C the number of students in the provinces increased to 45,634 and the total number of teachers to 1401. The construction of new schools and an increase to the number of students and teachers were revealed.

The Ethiopian government began its effort to establish the education system from the scratch after the liberation from the Italian invasion. At that time there was no adequate money, no trained teachers, no equipment and no teaching materials as indicated in Ayalew (2000).

This expansion work in education in different parts of the country called for increased funds, the need for annual budget increased. Already the budget of the ministry of education represented a large share of the total national budget allocation.

The finance of the educational sector was mainly from the government with assistance from international organizations and bilateral donations. Educational expenditure has been increasing gradually through the years from about 100 million birr in the 1960s to about 500 million birr at the end of 1980s. This makes about 15% and 9% of the annual budget and 2% and 4% of the GDP respectively. In the years 1991 to 1993 the budget showed a sustained increase in its allocation, getting over 1 billion birr which was 13% of the annual budget. Despite the increase there was a wide gap between the unmet demand and the available resources (MoE, 1994).

After the fall of the Derg regime, in 1991, a new policy and strategy is developed for the education sector. Currently regional states are mandated to manage primary and secondary education. The regional administrations have the freedom to choose thei own experience policy, cost recovery norms and educational curriculum. The ministry of education sets key educational standards and the national organization of examinations prepares and administers common exam in all regions with view towards achieving standardization and coherence in the Ethiopian system.

The methods of financing education in any given country is among the major elements that determine the extent of access for education, the type of education given, the pattern of student distribution, the level and quality of education, and the overall management and direction of education (MoE, 2002).

This means in other words, the education of a given society and its role in helping meet a clearly set objective (for instance, development or economic and social growth) is closely tied with the resource available and the financing method it employs. Any given education system, therefore, has to have a clear financial policy by which it is directed. And the financial policy has to take two basic (issues) matters in account. These are:-

- To make an efficient and quality of education systems that can serve as basis for growth with minimum possible expenditure available to the broad population.
- To ensure equity and fair distribution of educational opportunity (across regions, religions, social class etc.) and to remove obstacles to these (MoE, 2002).

Pursuing this policy, the five years Education Sector Development (ESDP I) for the years 1990 E.C to 1994 E.C was prepared. This program has been prepared with the objective of improving access and quality of education in the country. It requested 12.2 billion ETB and out of this 73% of the total expenditure would be allocated to the primary education 10.5% to secondary and vocational education 8.7% to tertiary education and the remaining 7.8% to boarding school teacher training institutions and capacity building activities.

ESDP I resource was covered from the public revenue which amounts about 8.8 billion or 75% of the total outlay. The remaining 25% was expected to be financed by NGOs, privet sector and the community (WB, 1997).

The five years ESDP I objective was to improve access, quality, efficiency, effectiveness and equity of education in the region. The total amount of budget allocated for this program reached 2.7 billion birr including recurrent and capital budgets (MoE, 1998).

Generally in the early of the 19th century the resource for education in Ethiopia mainly lies on the activity of Christian church. The children who join the traditional school were committed to cover their expenses by means of begging for food. The Muslim, catholic and Missionaries were also the stockholders to allocate educational resources at the time.

The land lords in different parts of the country were also trying to establish schools on behalf of their name or authorities.

After 1942, the central government played a vital role and undertook different policy measures to strengthen the expansion of education and established the MoE. The government tried to create a system to finance the education sector from the central treasury and earmarked educational taxes. Nowadays the resources to finance education come from donor agencies, private sectors, and communities, central and local governments. The government takes the lion's share allocates the required amount of budget for education. Because nowadays, there is no country at any level of development that has made the user community fully cover all educational expenditure by leaving the matter solely to the market essentially countries like Ethiopia; this is because there are more compelling reasons for the government to use its educational finance policy to insure the equality of educational opportunities and services (MoE, 2002).

According to MoE (2002), a government intending to provide educational fairly, it is necessarily to devise an educational finance strategy and interfere because: the government has responsibility to provide education to the large society by formal and non formal education system and education has a useful role in creating a common national wide understanding of issues.

The policy document provide by the ministry of education (1994) summarized the financing of education as follows:

1. The priority for government financial support will be up to the completion of the general secondary education and related training but with increased cost sharing at higher levels of education and training.
2. Scholarship will be given for deserving outstanding students.
3. Special financial assistance will be given to those who have been deprived of educational opportunities.

4. Financial support will be provided to raise the participation of women.
5. Private investors will be encouraged and supported to open schools.
6. Conditions will be created for education and training institutions to generate their own income.

CHAPTER THREE

3. REASERCH DESIGN AND APPRAOCH

This Chapter covers the method of the study, the source of data, the sample and sampling techniques, the instrument of data collection and methods of data analysis.

3.1 THE REASERCH METHOD

The study focuses on investigating the practices of financial management in General secondary schools. Accordingly, among various research methods, the Descriptive survey approach was employed in this study. This was done by considering the versatility of the descriptive survey approach to get available information from school principal, department heads, school finance officers, PTSA (Parent-Teacher-Student Association) members and sub-city financial officials. More over; the descriptive survey method is very essential to reveal the present situation of current financial management practices and problems.

3.2 SOURCE OF DATA

The subject of the study would be selected General secondary schools of Kolfe Keranio sub-city. Primary sources of data were being obtained from school finance officers, PTSA members, and sub-city financial official. These data sources are preferred to be used with the aim of collecting first hand information that existing practices of financial management in General secondary schools.

The secondary data sources were gathered from books, researches, reports, journals, articles, produced online, documents, the financial management guide lines and regulations, and education bureau statistics.

3.3 SAMPLE SIZE AND SAMPLING TECHNIQUE

3.3.1 SAMPLE SIZE

Kolfe Keranio sub-city is one of the ten sub-cities found in Addis Ababa city Administration. According to the statistical information obtained from Kolfe Keranio sub-city education office, currently there are eight government General secondary schools including two preparatory schools. Accordingly, six schools were selected by using purposive based on availability to gain appropriate information, Therefore, Asco, Ewket Lefre, Keranio Medhanialem, Kolfe, Reppie and Yemane Berhan General secondary schools were selected. In order to study financial management practices in the sample schools, three categories respondents were involved. These were Academic staff (school principals and department heads), Financial Officers and Teachers and Staff Personnel's involved in PTSA (Parent-Teacher-Student Association) members. Regarding the respondents of school staff Eighteen (18) principals, Ninety two (92) department heads, Twenty two (22) school financial officers, and twelve (12) PTSA members were taken from the schools. In addition to these, one (1) financial official from Kolfe Keranio sub-city Finance and Economic Development office was included. Therefore, the target populations that participated in the study were one hundred Forty Four.

3.3.2 SAMPLING TECHNIQUE

Concerning the selection of the respondents, they were selected by using purposive sampling. The rationale behind using this sampling technique was that the respondents have direct relation and experience about the subject under study, and limited in numbers.

3.4 INSTRUMENT OF DATA COLLECTION

To obtain Descriptive information about the practices of financial management of General secondary schools; Questionnaire, Interview, and Observations were employed as a means of data collecting instruments.

3.4.1 QUESTIONNAIRE

Nineteen Open and twenty four closed ended questionnaires was prepared and used. The rationale behind using the questionnaire is that, it helps: to provide respondents with freedom to fill whatever they feel without any external pressure and it also helps to collect data from large number of respondents that were required to participate in the study. The questionnaire was used for school principals, department heads, staff financial Officers and PTSA. The language construction of the questionnaire was English. The respondents were being asked to responds to questions concerning: The financial management budgeting, non-public sources of finance and expenditure, accounting, auditing, purchasing and reporting practices.

3.4.2 INTERVIEWS

Interview questions were employed for six school main principals and one sub-city financial official. In order to get relatively more detailed information and to fill the gaps that was not covered in the questionnaires. And also interviews are types of survey where the subjects of the study are delivered in face to face encounter by interviewer. In this study all the interviews are individual interviews. Dawson (2002) indicated that in a semi-structured interview the researcher wants to know specific information which can be compared and contrasted with information gained in other interviews. To do this the same questions were used for all respondents. The interviews were made according to the schedules made by the researcher.

The interviews were including about financial management activities concerning Budgeting, Non Public Source of Finance, Accounting, Auditing, purchasing and Reporting practices of the schools.

3.4.3 REVIEW OF DOCUMENTS

Observation refers to the process of observing and recording events or situations (Dawson, 2002).

Among the two types of observations; namely, Participant's and non-participant's observations, the non-participants observation involved.

The process in which, the researcher simply observe activities without taking part in them, so that the researcher was involved as a non-participant observation. A check list for observation was prepared. This data collection instrument enabled one to get correct and complete information from the targeted groups.

The observation was includes about the standards of account office, availability and accuracy of book of accounts, filing system of book of accounts, availability of office equipments and presence of necessary personnel's in finance offices of the schools under study.

3.5 PROCEDUR OF DATA COLLECTION

The questionnaires were Pilot tested in Millennium Secondary and Preparatory School which was not included in the sample schools to test the instrument before they were administered in to final participants of the study. In doing so, the questionnaires were distributed to 17 Academic Staffs 3 Financial Officers and 2 Teachers involved in PTSA members.

The reliability of the items was tested using Crombach's alpha formula. This is because Crombach's alpha is used to estimate internal consistency by determining how all items on test relate to all other test items and total test items.

The Crombach's alpha was calculated and thus the results of the reliability analysis of the questionnaires with 32 item for 17 academic staff was found to be 0.90, for 3 financial officers was found to be 0.81 and for 2 PTSA members was found to be 0.76. Since all the calculated results are nearer to 1, they indicate that the questionnaires are considered to be reliable.

On this basis appropriate comments be gained from the thesis advisor and after appropriate corrections and improvements made the instruments were set and co-operative letter to all the concerned bodies were received from the department of Educational Planning and Management after getting the permission from the schools and participants, objectives were made clear and the questionnaires were distributed to the respondents by the volunteer school principals and researcher himself. By collecting the questionnaire and providing them thanks.

The interviews were carried with the principals and sub-city financial official in their offices by arranging convenient program through discussion with the participants. The interview conducted with the sub-city finance official and school's principals took an average of 30 minutes for each participant.

3.6 METHOD OF DATA ANALYSIS

The data collected using survey questionnaire was organized in to different tables and analyzed using statistical tools. SPSS was used to analyze the data collected. Frequency and percentage were used to analyze the magnitude of respondents' opinion against each item. These statistical tools were used to analyze data gathered on characteristics of respondents and to analyze data on financial practices and reporting.

Mean (mean score and weighted mean) was also employed for further statistical analysis. These statistical tools were used to analyze data on purchasing practices. In addition to these, responses obtained through open-ended questionnaires, interview and Review of Documents were analyzed and cross checked with response obtained from the questionnaires after related ideas have been categorized in to their similarities. Chi-square Test was also applied to check opinion difference between the respondents, and Percentages were used to analyze varies demographic characteristics of the respondents.

In this study, the indicators of each factors were selected and presented to the respondents to be rated on fixed point Likert-scale from strongly agree (5) through agree (4), undecided (3), disagree (2) and strongly disagree (1).

However for the sake of simplicity, the three response categories as indicated in Best and kahn (2006) were used in the analysis. That is the two outside categories “strongly agree and agree” and “strongly disagree and disagree” were combined and thus the three response categories used were agree undecided and disagree. And thus for simplicity of analysis the weighted mean obtained was compared with the average that is 3. That is, when the calculated value of these means is less than 3, it was taken as low, when 3 medium and when above 3 it was taken as high. Therefore, the value of mean below 3 was considered as weakness and above 3 was considered as strength.

Chapter Four

4. Presentation Analysis and Interpretation of Data

This chapter is meant to handle the description of the sample Population, analysis and interpretation of the data and it is presented under the following sub-sections.

4.1 Characteristics of the Respondents

In order to study the practices of financial management in education in Kolfe keranio sub city six General secondary schools and the sub-city finance and Economy Development office (ScFEDO) were included in the study. One hundred eighty four school respondents (school principals, financial officers, department heads and PTSA) were selected to fill the questionnaire of these 144 (78.3%) respondents returned the questionnaire and 40 of the respondents did not return the questionnaire distributed through effort has been made to get all the questioners distributed back. besides, an interview was made with one ScFEDO official.

The analysis was made on the basis of information obtained from 144 respondents ; one SCFEDO officers, 22 school finance officers , 18 school principals ,92 department heads and 12 teachers and staff personnel represented in PTSA members.

Table 1:- Respondents by Sex, Age, Qualification and Experience.

Item No	Variable	Characteristics of categories	Academic staff		Financial officers		PTSA		Total	
			No	%	No	%	No	%	No	%
1.	Sex	Male	82	74.5	6	27.3	10	83.3	10	68.1
		Female	28	25.5	16	72.7	2	16.7	46	31.9
		Total	110	100	22	100	12	100	144	100
2.	Age	20 years and below	-	-	-	-	-	-	-	-
		21-30 years	71	64.6	9	40.9	4	33.3	84	58.3
		31-40 years	26	23.6	8	36.4	3	25	37	25.7
		41 years and above	13	11.8	5	22.7	5	41.7	23	16
		Total	110	100	22	100	12	100	144	100
3.	Educational qualification	Grade 10 complete	-	-	2	9.1	1	8.3	3	2.1
		Grade 12 complete	-	-	2	9.1	1	8.3	3	2.1
		Diploma	-	-	14	63.6	1	8.3	15	10.4
		Ba/Bsc/Bed	108	98.2	4	18.2	9	75.1	121	84
		Ma/Msc/Med	2	1.8	-	-	-	-	-	1.4
		Others	-	-	-	-	-	-	-	0.7
		Total	110	100	22	100	12	100	144	100
4.	Total service	1-5	49	44.5	3	13.6	4	33.3	56	38.9
		6-10	29	26.4	7	31.8	3	25	39	27.1
		11-15	9	8.2	7	31.8	1	8.3	17	11.8
		16-20	8	7.3	3	13.6	-	-	11	7.6
		21-25	5	4.5	2	9.1	-	-	7	4.9
		26 and above	10	9.1	-	-	4	33.3	14	9.7
		Total	110	100	22	100	12	100	144	100

As it can be seen in item 1 of table 1, the majority of academic staff and PTSA members were males that is 82 (74.5%) and 10 (83.3%) respectively . on the other hand 28(25.5%) and 2 (16.7%) were females . this indicates the number of males respondent greater than female respondent .

In the case of finance officers among the 22 accountants 16 (72.7%) are female and 6(27.30) are males.

Concerning the age distribution of the respondents under Item 2 indicates that the majority of academic staff respondents 71 (64.6%) were in the range of 21-30 years and 26(23.6%) were in the range of 31-40 years and 13(11.8%) were 41 years and above.

Similarly the majority of financial officers respondent 9 (40.9%) were in the range of

21-30 years and 8(36.4%) were in the range of 31-40 years and 5(22.7%) were 41 years and above. As opposed to the above respondents, the majority of PTSA member's respondents, 5(41.7%) were in the range of 41 years and above. And 4(33.3%) were in the range of 21-30 years and 3(25%) were in the range 31-40 years. As we see from the above age information the majority of respondents 84(58.3%) were within the range 21-30 years 37(25.7%) were in the range 31-40 years and 23 (16%) were 41 years and above. therefore, they could be in better position in improving their profession in general and the financial management of their school in particular.

Concerning the educational qualification indicated in item 3 of table 1, the majority of academic staff respondents 108(99.2%) were Bachelor Degree holders and the rest 2 (1.81) were Master of Art holders. Among the respondents of financial officers, 14(63.6%) were College Diploma holders, 4(18.2%) were Bachelor Degree holders, and the rest 4(18.2%) were grade 10 and 12 completed. regarding the sample PTSA members, the majority that is 9(75.1%) were Bachelor Degree holders 1(8.3%) were Diploma holder and the rest 2(16.6%) were grade 10 and 12 completed. Thus, there was no problem to understand and respond to the items in the questionnaire since the questionnaires were prepared in English and all the respondents can read and write.

Regarding the total years of service of the respondents, the work experience of 61(55.5%) of Academic staff, 19(86.4%) of Financial Officers and PTSA members 8(66.7%) was found to be 6 and above years. This may indicate that the majority were experienced and familiar with the issue under investigation and also the. Such relatively longer years of experience respondents to have better knowledge and understanding about the practices of financial management in general secondary schools. Therefore, they can relate each item in the questionnaire to the problem order investigation.

Table 2:- Respondents by Field of Specialization

Item No	Field of specialization	No of respondent	Level of Education						Total
			Grade 10 Complete	Grade 12 complete	diploma	BA/BS C/BED	MA/MS C/MED		
1.	Management	-	-	-	-	-	-	-	-
2.	Accountant	-	2	2	14	4	-	-	22
3.	EdPM	-	-	-	-	-	2	-	2
4.	Subject	-	-	-	-	108	-	-	118
5.	Other	-	1	1	1	-	-	-	3
	Total	-	3	3	15	112	2	-	144

The characteristics of the respondents by their field of specialization, The over whelming the majority respondents out of 144 in table 2 that is 118(81.9%) are subject teachers, the educational level of the majority 14(63.6%)of the Accounting workers is Diploma. There for the level of education of individuals can have direct influence on the quality of their performance and consequently on the attainment of organizational objectives, the overall qualification of the school personnel ranges from grade 10 complete to Masters Degree. From the total respondents the number of responses given for item 3 in table 2 is two. This implies that most of the school administrators are not a specialist in Educational Leadership and Management.

4.2 **Analysis and Interpretation of Data**

This part of the chapter discusses the analysis of the findings and interpretation of the data. It attempts to present the answer to the basic questions raised in chapter one. The major variables are analyzed on the responses obtained from the three groups of respondents.

Table 3:- Financial Management Practices

Item No	Items		Responses									
			Academic staff		Financial officers		PTSA		Total		Chi-square test	
			Fr	%	Fr	%	Fr	%	Fr	%	Value	sig
1.	Does your school have financial management guidelines?	Yes	90	81.8	22	100	12	100	124	86.1	7.179	0.028
		No	-	-	-	-	-	-	-	-		
		I do not know	20	18.2	-	-	-	-	20	139		
		Total	110	100	22	100	12	100	144	100		
2.	The degree that your school implements the guidelines of financial management	Very high	18	16.4	-	-	2	16.7	20	13.9	21.358	0.006
		High	54	49.1	9	40.9	6	50	69	47.9		
		Medium	26	28.9	5	22.7	3	25	34	27.4		
		Low	7	6.4	6	27.3	1	8.3	17	11.8		
		Very low	5	4.5	2	9.1	-	-	7	4.9		
		Total	110	100	22	100	12	100	144	100		
3.	Is the necessary staff for financial department assigned in your school.	Yes	45	40.9	4	18.2	3	25	52	36.1	16.650	0.002
		No	59	53.6	17	77.3	8	66.7	84	58.3		
		I do not know	6	5.5	1	4.5	1	8.3	8	5.6		
		Total	110	100	22	100	12	100	144	100		
4.	Which of the following financial personnel are missing in your school ?	Accountant	29	26.4	1	4.6	1	8.3	31	21.5	10.637	0.1
		Finance officer	35	31.8	11	50	5	41.7	51	35.4		
		Treasure	34	30.9	7	31.8	3	25	44	30.6		
		Other	12	10.9	3	13.6	3	25	18	12.5		
		Total	110	100	22	100	12	100	144	100		
		High	45	40.9	9	40.9	2	16.7	56	38.9		
		Medium	26	23.6	5	22.7	5	41.7	36	25		
		Low	13	11.8	3	13.6	1	8.3	17	11.8		
		Very low	6	5.5	-	-	-	-	6	4.2		
		Total	110	100	22	100	12	100	144	100		
5.	The participation of teachers and administrative	Very high	17	15.5	6	27.3	1	8.3	24	16.7	12.067	0.1
		High	23	20.9	3	13.6	4	33.3	30	20.8		
		Medium	32	29.1	10	45.5	6	50	48	33.3		

	workers in financial management is	Low	27	24.5	3	13.6	-	-	30	20.8		48
		Very low	11	10	-	-	1	8.3	12	8.3		
		Total	110	100	22	100	12	100	144	100		
6.	Do you agree that the financial resources are utilized by your school efficiently	Yes	60	54.5	17	77.3	9	75.0	86	59.7	10.544	0.032
		No	27	24.5	-	-	-	-	27	18.8		
		I do not know	23	20.9	5	22.7	3	25	31	21.5		
		Total	110	100	22	100	12	100	144	100		
7.	The ability of your school to use the allocated budget for its intended education purpose	Very high	31	28.2	10	45.5	6	50	47	32.6	8.542	0.382
		High	36	32.7	5	22.7	1	8.3	42	29.2		
		Medium	25	22.7	3	13.6	2	16.7	30	20.8		
		Low	15	13.6	4	18.2	2	16.7	21	14.6		
		Very low	3	2.7	-	-	1	8.3	4	2.8		
		Total	110	100	22	100	12	100	144	100		

- P<0.05= significance difference

In response to Item number 1, the majority 90(81.8%) of academic staff, all 22(100%) finance officers and 12(100%) PTSA members, the financial management guideline was available in the schools. Similarly the response of the sub-city financial official was the same. However; 20(18.2%) of academic staffs of the school response indicated that they did not know whether or not financial management guideline exist in their school. This may indicate that some of Academic staffs were negligent about school's administrative issues. The chi-square test was computed to see if there was statistically significant opinion difference between the three groups of respondents and it shows that there was significant opinion difference.(X^2=7.179,P<0.05)

In Item 2 of table 3, the response of the majority 54(49.1%) of Academic staff, 9(40.9%) of Finance officers and 6(50%) of PTSA member responds the degree of implementation of the financial management guideline is high. asked about the extent of implementation of the financial management guidelines, 26(28.9%) of Academic staffs, 5(22.7%) of Financial officers 3(25%) of PTSA members responds medium. While 18(16.4%) of Academic staffs and 2(16.7%) of PTSA members pointed out the extent of implementation of financial guidelines is very high-on the other hand 7(6.4%) of Academic staffs, 6(27.3%) of Financial officers and 1(8.3%) of PTSA member responds low, and 5(4.5%) and 2(9.1%) Academic staffs and financial officers respectively respond very low.

Even though, the chi-square test shows significance difference in opinion (X^2=21.358, P<0.05).from the above table one can conclude that schools implement the financial management guide lines.

In Item number 3 of table 3, indicated that the majority 59(53.6%) of Academic staff, 17(77.3%) of Financial officers and 8(66.7%) of PTSA members were responds the necessary staff for financial not assigned in the school on the other hands, 45(40.9%)of Academic staff, 4(18.2%) of financial Officers and 3(25%) of PTSA members were agree the necessary in the school. 6(5.5%) of academic staffs, 1(4.5%) of financial officers and 1(8.3%) of PTSA members did not know whether or not the necessary staff for financial department assigned. From the above one conclude that in most schools the necessary staff for financial department not assigned. The chi-square result indicates that there was significant statistical difference (X^2=16.650, P<0.05).

Regarding the type of missing financial personnel in the school ; from all respondents the majority 51 (35.4%) respondents said financial officers, 31(21.5%) respondents were responds accountants similarly, 44(30.6%) respondents were responds treasure and also some of the respondents 18(12.5%)respondents indicated in the open ended questioners wrote budget and planning officers and purchasers interviews conducted with sub-city financial officer answers similar with others in different schools in the sub-city there was shortage of financial officers , accountants, treasures, budget and planning officers and purchaser. This response related with response indicated in item 3 of table 3. The chi-square result for this item indicated that there was no statistically significant difference in the response among the respondents (X^2 = 10.637, P>0.05).

In item five of the table respondents were asked to rate the qualification of school administration in carrying out financial management activities 45(40.9%) of academic staff, 9(40.9%) of financial officers and 2(16.7%) of PTSA members were responds the qualification of their school administration personnel was high. Similarly 26(23.6%) of academic staffs, 5(22.7%) of financial officers and 5(41.7%) of PTSA members were responds the qualification of their school administration personnel was medium. on the opposite 13(11.8%) and 6(5.5%) of academic staffs responds low and very low respectively. 3(3.6%) of finance officers and 1(8.3%) of PTSA members were responds low. The majority of all respondents 56(38.9%) confirms their response in item 2 saying the practice of using financial management guidelines also high.

The chi-square test was computed to see if there was statistically significant opinion difference between the three groups of respondents' and it shows that there was no significance opinion difference. (X^2 = 6.482, P>0.05)

The participation of teachers and administrative workers in financial management of schools is medium as indicated by 48(33.3%) of all respondents in item 6. This response is also supported by the response given in item 7. That is 86(59.7%) of all respondents has an idea weather, the financial resource of their schools utilized efficiently or not. In order to see whether there is opinion difference regarding the item, there was no significant statistical opinion difference between the three groups of respondents (X^2=12.067,P>0.148).

Although, 86(59.7%) of all respondents reported that the school finance utilized efficiently, a considerable number 31(21.5%) of the total respondents did not have any idea whether the financial resource of the school utilized efficiently or not and also 27(18.8%) of all respondents were responds no. the response of these respondents may therefore show that the involvement of some of the Academic staffs, Financial Officers and PTSA members on financial matter was reserved. Thus, it may be possible to say that the schools management lack participatory leadership. The chi-square result indicates that there was significant statistical difference (X^2=10.544, P< 0.05).

The response of the majority of all respondents 47(32.6%) in Item 8 regarding the ability of schools to use the allocated budget for educational purpose is very high. This also confirmed by item 7 of the table. Asked about the utilization of school finance to the educational purposes, 42(29.2%) of all the respondents replied that their utilization is high. While 4(2.8%) of all respondents pointed out that the expenditure of school finance for its intended education purpose is very low 30(20.6%) of them assured that the spending of school finance was made directly on the activity related to the teaching-learning process is medium. However, 21(14.6%) of all respondents revealed that the resource spent on educational purpose is also low. From the above tables one can conclude that most of school finance was spent on education related purposes. In order to see whether there is opinion difference regarding the item there was no significant statistical opinion difference between the three groups of respondents (X^2=8.542,P>0.05).

Table 4:-Budgeting practices

Item No	Item		Responses								Chi-square	
			Academic staff		Financial		PTSA		Total			
			FR	%	FR	%	FR	%	FR	%	value	Sig.
1.	Who prepare the annual budget plans in your school?	The school management committee	10	9.1	2	9.1	2	16.7	14	9.7	21.934	0.005
		The principal	50	45.5	10	45.5	6	50	65	45.8		
		The sub-city finance officers	8	7.3	1	4.5	-	-	9	6.3		
		The school finance officers	28	25.5	9	40.9	4	33.3	41	37.3		
		Other	14	12.7	-	-	-	-	14	9.7		
		Total	110	100	22	100	12	100	144	100		
2.	On what basis you prepare your annual budget plan?	The number of students enrolled	39	35.5	5	22.7	4	33.3	48	33.3	8.937	0.348
		Budget utilized in the previous year.	44	40	10	45.5	5	41.7	59	41		
		The predetermined ceiling set by the sub city finance officer	14	12.7	2	9.1	1	8.3	17	11.8		
		The programs and objectives of the school	4	3.6	3	13.6	2	16.7	9	6.3		
		Other	9	8.2	1	4.5	-	-	10	6.9		
		Total	110	100	22	100	12	100	144	100		
3.	Is the budget allocated to your school equal to the amount required	Yes	18	16.4	3	13.6	2	16.7	23	16	7.646	0.105
		No	72	65.5	19	86.4	10	83.3	101	70.1		
		I do not know	20	18.2	-	-	-	-	20	13.2		
		Total	110	100	22	100	12	100	144	100		
4.	Is the budget transfer in your school possible from one code to the other?	Yes	49	44.5	17	77.3	9	75	75	52.1	12.209	0.016
		No	15	13.6	3	13.6	1	8.3	19	13.2		
		I do not know	46	41.8	2	9.1	2	16.7	50	34.7		
		Total	110	100	22	100	12	100	144	100		
5.	Was there training given on budget preparation?	Yes	14	12.7	2	9.1	3	25	19	13.2	4.031	0.402
		No	67	60.9	18	81.8	6	50	91	63.2		
		I do not know	29	26.4	2	9.1	3	25	34	23.6		
		Total	110	100	22	100	12	100	144	100		

P<0.05 = significant difference

As it can be seen in Item 1 of table 4 the majority 6(45.8%) of all respondents reported that the school principals was responsible to prepare school budget. Similarly 41(37.3%) of all respondents responds the budget preparation of the school conducted by school financial officers. The interview made with the sub-city financial officer was similar. On the other hand, 14(9.7%) of all respondents reported that school management committee, 9(6.3%) of all respondents responds the sub-city finance officers and 14(9.7%) of Academic staffs they do not know who prepares the annual budget plans. This shows their low involvement in budget planning and also their ignorance about the financial matter of the schools.

Thus, in the schools under study one may conclude that budget preparation was dominated by the school management and low participation of academic staffs.

According to Levacic (1995), budget plan preparation requires a collaborative and integrated effort so as to enhance and effectiveness in educational efficiency system. The chi-square shows there was a significant difference opinion between the three groups of respondents. ($X^2 = 21.934$, $P<0.05$),

Regarding Item 2 of table 4, 59(41%) of all respondents replied that school budget prepared mainly on the basis of previous year budget utilization. Similarly, 48(33.3%) of all respondents reported that the schools budget was prepared on the basis of the number of students enrolled in the school. The response in the interview given by the sub-city financial official also indicated that budget allocation was based on two factors that is the previous year budget performance and the number of students enrolled in the schools. This finding has similarity with the finding of Lirenso (2006), which states budget allocation was based on previous year performance. According to knight (1993) this approach of budgeting is highly criticized for that it does not involve the thinking analysis and linkage of budget to objectives and priorities but rather adheres to past pattern of resource allocation. This implies that to some extent budget allocation system of the sub city finance office was in appropriate since it neglects other factor which needs to be considered when budget is released such as school's internal income and the awareness of school's surrounding community to support education and others. The chi-square result for this item indicated that there was no statistically significant difference in the response among the respondents ($X^2=8.937$, $P>0.05$).

As indicated in Item 3 of table 4, the majority 101(70.1%) of all respondents responding "No" about the adequacy of budget allocated to their school. The number of respondents who said "yes" is small that is 23(16%) of all respondents.

The one who responded saying I do not know 20(18.2%) of Academic staffs. Indicate their low involvement in budget planning and implementation and the implication of these respondents also their ignorance about the financial matter of their schools. The overall implication of the responses given in item 3 of table 4 is that the budget allocated to all schools is not as desired to accomplish the entire schools plan. The interview conducted different respondent said that, this gap filled by different sources; like by transferring budget from one code to another, non – government organizations (NGO'S), from school internal income and by community participation.

In Item 4 of Table 4, of all respondents 75(52.1%) agreed that budget transfer allowed from one code to another. The response of the sub-city financial official was also the same. But the interview conducted with principals all agree that budget transfer is possible from one code to another through a difficult bureaucratic chains on the other hand a significant amount of respondents 19(13.2%) reported that "No" about budget transfer from one code to another and 50(34.7%) of the respondents replied that they did not know whether budget transfer is possible from one code to other. This may indicate that some of the school workers specially the academic staffs were reluctant to give due attention to the school financial activities. Thus, the respondents significantly differ in their opinion (X^2=12.209, P<0.05)

Concerning Item 5 of Table 4, 91(63.2%) of all respondents replied that training was not given on budget preparation to schools. On the contrary 19(13.2%) of all respondents reported that training conducted on budget preparation to schools and a considerable number of respondents, 34 (23.6%) did not know whether or not training given on budget preparation. Thus it can be concluded that training was not given on budget formulation to the schools. Though, the sub-city financial reported in the interview that training was given on the budget planning and other financial activities. The chi-square result for this item indicated that there was no statistically significant difference in the response among the respondents (X^2=4.031, P>0.05).

Table 5:-Non-Public Sources of Finance and Expenditure

Item No	Item		Responses								Chi-square test	
			Academic staff		Financial officers		PTSA		Total			
			FR	%	FR	%	FR	%	FR	%	value	Sig.
1.	Does your school have additional source of educational finance other than the government	Yes	80	72.2	20	90.9	11	91.7	111	77.1	5.491	0.240
		No	22	20.0	2	9.1	1	8.3	25	17.4		
		I do not know	8	7.3	-	-	-	-	8	5.6		
		Total	110	100	22	100	12	100	144	100		
2.	What is the possible source of education finance other than the government	Community participation	16	14.5	3	13.6	2	16.7	21	14.5	13.465	0.199
		Schools' internal income	6	5.5	3	13.6	-	-	9	6.3		
		NGOS	6	5.5	1	4.6	-	-	7	4.9		
		Other	82	74.5	15	68.2	10	83.3	107	74.3		
		Total	110	100	22	100	12	100	144	100		
3.	For what purpose is this additional source of educational finance used?	For purchasing of different instructional materials.	8	7.3	4	18.2	2	16.7	14	9.7	5.045	0.888
		For class room maintenance and construction of new classroom	10	9.1	2	9.1	3	25	15	10.4		
		To pay salary to contract workers	-	-	-	-	-	-	-	-		
		For purchasing of different instructional materials and maintenance	87	79.1	15	68.2	7	58.3	109	75.7		
		Other	5	4.5	1	4.5	-	-	6	4.2		
		Total	110	100	22	100	12	100	144	100		
4.	What are the sources of internal income for the school	Free for transcript and id services	6	5.5	3	13.6	-	-	9	6.3	31.886	0.023
		Sales of grass	4	3.6	-	-	-	-	4	2.8		
		Renting cafeteria	3	2.7	1	4.6	2	16.7	6	4.2		
		Renting hall	3	2.7	-	-	-	-	3	2.1		
		All	72	65.5	15	68.2	6	50	93	64.6		
		Total	110	100	22	100	12	100	144	100		

❖ P<0.05= Significant Difference

In Item 1 of Table 5, only a small number of respondents respond to the question negatively; either by saying “No” or “I do not know”. That is 25(17.1%) and 8(5.6%) respectively. The majority 111(77.1%) of all respondents reported about the additional source of finance other than the government was positive.

The clear information that can be drawn from these responses is that the majority of schools have additional source of finance other than government. The chi-square result for this item indicated that there was no statistically significant difference in the response among the respondents (X^2=5.491, P> 0.05).

As it can be seen in Item 2 of Table 5, the majority 107(74.3%) of all respondents reported that the possible source of educational finance other than the government was community participation, School internal income and NGOS. Similarly, the interview held with school’s principals also approved these. The chi-square test also indicates that there was no opinion difference between the respondents (X^2=13.465, P>0.05)

In Item 3 of table 5, concerning the purpose of additional source of educational finance 109(75.7%) of all respondents responds that is used for purchasing of different instructional materials and maintenance of instructional materials. And also some respondents reported that these internal incomes used for sport festivals and the interview conducted with the school principals was they confirmed the response of respondents.

Therefore, schools spent the non-public source of income mainly for purchasing of materials and maintenance purpose. The chi-square also shows there was no significant difference among the respondents. (X^2= 5.045, P>0.05).

Regarding Item 4 of Table 5, the majority 93(64.6%) of all respondents reported that the sources of internal income for the school was fee for transcript and id services, sales of grass, renting cafeteria and hall. Regarding the response the chi-square result indicate there was statistically significant difference. (X^2=31.880, P<0.05).

Table 6:-Accounting Practice of the Schools

Item No	Item		Responses								Chi-square test	
			Academic staff		Financial officers		PTSA		Total			
			FR	%	FR	%	FR	%	FR	%	value	Sig.
1.	What problems are observed in school accounting practice	Problem of budgeting of accounts	48	43.6	7	31.8	2	16.7	57	39.6	5.657	0.463
		Unable to check over payment 16	16	14.5	3	13.6	2	16.7	21	14.6		
		Unable to check the daily accounts	26	23.6	7	31.8	6	50	39	27.1		
		Other	20	18.2	5	22.7	2	16.7	27	18.8		
		Total	110	100	22	100	12	100	144	100		
2.	What mechanisms should be taken to alleviate the problems observed in accounting practice	Provision of training of accounting practices	71	64.5	18	81.9	9	75	98	68.1	4.149	0.843
		Provision of supervisory aids to the accounting personnel	22	20	2	9.1	1	8.3	25	17.4		
		Hiring capable personnel	6	5.5	1	4.5	1	8.3	8	5.5		
		Other	11	10	1	4.5	1	8.4	13	9		
		Total	110	100	22	100	12	100	144	100		
3.	Has the accounting clerk in your school been provided training on accounting practices	Yes	41	37.3	14	63.6	8	66.7	63	43.8	13.701	0.008
		No	32	29.1	8	36.4	2	16.7	42	29.2		
		I do not know	37	33.6	-	-	2	16.7	39	27.1		
		Total	110	100	22	100	12	100	144	100		
4.	Accounting to your opinion the competence of the majority of staff personnel involved in financial tasks	Very high	11	10	4	18.2	1	8.3	16	11.1	13.450	0.036
		High	44	40	15	68.2	8	66.7	67	46.5		
		Low	32	29.1	2	9.1	3	25	37	25.7		
		Very low	23	20.9	1	4.5	-	-	24	16.7		
		Total	110	100	22	100	12	100	144	100		

- $P<0.05$= significant difference

In item 1 of table 6, the majority 57(39.6%) of all respondents reported that the problem of balancing of accounts was the problem observed with their accounting system of their schools' accounting practices.

A considerable amount 39(27.1%) of all respondents also indicated that unable to check the daily accounts was the problem prevailed in the accounting system.

The interview conducted with the principals was also similar. 21(14.6%) of all respondents indicated that the problem of schools' accounting practices was unable to check over payment. on the other hand 27(18.8%) of all respondents do not know their problem was observed or not in their schools' accounting practices.

Therefore, these problems may impede efficiency in managing finance in education. The chi-square results indicates that there was no statistically significance opinion difference among the respondents (X^2=5.657, P>0.05).

Regarding item 2 of table 6 the majority 98(68.1%) of all respondents said solves that the provision of training on accounting practices said the problem of balancing of accounts. Similarly, 25(17.4%) of all respondents provided response for the same item that the provision of supervisory aids to accounting personnel was the mechanism being used to alleviate the problem of balancing accounts. Some respondent 8(5.5%) of all respondents the mechanisms to alleviate the problem indicated in item 1 of table 6 was appointing capable personnel for the schools' on the other hands 13(9%) of all respondents reported that The did not know how to solve these problem. This may indicate that they ignore about their schools' financial activities.

Thus, it may be concluded that the majority respondents emphasize on training to alleviate the problems revealed in accounting practices of the schools; the chi-square result indicates that there was no statistically significance opinion difference among the respondents. (X^2=4.149, P>0.05).

Regarding item 3 of table 6, the majority 41(37.3%) of academic staffs, 14(63.6%) of financial officers and 8(66.7%) of PTSA members reported that training was given to accounting clerk of the schools. The interview conducted with the sub-city finance bureau official confirms training was provided on accounting practices for schools accounting clerks. On the other hand the interview conducted with principals confirms training was given for schools accounting clerks but not on a continuous base. On the contrary, 32(32.1%) of academic staffs, 8(36.4%) of financial officers and 2 (16.7%) of PTSA members reported that there was no training being given on accounting practice to school clerks.

Similarly, 37(33.6%) of academic staffs And 2(16.7%) of PTSA members were responds that they did not know whether or not training was being given to accounting clerks.

From this analysis it might be possible to say that training was being provided on accounting practices to clerks in the schools but not in a continuous base. This may imply that the school's accounting system was affected. The chi-square test indicate that there was statistically significant opinion difference (X^2=13.701, P<0.05).

Regarding item 4 of table 6, the majority 67(46.5%) of all respondents said that the competence of the majority of staff personnel in financial tasks of the schools' was high. Similarly, 16(11.1%) of all respondents said that the competence of majority staff personnel in financial tasks was very high. On the other hand, 37(25.7%) and 24(16.7%) of all respondents said low and very low respectively about the competence of the majority staff personnel in financial tasks of their respective schools. The interview conducted with principals confirms the competence of the majority staff personnel involved in financial tasks was high but in some of them observed problems like low qualification, in adequate of experience and lack of motivations. To accomplish their jobs, this questionnaire is related with items 7 of table 3. Thus, are con conclude from these the competence of the majority staff personnel involved in financial task was high but there is still some problems. The chi-square result indicates that there was a statistical significant difference among the respondents (X^2=13.450, P<0.05)

Table 7:-Auditing Practice

Item No	Item		Responses								Chi-square test	
			Academic staff		Financial officers		PTSA		Total			
			FR	%	FR	%	FR	%	FR	%	value	Sig.
1.	What extent is the internal auditing activity accomplished in your school?	Very frequently	11	10	2	9.1	-	-	13	9	5.883	0.436
		Frequently	30	27.3	5	22.7	4	33.3	39	27.1		
		Rarely	48	43.6	8	36.4	3	25	59	41		
		Not at all	21	19.1	7	31.8	5	41.7	33	22.9		
		Total	110	100	22	100	12	100	144	100		
2.	How often the external auditing carried out in your school?	Once a semester	6	5.5	1	4.5	1	8.3	8	5.6	1.39	0.627
		Once a quarter	16	14.5	-	-	-	-	16	11.1		
		Once a year	27	24.5	8	36.4	4	33.3	39	27.1		
		Other	61	55.5	13	59.1	7	58.3	81	56.3		
		Total	110	100	22	100	12	100	144	100		
3.	Does your school have clear auditing guidelines?	Yes	30	27.3	5	22.7	3	25	38	26.4	1.545	0.697
		No	57	51.8	12	54.6	8	66.7	77	53.5		
		I do not know	23	20.9	5	22.7	1	8.3	29	20.1		
		Total	110	100	22	100	12	100	144	100		
4.	How often is training provided on auditing to the school?	Once a semester	8	7.3	-	-	2	16.7	10	6.9	5.411	0.492
		Once a quarter	13	11.8	4	18.2	-	-	17	11.8		
		Once a year	37	33.6	7	31.8	4	33.3	48	33.3		
		Other	52	47.3	11	50	6	50	69	47.9		
		Total	110	100	22	100	12	100	144	100		

- $P<0.05$= significant difference

With regard to the accomplishment of internal Auditing activity in the schools the responses given by the majority 59(41%) of all respondents in item 1 of table 7 showed that the proper Auditing is undertaken rarely. Similarly, 33(22.9%) of all respondents reported that internal auditing activity in their schools was not accomplished at all. On the other hand, 39(27.1%) and 13(9%) of all respondents reported that internal Auditing activity respectively accomplished frequently and very frequently. With regard to this interview conducted with schools' principals respondents that there was not the practice of internal auditing.

Similarly the sub-city financial official responds the same but this shows that internal auditing is not properly accomplished in the schools' the chi-square indicates that there was no statistical significant difference in the response (X^2=5.883, P>0.05).

As indicated in table 7, under item 2, the majority 81(56.3%) of all respondents said that no financial activities of the schools was audited by external auditors.

As the interview conducted with the school principals the response was similar and also they said that external auditing under gone when there was a suspect of fraud of financial mater. Thus, from this analysis it may be concluded that there was no auditing by external auditing. The chi-square indicates external Auditors. The chi-square indicates that there was no significant difference response

(X^2=1.39, P>0.05).

As indicated in item 3 of table 7 the majority 77(53.5%) of all respondents said that there was not auditing guidelines in their schools, the interview conducted with principals was also similar. A significant number 38(26.4%) of all respondents replied there was a guideline of auditing in their schools. On the other hand, 29(20.1%) of all respondent did not have any idea about whether the presence of auditing guidelines or not in their schools.

Thus, from this analysis it may concluded that there was no auditing guidelines in the schools; the chi-square indicates that there was no statistically significant difference among respondents (X^2=1.545, p>0.05).

Under item 4 of table 7, The majority 69(47.9%) of all respondents reported that there was not training provided to personnel involved in financial task on auditing practices, the interview conducted with principals was similar. On the hand 48(33.3%) of all respondents said that training on auditing provided once a year. But from the analysis made Therefore, it can be concluded that there was not training being provided to schools on auditing practices.

Therefore, as the results from table 7 indicate, there was no practice of external and internal auditing in schools internal auditing strengthens the effectiveness of internal control structure (Hermanson and etal, 1989). According to Mbua (2002), external audits examine whether the financial statements according with the generally accepted accounting principles. Thus the data may reveal that there was in effective financial management system.

Table 8:-Purchasing Practices

Item No	Item	Respondents	Responses										Wiegtd mean score
			SA		A		U		DA		SDA		
			No	%	No	%	No	%	No	%	No	%	
1.	The school purchasing department purchasers and distributes the materials requested timely?	Academic staff	13	11.8	33	30	26	23.6	26	23.6	12	10.9	3.08
		Financial officers	6	27.3	11	50	2	9.1	2	9.1	1	4.5	3.86
		PTSA	1	8.3	7	58.3	2	16.7	2	16.7	-	-	3.58
2.	The materials are purchase in requested amount	Academic staff	14	17.7	45	40.9	21	19.1	21	19.1	9	8.2	3.31
		Financial officers	8	36.4	10	45.5	1	4.5	3	13.6	-	-	4.05
		PTSA	3	25	4	33.3	4	33.3	-	-	1	8.3	3.67
3.	The materials purchased have qualify	Academic staff	10	9.1	37	33.6	27	24.5	23	20.9	13	11.8	3.07
		Financial officers	6	27.3	12	54.5	-	-	4	18.2	-	-	3.91
		PTSA	1	8.3	8	66.7	-	-	1	8.3	2	16.7	3.42

As indicated in items 1 of table 8, 49(41.8%) of Academic staffs agreed that school purchasing department purchased and distributed materials timely, similarly 17(77.3%) of Financial officers and 8(66.7%) of PTSA members also agree that the purchasing department purchased distributed materials timely. On the other hand, 38(34.5%) of Academic staffs respondents disagreed that the school purchasing department purchased and distribute materials on time. Similarly, 3(13.6%) of financial officers and 2 (16.7%) of PTSA members disagreed that the school purchasing department purchased and distribute materials on time.

The weighted mean of the respondents were found to be 3.08, 3.86 and 3.58 respectively. Thus, it possible to say that the school's purchasing department purchases and distributes materials timely.

As it can be seen in item 2 of table 8, 59(58.6%) of the academic staffs agreed that the schools purchasing department purchased materials requested amount. Only 30(27.3%) of the respondents disagreed that the schools purchasing department purchased the materials requested amount. The mean score of the respondents was found to be 3.31.

Similarly, 18(81.9%) of Financial officers and 7(58.3%) of PTSA members agreed that the purchasing department purchased materials requested amounts. The weighted mean score of the respondents were 4.05 and 3.67 respectively. Only 3(13.6%) of financial officers and 1(8.3%) of PTSA members were disagree about the schools purchasing department purchased the materials requested amount. Thus this implies that the materials were purchased in the required amount. Under item 3 of table 8, the majority 47(42.7%) of academic staffs, 18(81.80%) of financial officers, and 9(75%) of PTSA members agreed that the materials the purchased department purchased have quality and only 36(32.8%) of academic staffs, 4(18.2%) and 3 (25%) of PTSA members disagreed the materials purchased by the department purchased have quality. The weighted mean score of the respondents were 3.07, 3.91and 3.42 respectively. Thus, there was no problem of quality concerning the materials the schools purchasing department purchased.

Table 9:-Reporting practices

Item No	Item		Responses								Chi-square test	
			Academic staff		Financial officers		PTSA		Total			
			FR	%	FR	%	FR	%	FR	%	value	Sig.
1.	A report made on the accomplishment of your school annual budget plan?	Monthly	65	59.1	16	72.7	6	50	87	60.4	14.765	0.004
		Quarterly	16	14.5	3	13.6	3	25	22	15.3		
		Half a semester	10	9.1	-	-	2	16.7	12	8.3		
		Yearly	10	9.1	3	13.6	1	8.3	14	9.7		
		Other	9	8.2	-	-	-	-	9	6.3		
		Total	110	100	22	100	12	100	144	100		
2.	Problems observed on financial report	Yes	80	72.7	19	86.4	7	58.3	10.6	73.6	5.436	0.241
		No	10	9.1	2	9.1	3	25	15	10.4		
		I do not know	20	18.2	1	4.5	2	16.7	23	16		
		Total	110	100	22	100	12	100	144	100		
3.	Problems observed with the report	Lock of reliability	37	29.1	4	18.2	3	25	39	27.1	5.028	0.220
		Not timed made	67	60.9	18	81.8	7	58.3	92	63.9		
		Not a comprehensive report	11	10	-	-	2	16.7	13	9		
		Total	110	100	22	100	12	100	144	100		
4.	Action should be taken to solve the problem	Provision of training	88	80	16	72.7	7	58.4	111	77.1	5.720	0.250
		Provision of supervisory	20	18.2	4	18.2	4	58.4	28	19.4		
		Making the concerned personnel make reliable and timely report	2	1.8	2	9.1	1	8.3	5	3.5		
		Total	110	100	22	100	12	100	144	100		

As seen in Item 1 of Table 9 the majority 87(60.4%) of all respondents report on the accomplishment of the schools' annual budget plan was made monthly. the chi-square shows significance difference among respondents (X^2=14.765, P<0.05%)

Regarding item 2 of table 9, 106 (73.6%) of all respondents indicated that there was problems observed with the report made on financial transaction of the schools; on the contrary, 23(16%) of all respondents did not know whether problem observed or not in financial report. There were problems with the schools on the report made on financial transactions, the chi- square shows no significant response among respondents (X^2=5.436, P>0.05)

Regarding the problem observed on the report as in item 3 of table 9 the majority 92(63.9%) of all respondents, said that it was not timely made and 3, (27.1%) said that there was lack of reliability. And a considerable number of respondents 13(9%) said that the report was not comprehensive report of budget plan performance. The chi-square shows no significant difference among respondents (X^2=5.028, P>0.05).

Concerning actions that should be taken to solve the problem on financial reports the majority 111(77.1%) of all respondents reported that training should be given to the respective body. On the other hand, 28(19.4%) of all respondents suggested that there should be supervisory aid for those personnel who prepared financial report, the chi-square also show no statistically significant difference among respondents (X^2=5.720, P>0.05).

4.3 Discussion on Review of Documents and Interviews

All of the schools understudy have separate offices for their accounting task. But the standard of the offices are not good, such as the size of offices are small and lack of attractiveness. Thus, these conditions do not enable workers to do their job as they want and reduce their motivation to do their jobs. As well, most of the account offices do not have necessary office furniture and equipment and their overall arrangements do not enable them to accomplish the work in modern way. For example, most offices lack disc top computer and file cabinets. The researcher observed that in all schools understudy, they have the necessary book of accounts in their officers. In some accounts officers' journals ledgers, work sheets, trial balance, financial statements and other report forms fillings are inappropriate. In the majority schools there is only one accounting clerk to accomplish all the financial transaction and none of them has budget officers and auditors. All the accounting clerks cover the other workers job. Therefore, they look over loaded by the various tasks. According to the response given by the interview, the sub-city finance and economic development official used to support schools in budget preparation and auditing.

The sub-city financial and economic development officers used to audit schools at least once in a year sometimes this officers conduct a surprise audit whenever they receive information about school financial resources embezzlement but as indicated in table 7 about auditing practices of schools the respondents said the contrary.

CHAPTER FIVE

Summary, conclusion and recommendations

The final chapter of the thesis deals with the summary of major findings of the study based on the findings, conclusions are drawn and recommendations forwarded.

5.1 Summary of Findings

The main purpose of this study was to assess the practices of financial management in some selected government general secondary schools of Kolfe Keranio sub-city.

In order to achieve this purpose, basic questions were raised, the general and specific objectives were identified, and significance of the study, delimitation of the study, the bodies that are going to be involved in the study and methods to be used in this study were identified. Therefore, the study tried to answer the following basic research questions.

1. To what degree school's principals and finance officers implement the guidelines of financial management?
2. How are school's principals and financial officers to carry out regularly the works of accounting, auditing and reporting educational finance?
3. What are the problems observed in the process of school financial management?

In order to get data about the practice of financial management of the schools, questionnaires were used. And to get relatively more detailed information and to fill in the gaps which were not collected using questionnaires, interviews were also used. The data that were collected using questionnaire were organized into different tables and analyzed using frequency, percentage, mean and chi-square. The data gathered through questionnaires were analyzed and cross checked with response obtained through the interview.

There was also personal observation and reviewing of documents.

Accordingly, summary of the major findings were made based on the analysis as follow:-

5.1.1 Financial management practices related issues:

- According to the responses of the majority 90(81.8%) of Academic staffs, 22(100%) Finance officers and 12(100%) of PTSA members. The financial management Guidelines was available in the schools. Similarly, the majority 54(49.1%) of academic staffs, 9(40.9%) of finance officers and 6(50%) of PTSA members pointed out the degree of implementation of the financial management guideline as high.
- It was revealed by 84(58.3%) of all respondents there was a shortage of human Resource in schools finance offices. In line with this, the type of mincing financial personnel the majority 51(35.4%) of all respondent pointed out said accounts and 44(30.6%) respondents indicated treasure: from observation and interviews conducted with respondents all schools do not have budget officers and auditors.
- Concerning the qualification of school administration in carrying out financial activities the majority 56(38.9%) of all respondents pointed out as high. The educational level of the majority 18(81.82%) of the accounting workers holds diploma and above.
- As indicated by the majority of academic staffs, 32(29.1%), 10(45.5%) of financial officers and 6(50%) of PTSA members the participation of teachers in the process of financial management was rated as medium.
- The majority 86(59.7%) of all respondents agreed that the school finance utilized efficiently. But a considerable number 31(21.5%) of all respondents did not have any idea whether the financial resource of the school utilized efficiently or not. In relation to this 47(32.6%) of respondents rated that the ability of schools to use the allocated budget for the intended educational purpose as very high. Similarly 42(29.2%) of all respondents pointed out high.

From these one conclude that most of school finance was spent on education related purposes.

5.1.2 Budget Practice Related Issues

- According to 65(45.8%) and 41(37.3%) of all respondents the preparation of annual budget dominated by school principals and financial officers respectively. Different sections should have been taken part and devoted considerable attention to budget preparation in order to reduce possible misunderstanding when objectives are translated into action programs. As the study revealed the involvement of different sections in budget preparation was seen to be low in the schools understudy.
- Regarding budget preparation, 59(41%) and 48(33.3%) of all respondents pointed out on the basis of previous year budget utilization and the number of students enrolled in the schools respectively. But this approach of budgeting is highly criticized for that it does not involve the thinking analysis and linkage of budget to objectives and priorities but rather adheres to past pattern of resource allocation. This implies that budget allocation system of the sub-city finance officer was in appropriate since it neglects other factor which needs to be considered.
- It was revealed by 101(70.1%) of all respondents that the allocated budget was not as required amount. This is not sufficient to achieve the educational objectives set, and this in turn seriously put the quality of education program at risk.
- According to 75(52.1%) of all respondents agreed that budget transfer is possible from one code to the other code. But a considerable number 50(34.7%) of all the respondents specially, academic staffs did not know whether budget transfer is possible from one code to other. This shows low participation in financial activity of the school.

- According to 91(63.2%) of all respondents training on budget preparation was not given to the school financial officers and principals. This shows the finance and economic development officer to give training about budget preparation is limited. Therefore, this may affect the financial management of the school.

5.1.3 Non-public sources of finance and expenditure related issues.

- According to the majority 111(77.1%) of all respondents, schools have additional source of finance other than government sources.

Therefore, this helps school to covers the gap observed when budget allocated by the government.

- Concerning the possible source of educational finance other than government the majority 107(74.3%) of all respondents pointed out that community participation, school internal income and NGOs are the major source of educational finance.
- Concerning the purpose of expenditure of the non-public sources of education finance 109(75.7%) of all respondents indicated that, it was used for purchasing of different instructional materials and maintenance of instructional materials.
- The majority 93(64.6%) of all respondents agreed that the major source of school internal incomes are fee for transcript and id services, sales of gross renting cafeteria and hall.

5.1.4 Accounting practice related issues.

- The majority 57(39.6%) and 39(27.1%) of all respondents problems of balancing of account and unable to check the daily accounts were the problems faced the accounting clerks respectively. The mechanism to solve these problems the majority 98(68.1%) of all respondents suggested that providing training to the accounting clerks would solve the problems
- Regarding training provided on accounting practices the majority 63(43.8%) of all respondents specially 14(63.6%) of financial official agreed that training was provided on accounting practices. But the training was not given in a continuous base.

As discussed in the table 3 the level of education of most of those individuals working in the accounts office of schools is diploma level.

Therefore, it those employees are not given short term training and work shop by the next higher officer the financial management of the schools will be deteriorated.

- As indicated by the majority 67(46.5%) of all respondents, the competence of the majority of financial personnel's in financial tasks was rated as high. But a considerable number of 37(25.7%) of all respondent rated as low. Even though, the competence of financial personnel was good still there was a problem like lack of experience and lack of motivation.

5.1.5 Auditing Practices Related Issues

- 59(41%) of all respondents pointed out that internal auditing activities are carried rarely while 33(22.9%) of all respondents pointed out that the auditing activities are not carried out at all. Similarly, the majority 81(56.3%) of all respondents also pointed out that there was no the practices of external auditing. This indicates that timely auditing activities did not take place in line with the regulation of the ministry of finance and economic development. Thus the data may reveal that there was ineffective financial management system.
- Regarding, schools have clear auditing guidelines, the majority 77(53.5%) of all respondents reported that there was not clear auditing guidelines in the schools. Under study as well as, training was not provided to personnel's involved in financial task on auditing practices.

5.1.6 Purchasing Practices Related Issues.

- As indicated the majority 74(51.4%) of all respondents agreed that the school's purchasing department purchases and distributes materials timely. Similarly 84(58.3%) and 74(51.4%) off all respondents agreed that the quantity and quality of materials purchased by the department was good. The weighted mean score result shows above the average mean.

5.1.7 Reporting Practices Related Issues

- Concerning the reporting practices of the schools, 87(60.4%) of all respondents indicated that a report on school's budget performance was made ever month.
- The majority 106(73.6%) of all respondents agreed that, there was problem observed on financial reporting in relation to this 92(63.9%), 39(27.1%) and 13(9%) of all respondents agreed that report on financial activities not made timely, lack of reliability and not a comprehensive report were the problems observed in financial reporting. Respectively thus, provision of training for the personnel in the school who were concerned with report making on the annual budget performance was employed as a mechanism to alleviate the problem not making financial report on time.

5.1.8 Review of Documents

- Although the schools under study have separate office for their accounting task, but the standard of the office is not good, lucks the necessary office furniture and equipments. Thus, this condition affects the financial activities of the schools.
- As observed in some accounts offices do not have appropriate filling system for their journals, ledgers, work sheets, trial balances financial statements and other report forms.

5.2 Conclusion

Based on the above findings and the basic questions, the following conclusions have been drawn.

5.2.1 Although, the respondents witnessed that the financial management guidelines are available in the schools, and also the majority of respondents agreed that the guidelines were implemented, serious problems were revealed in Auditing and Reporting Practices.

Thus, the degree of implementation of the Financial Management Guidelines was found to be low.

5.2.2 As the study revealed the involvement of different sections in budget preparation was seen minimum. On the other hand, budget preparation largely dominated by school's principals. Because of the absence of different section in budget preparation results misunderstanding when objectives are translated in to action programs.

5.2.3 The basis of budget allocation by the sub-city finance and development office was previous year budget utilization and the number of students enrolled in the schools. This implies that budget allocation system of the sub-city finance office was inappropriate since it neglects other factor which needs to be considered.

5.2.4 The majority of the respondents claimed that the allocated budget from the point of achievement of the education objective was not sufficient. But, according to the respondents the shortage of budget covered by: community participation, school internal income, and NGOS.

5.2.5 Although, the main purpose of financial audit is to verify the accuracy and completeness of financial records of education system and appraisals of legality, efficiency and effectiveness of the financial management. The presence of audit activities would help to protect the schools money from embezzlement and unnecessary wastage. Yet in the schools under study, there was no timely auditing activities and effective internal control system.

5.2.6 Although, the competence of the majority of financial personnel in the school understudy was good, the absence of a continuous training on budget preparation, accounting, auditing and reporting practices has brought a negative impact up on the schools financial management efficiency.

5.2.7 The majority of the accounts office is not in standard size, and do not have the necessary office furniture and equipment and their overall arrangement do not enable them to accomplish the work in modern way. In some schools understudy, they do not have appropriate filling system for their journals, ledgers, work sheets, trial balance, financial statements and other report forms.

5.3 Recommendations

Based on the findings and conclusions of the study, the researcher has forwarded the following suggestions to concerned bodies:

5.3.1 In financial activities and Budget preparation of the school there should involve the efforts of all staff members. Therefore, the management of the school invites all staff members and concerned bodies to take part in budgeting process to reduce the possibility of later misunderstanding and to gain individual workers' acceptance when objectives are translated in to actions program. Thus, transparent system will be accessible to all.

5.3.2 In order to fill the gap observed in human resource of the school's the sub-city capacity building office with collaboration of school's should add trained personnel for Accounting, Budgeting and Auditing activities to manage school finance efficiently and effectively.

5.3.3 All schools do not have the same resources capacity for self generating income. As well as the awareness of school's surrounding community to support education may not be the same. Hence, other factors should be taken in to account when budget is allocated to schools. Unless and otherwise, such imbalance among schools considered, it would be difficult for those schools with limited resource capacity to effectively attain the desired educational objectives.

5.3.4 the sub-city finance and economic development office in collaboration with sub-city capacity building office education office and sub-city administration should designed training programs on a continuous base to enhance the capacity of school management in general and financial personnel in particular.

5.3.5 Schools' should strength and implement internal auditing systems with collaboration of sub-city finance and development office. As well, the sub-city finance and economic development office should audit schools at least quarterly to ensure that the financial activities of schools performed in accordance with the existing financial guidelines, regulations and principles of the ministry of finance and economic development.

5.3.6 Schools in collaboration with sub-city finance and economic development office should prepare standardizes offices and fulfills the necessary office furniture and equipments to accomplish the work of accounting in a modern way. Similarly, the sub-city finance and economic development office should supervise closely school's financial activities in order to solve problem of inappropriate filling system of Journals, ledgers worksheets, trial balance, financial statements and report forms.

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APPENDIX – A

ADDIS ABABA UNIVERSITY

SCHOOL OF GRAGUATE STUDIES

COLLEGE OF EDUCATION AND BEHAVIORAL STUDIES

DEPARTMENT OF EDUCATIONAL PLANINING AND MANAGEMENT

Items to be filled by principals, department heads, finance officers staff and PTSA members

Dear Respondents

The purpose of this questionnaire is to collect data for the study which attempts to investigate on the practices of financial management in government first cycle secondary school which is required for the partial fulfillment of masters of art in educational leadership and management.

The success of this study depends on your genuine response and the result of this study will help to give important recommendation on schools financial management practices to the concerned body.

NOTE

- Any of your information or suggestions kept secret and used for research purpose only.
- Do not write your name on the questionnaire.
- Please indicate your response by putting "x" or "✓" marks in the boxes provided against the alternative of yours choice.
- For questions requiring short answers. Please write your response briefly in the space provided.

Thank you in advance!

Part one: Back ground information

1.1 Name of your school _____

1.2 Your current position _____

1.3 **Sex** A) Male ☐ B) Female ☐

1.4 **Age** A) 20 years and below ☐ B) 21– 30 years ☐

C) 31– 40 years ☐ D) 41 years and above ☐

1.5 Educational Qualification

1. Grade 10 complete ☐ 2. Grade 12 complete ☐
3. Diploma ☐ 4. BA/BSC/BED ☐
5. MA/MSC/MED ☐

6.Other (please specify) ——————————————————

_____----

1.6 Field of specialization

A. Management ☐
B. Accounting ☐
C. Educational planning and management ☐
D. Other (please specify) ——————————————————

_____----------

1.7 years of service in current position in years

A. 1 – 5 ☐ B.6 – 10 ☐
c. 11 – 15 ☐ D.16 – 20 ☐
e. 21 – 25 ☐ F.26 and above ☐

1.8 Total years of service in years

A. 1 – 5 ☐ B. 6 – 10 ☐
C. 11 – 15 ☐ D. 16 – 20 ☐
E. 21 – 25 ☐ F. 26 and abov ☐

Part Two: - Financial Management Practices

2.1. Does your School have financial management guidelines?

1. Yes ☐ 2. No ☐
3. I do not know ☐

2.2. The extent that your school implements the guidelines of financial management is:-

1. Very high ☐ 2.High ☐
3. Medium ☐ 4. Low ☐
5. Very Low ☐

2.3. Is the necessary staff for financial department assigned in your School?

1. Yes ☐
2. No ☐
3. I do not knows ☐

2.4. Which of the following financial personnel are missing in your school? (you can give more than one answer)

1. Accountant ☐ 3. Treasure ☐
2. Finance officer ☐
3. Other(please specify) _____
_____
_____-

2.5. The extent that the school administration personnel are qualified in carrying out financial management activities is:-

1. Very high ☐
2. High ☐
3. Medium ☐
4. Low ☐
5. Very low ☐

2.6. The participation of teachers and administrative workers in financial management is:-

1. Very high ☐
2. High ☐
3. Medium ☐
4. Low ☐
5. Very Low ☐

2.7. Do you agree that the financial resources are utilized by your school efficiently?

1. Yes ☐
2. No ☐
3. Idonot know ☐

2.8. The ability of your school to use the allocated budget for its intended education purpose is:-

1. Very high ☐
2. High ☐
3. Medium ☐
4. Low ☐
5. Very low ☐

PART THREE: - **Budgeting Practices**

3.1. Who prepare the annual budget plans in your school?

1. The school management committee ☐
2. The principal ☐
3. The sub city finance officers ☐
4. The school finance officers ☐
5. Others (please specify)_____
   _____
   _____---------

3.2 . On what basis you prepare your annual budget plan?

1. The number of student s enrolled ☐
2. Budget utilized in the previous year ☐
3. The predetermined ceiling set by the sub city finance officer ☐
4. The programs and objectives of the school ☐
5. Other (please specify) ———————————————
   _____
   _____

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

1. Yes ☐ 2. No ☐ 3. I do not know ☐

3.4 . If your answer to question 3.3 is no how is balanced?

_____
_____
_____----------

3.5. Is the budget transfer in your school possible from one code to the other?

1. Yes ☐ 2. No ☐ 3. I do not know ☐

3.6. If your answer to question 3.5 is “No” how do you manage budget shortage and /or excess in a budget a given budget codes?

_____
_____
_____----------

3.7. Was there training given on budget preparation?

1. Yes ☐ 2.NO ☐ 3. I do not know ☐

PART FOUR: Non Public Sources of Finance and Expenditure

4.1. Does your school have additional source of educational finance other than the government?

1. Yes ☐ 2. No ☐ 3. I do not know ☐

4.2 What is the possible source of education finance other than the government? (You may provide more than one response)

1. Community participation ☐ 2. Schools' internal income ☐
3. NGOs ☐
4. Others (please specify) ———————————————

_____

_____

4.3. For what Purpose is this additional source of educational finance used? (You may provide more than one response)

1. For purchasing of different instructional materials ☐
2. For class room maintenance and construction of now classroom ☐
3. To Pay salary to contract workers ☐
4. Others (Please specify) ———————————————

_____---------

4.4 What are the sources of internal income for the school? (You may provide more than one response)

1. Fee for transcript and id services ☐
2. Sales of Grass ☐
3. Renting hall ☐
4. Renting cafeteria ☐

5. Other (please specify) ——————————————————————
——————————————————————

4.5 For what purpose is this additional source of education finance used? (You may provide more than one response)

1. For purchasing of different instructional materials ☐
2. For class room mentainance and construction of new class room ☐
3. To pay salary to contract workers ☐
4. Others (please specifically) ——————————————————————
——————————————————————----------

Part five: - Accounting Practice

5.1 What problems are observed in school accounting practice?

1. Problem of balancing of accounts ☐
2. Unable to cheek over payment ☐
3. Unable to cheek the daily accounts ☐
4. Others (please specify)——————————————————————
——————————————————————----------

5.2 What mechanisms should be taken to alleviate the problems observed in accounting practice?

1. provision of training on accounting practices ☐
2. Provision of supervisory id to the accounting personnel ☐
3. Hiring capable personnel ☐
4. Other (Please specify) ——————————————————————
——————————————————————---------

5.3 Has the accounting clerk in your school been provided training on accounting practices? ☐

1. Yes ☐ 2. No ☐ 3. I do not know

5.4 Accounting to your opinion the competence of the majority of staff personnel involved in financial tasks is

1. Very high ☐ 2. High ☐
3. Low ☐ 4.Very low ☐

5.5 If you response to question 5.4 is very low what do you think is the possible reason?

1. Low qualification ☐
2. In adequate experience ☐
3. Irrelevant qualification to position ☐
4. Lock of motivation ☐
5. Other (please specify) ——————————————————————
   ——---------

Part six: - Auditing Practices

6.1 To what extent is the internal auditing activity accomplished in your school?

1. Very frequently ☐
2. Frequently ☐
3. Rarely ☐
4. Not at all ☐

6.2 How often the external auditing carried out in your school?

1. once a semester ☐
2. once a quarter ☐
3. once a year ☐
4. other (please specify) ——————————————————————
   ———— ——————————————————————————————————————--

6.3 Dose your school have clear auditing guidelines?

1. Yes ☐ 2. No ☐ 3. I do not know ☐

6.4 If your answer to question 6.3 is ‘’No’’ how do you get your school finance audited?

_____

_____------

6.5 How often is training provided on auditing to the school?

1. once a semester ☐
2. Once a quarter ☐
3. Once a Year ☐
4. Other (please specify) _____
   _____----------

Part seven: - Purchasing Practices

Strongly agree = 5, Agree = 4, Undecided = 3

Disagree = 2, and strongly disagree = 1

Purchasing practices in your school, please show your feeling by putting ``X`` in the box under ``SA``, ``A``, ``u`` or ``D`` Note that SA = strongly agree, A = Agree , UD= undecided D= Disagree and SD=strongly disagree

No	Item	SA	A	UD	D	SD
7.1	The school purchasing department purchases and distributes the materials Requested timely?					
7.2	The materials are purchased in requested amount					
7.3	7.3 The materials purchased have quality					

Part eight: - Reporting Practices

8.1 How often is a report made on the accomplishment of your school annual budget plan?

1. Monthly ☐
2. Quarterly ☐
3. Half a semester ☐
4. Yearly ☐
5. Other (please specify) ——————————————————
   ——————————————————————————————---

8.2 were there problems observed on financial report?

1. Yes ☐ 2. No ☐ 3. I do not know ☐

8.3 If your response for Items no ‘’8.2’’ above is ‘’Yes’’ what were the problems with the report?

1. Lack of reliability ☐
2. Not timed made ☐
3. It is not comprehensive report of budget performance ☐
4. Others (please specify) ——————————————————
   ——————————————————————————————---

8.4 If you response for Item no ‘’8.3’’ above ‘’2’’ what action have been taken to avoid the problem?

1. Training for those personal concerned with reporting ☐
2. Provision of supervisory aid for personnel ☐
3. Making the concerned personnel make reliable and timely report ☐
4. Other (please specify) ——————————————————
   ——————————————————————————————---

Appendix- B

Addis Ababa University

School of graduate studies

Collage of Education and Behavioral Studies

Department of Educational Planning and Management

Interview questions conducted with school main Principals.

The purpose of this interview is to gather relevant information a current practices and problems of financial management system of first cycle secondary schools in Kolfe-keranio sub-city. Since the research, finding may assist financial personnel in education institutions and may help for them for decision – making.

Your co- operation in giving Answers has department importance. Hence, please take some of your time to give answer for my questions and please be objective for your response.

Thank you in advance for your cooperation!

Part one: - Personal Information's

1.1 Name of your office ----------

1.2 Age ----------

1.3 Sex ----------

1.4 Level of educations ----------

1.5 Field of specialization ----------

1.6 Your present job title ----------

1.7 Your service year in current position ----------

1.8 Total service year ----------

Part two: - Interview Questions to School Main Principals

Questions related with financially management of General secondary schools.

2.1 What are the major sources of internal income for your school?

2.2 How competent are schools Staff Personnel (principals and finance offices), to Carry out accounting work, auditing and reporting of educational finance on a continuous base?

2.3 Do you school have qualified staff personnel (finance officers) to handle their Financial activities?

2.4 What problems of accounting practices are observed in your school?

2.5 Is there the practice of auditing in your school?

2.6 On what basis you prepare your school annual budget plan?

Appendix- C

Addis Ababa University

School of graduate studies

Collage of Education and Behavioral Studies

Department of Educational Planning and Management

Interview questions conducted with sub city finance official.

The purpose of this interview is to gather relevant information a current practices and problems of financial management system of first cycle secondary schools in Kolfe-keranio sub-city. Since the research, finding may assist financial personnel in education institutions and may help for them for decision – making.

Your co- operation in giving Answers has department importance. Hence, please take some of your time to give answer for my questions and please be objective for your response.

Thank you in advance for your cooperation!

Part one: - Personal Information's

1.9 Name of your office ----------

1.10Age ----------

1.11Sex ----------

1.12Level of educations ----------

1.13Field of specialization ----------

1.14Your present job title ----------

1.15Your service year in current position ----------

1.16Total service year ----------

Part Two: - Interview Questions for Sub-City Financial Officer

3.1 Do first cycle secondary schools in your sub-city have financial management guidelines?

3.2 What is the trend of school budget plan preparation? On what basis your office Reliable budget to the schools?

3.3 How sub-city finance and economic development officers support first cycle secondary schools by giving training in accounting, controlling and auditing to facilitate their work? How do you support schools to enable them manage their finance properly.

3.4 Is it allowed for schools to transfer budget from one code to the other?

3.5 How is auditing conducted in the schools?

3.6 How competent are schools personnel's (principals and finance officers) to carry out accounting work, auditing and reporting of educational finance on continues bases? Do school have qualified personnel to handle their financial activities?

Appendix – D

Addis Ababa University

School of Graduate Studies

College of Education and Behavioral Studies

Department of Educational Planning and Management

Review of Documents checklist for general information from General secondary schools Accounts office

No	Focus areas	Very good	Good	Fair	satisfactory	poor	Remark
1.	Standard of account office						
2.	Availability of book of accounts						
3.	Accuracy of book of accounts						
4.	Filling system of book of accounts						
5.	Availability of necessary office equipments						
6.	Presence of necessary personnel in the finance office						

Appendix – E

List of sample schools in the sub-city

No	School's Name
1.	Asco Secondary School
2.	Ewket Lefire Secondary School
3.	Keranio Medhanialem Secondary School
4.	Kolfe Secondary School
5.	Repi Secondary School
6.	Yemane Berhan Secondary School

Declaration

The undersigning, declare that this thesis is my original work, and that all sources of materials used for this thesis have been properly acknowledged.

Name ----------

Signature ----------

Date of submission ----------

This thesis has been submitted for examination with approval as university advisor

Name ----------

Signature ----------

Date of submission ----------