

**MANAGEMENT OF EDUCATIONAL BUDGET IN PUBLIC SECONDARY
SCHOOLS OF HABABO GUDURU WOREDA OF OROMIA REGIONAL
STATE**

BY:

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Declaration

I, the undersigned students, declared that the thesis on the title “**Management of Educational Budget in Public Secondary Schools of Hababo Guduru Woreda of Oromia Regional State**”, is my original work and that all resource materials that have been used for thesis that referred to or quoted has been dully acknowledged.

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ABBREVIATIONS

ESDP:	Education Sector Development Program
MoE:	Ministry of Education
NGO:	Non -Government Organization
OREB:	Oromia Regional Education Bureau
PTSA:	Parent Teacher and Student Association
REB:	Regional Education Bureau
UNESCO:	United Nation Education, Science and Cultural Organization
UNICEF:	United Nations International Children's Emergency Fund
WEO:	Woreda Education Office
WEOSG:	Woreda Education Office Supervision Groups
WFEDO:	Woreda Finance and Economic Development Office

Abstract

The major purpose of the study was to assess and examine budget management of government secondary and preparatory schools in Hababo Guduru Woreda. The budget management of public secondary schools of Hababo Guduru Woreda faced a number of challenges in the past few years. Descriptive survey method of research was employed in this study. Both quantitative and qualitative data were used in order to answer the research questions. Questionnaire, interview, and documents were used as data collection instruments. The collected data were analyzed by using frequency and percentage. As source of primary data for this study, the researcher selected twelve principals, nine accountants, seven treasurers, thirty five department heads, five education office supervision groups, thirty PTSA members, one School Supervisor, one Woreda Education Office Head and one Woreda Finance Office Head and one Finance Budget and Plan Expert. The findings of the study revealed that most respondents were aware of the existence of budget management problems in the schools. The sampling technique used to select the participants is simple random sampling method. The major problems acknowledged by the participants of the study were weak internal income generation, Lack of adequate budget to implement annual plan, low stakeholder's participation in school tasks and budget preparation, extended delay of both internal and external auditing activities, lack of school based budgeting experiences, lack of adequate budget, lack of necessary staffs for finance work, improper monitoring and financial evaluation, lack of structure guide-line and procedure, scarcity of budget and improper purchasing and expenditures not supported by proper decision and also lack of legal receipts to collect the schools' funds. Overall, the above problems affected not only the effectiveness and efficiency of financial management of the schools but also the whole process of educational activities. Taking the above results in to consideration, it is recommended that all concerned bodies, such as the Oromia Regional Education Bureau, Woreda Education Office and Woreda Finance Office being together should prepare enough work-shop and training for the school personnel and for the concerned bodies in the field of budget management. Moreover, it can be encouraged to release the allocated schools budget on time, intensifying internal and external auditing in order to reduce the problems of budget management in the government secondary schools.

CHAPTER ONE

1. INTRODUCTION

This part of the thesis serves as a stepping stone for the researcher and hence, different issues like the problem, sources, research gaps, objectives, beneficiary of the research, would be discussed in detail. This part has different sub-topics, background of the study, statements of the problem, objectives, significance, delimitation of the study, limitation of the study, operational definition of the key terms and finally organization of the Study.

1.1. Background of the Study

According to UNESCO (2011), education is a backbone for the overall development of any society. In addition, it contributes to economic growth; development of science and technology, education can help to change society by improving and strengthening skills, values and communication skills. Among the priorities in the education system in Ethiopia is quality and internal efficiency (MOE, 2010). Studies revealed that education is strongly influenced by the resources made available to support the process and by how these resources are managed defectively. Furthermore, disbursing all the committed resources and delivering educational services to students under good governance are key for meeting education challenges successfully despite limited resources (UNESCO, 2011). The education goals and objectives can be achieved by means of using different resources as inputs. Among the resources as inputs, finance is a key issue to get and utilize all important inputs and to run the task of education at all levels in appropriate ways. This is due to the fact that among the resources (inputs), finance is more commonly used by schools through a process and mechanism of budgeting (Melaku, 2000).

Financial resources provide the support of human resources development and materials management. Proper management of financial resources is very important in the management of education (Dash and Nena, 2008). Effective financial management ensures that all financial regulations and procedures are complied with all financial transactions are recorded accurately, and adequate controls are incurred (Creswell, 2008).

Finance in the school is one of the crucial issues to promote access to education and its quality (MoE, 2002). The expansion of educational systems and provision of quality education in schools

are greatly influenced by the amount of finance available to education and by the extent to which the available finance is effectively and efficiently managed and utilized. Therefore, strong relationship exists between finance and educational programs, or the capability of finance is influencing educational programs of schools Melaku (2000). In addition to this, finance in the school is a critical issue to accomplish different tasks which support in insuring quality of education and to expand education MoE (2002). According to MoE (2009/2010), major challenges identified to meet the ESDP-III targets set is the inadequacy of education financing.

According to Bichoff (1997), School Principals should have a basic knowledge and skills of financial management. Similarly, educational qualification, experience and interest of employees must be considered in assigning workers. Personnel do a better job if they are assigned to areas where they have interest, preparation, and qualification and experience Clarke (2007). Since Schools perform their functions by receiving and spending public money, it is a major responsibility of School principals to see whether the money is spent wisely, accurately and complete financial records.

School financial management is a fundamental to preparing and equipping school principals with financial skills and competencies that will enabled them to be responsible and accountable for funds that have been received for specific school objectives. It will also equip them with managerial skills and competencies that will enable them to make contribution towards the improvement of the overall productivity of the school Bisschoff and Mestry (2003).

Trends in education expenditure generally, show that teachers' salaries consume more than eighty five percent of the recurrent budgets. If this trend continues, other inputs critically needed for quality improvement such as textbooks and supplementary reading materials, classroom furniture and equipment, maintenance and training may fall short of the required budget.

For this, a country is supposed to make a provision of quality education a reality to satisfy the educational needs of students and society at large .The quality of a school's education provision is generally attainable in educational institutions where effective and efficient amount of finance is generated. Finance is in fact one of the most important resources which through a process and mechanisms of budgeting is converted in to required real instructional resources Melaku (2010:44).

Inadequate facilities, insufficient man power training, overcrowded classrooms, etc, are some indicators of low quality education which are mainly caused by inadequate allocation of finance to schools ESDP- III (2006). Melaku (2010:44), asserts that spending more money on education may ensure provision of relevant curricula, teaching and non-teaching personnel, adequate classrooms, better instructional materials and so on. It helps to ensure that all students receive quality education in terms of both holistic development and academic achievement.

As reported by (Wubeshet 2002:15) the government whether Federal, Regional, or Woreda is a powerful actor in the economy. Thus, how it spends the money is a large determinant of economic development with redistributive impact .It is the most important economic policy instrument of government and as such can be a powerful tool in transforming the economy to meet the needs of the poorest.

Budget is also a fundamental tool in the implementation of public policy. Thus, a budget processes i.e. the process of preparation, approval, implementation and review needs to be governed by the principles of participation, involvement of all concerned stakeholders, transparency, provision of comprehensive, accurate, timely and frequent information, and accountability, answerability of decision makers and implementers with regard to budgetary processes to those whose interest are affected by their actions and in actions (Wubishet ,2002).

Therefore, the extent to which a country has committed itself to education can be seen from how much the national financial resources are allocated to this sector. It should be noted, however, that it is not only the allocation of budget that matters but also the proportion of allocated budget that actually reaches the grass root level and its proper management at this level.

As mentioned above, the quality of a school's education provision is directly related to the amount of finance available to the school. As it is stated by Melaku (2010), the extent to which the available financial resource is effectively and efficiently managed and utilized is equally important. As it can be inferred from the investigation of this author, the financial resources generated from different sources should properly be allocated and used for the planned purposes. This in other way does mean that once decision is made by higher authorities it is the responsibility of the institutional managers and planners to see whether or not the fund allocated is utilized according to plan. To this effect, good system of financial planning, accounting and

auditing should prevail in school management (Melaku, 2010:44). Due to decentralization of education system in Ethiopia and in Oromia Region, the public budget allocation for schools at Woreda level is mainly taken by Woreda administration.

As (Hussein and Postleth Waite,1994), point out that the major arguments for decentralization centre on issues related to distribution of authority and responsibility have to do with resource mobilization and allocation. Furthermore, because of reliable and firsthand information on students and teachers, local authority is in a position to make better allocation decision and monitor the outcomes more closely. This arrangement provides better opportunity to respond to local needs, permit necessary local variations, moves decision closer to the sources of information and to problems themselves (Husen and Postlethwaite ,1994).

On the other hand, according to Hussein and Postlethwaite (1994), it is also argued that decentralization promotes efficiency since communities become more willing to support locally governed schools, and local participation and financial support, in turn, will result in better schools. However,(Ayalew ,2004:69), argues that implementation of this process has not proved a rosy road and decentralization mostly bears fruit if it reaches the grass root levels.

1.2. Statement of the Problem

In Hababo Guduru Wereda there were five secondary schools. These were four first cycle secondary schools (9-10) and one preparatory school (11-12). They all were financed in like manner and share common practices in as far as the process of budgeting and utilization of educational finance are concerned.

As suggested by MoE (1994), sufficient budget allocation and proper utilization of the educational budget for the intended purpose is critical issue in all schools. Furthermore, it is stated that the financing of education must be efficient and appropriate to promote equity and quality of education.

In contrast to this, many education offices however, do not yet have required capacity to exercise their responsibilities effectively. As the report of MoE (2010), revealed that school functioning also needs further improvement. On the other hand, in Ethiopia school principals are expected to be appointed on the basis of experience, services and qualification related to the position. In

contrast to this, many principals do not have directly related field of financial budgeting, utilization and its management. However, as it is stated by OREB (2009), in the requirements of recruiting principals, alternative requirement that is any education subject in first degree is needed to perform school budget preparation and its management adequately.

Furthermore as it is stated by OREB (2009), as resources are always scarce to address economic and social needs of the society, the available resources particularly financial resources should be managed effectively and efficiently.

The purpose of this research was to assess the current status of the processes of budgeting educational finance in public secondary schools of Hababo Guduru Woreda thereby pointing out problems associated there with. Thus, the study targeted to investigate whether schools prepare budgets effectively resulting in optimum utilization of financial resources for effective teaching and learning to take place.

The Program Action Plan of ESDP-III recognized the efforts made to build the capacity of education personnel in educational planning and management, financial management, and other fields. And it showed clearly, the continuity of lack of planning capacity in spite of all the efforts made. Lack of planning capacity in the Ethiopian education system is on top of the agenda of both the government and donors since 1997 as stated by Tesfaye (2008). As described in ESDP-IV (2010), many offices that is education however, do not yet have the required capacity to exercise their responsibilities effectively. Because of these reasons, the current condition at school level in Ethiopia shows that financial management practice faced different challenges. The challenges identified by Melaku (2000), was local community members who contribute to school which are not in the appropriate position to appraise the efficiency of the school principals and others in managing finance.

Further, UNESCO (2011), stated that the miss management of funds or finance by principals often leads to shortage of critical resources in school. Corruption occurs in the allocation, execution and use of government budgets allocated for education. Funds like block grant and school grant that reach schools may not be used according to their intended purpose. Many principals face disciplinary measures due to miss management of financial resources, carelessness in managing financial resources Dash and Nena (2008).

The other challenges are because of poor planning and lack of cooperation on finance. Functionaries do not try to join their heads and hands towards the common goal. Most functionaries show lack of concern. There is no urge in them to work simply for self-satisfaction or to earn gratitude of the students and community Sidhu (1996).

OREB (2009) , report also shows that many principals and school government body members are placed under remarkable pressure to manage their schools finances because they are unable to work out practical solutions to financial problems, on account of their lack of financial knowledge, skills and expertise. The challenges affect the quality of education in general and the participation of community, parent and donors in financial contribution to support schools in particular. It also affects the relationship among teachers, students, school principals and PTSA members. It also creates obstacle and affect the implementation of different education strategies which is formulated by the government at different levels.

The challenges which affect the proper finance management practices include lack of adequate skills, knowledge, and efficiency and effectiveness. The school committee or PTSAs is not on a very good position to appraise the efficiency of the school management in managing finance. There is also lack of adequate support concerning financial management from Administrative Woreda education office. Students, teachers, community, and government by itself affected by challenges because they do not get appropriate services, benefit as expected, and create crisis, dissatisfaction, lack of motivation as well as weak development in the country.

As study conducted by Abdela (2006), cited in Sheberu (2015), revealed that the fiscal decentralization was exercised down to the Woreda. Further, the study was devoted to find out factors that impede management of educational budget in the Woreda. The study was limited to management of educational budget at the Woreda at the study area in one pool system and considers financial management only in the public Secondary Schools in the Woreda at the study area.

Overall, the above scientific documents revealed that lack of skill, experience, training, structured financial guide line procedures, delay of budget and weak internal income generation affected the effectiveness of financial management of schools in the past.

The intensity of the educational budget management has not been deeply studied in secondary schools of the study area. Therefore, this study was designed to investigate the management of educational budget in Hababo Guduru Woreda Secondary Schools. To this effect, this research is expected to answer the following basic questions.

1. What are the sources of finance of public secondary schools of Hababo Guduru woreda?
2. How adequate is the amount of finance allocated to implement annual plan of the schools?
3. How effective is the budget management in the Secondary Schools of Hababo Guduru Woreda?
4. What are the major challenges encountered in the process of budgeting in public secondary schools of Hababo Guduru woreda?

1.3. Objective of the Study

This study is going to address the following general and specific objectives.

1.3.1. General objective

In light of the problems stated above and the basic questions formulated the general objective of this study was to assess how public secondary schools are financed and the budget processes were undertaken in these schools.

1.3.2. The specific objectives of the study were to:

- ♦ Assesses the extent of participation, transparency, and accountability in budget process of the school.
- ♦ To assess the current statuses of budget management in the Secondary Schools of Hababo Guduru Woreda.
- ♦ To investigate whether appropriate auditing and monitoring system exist regarding on the Schools' budget management in Hababo Guduru Woreda.
- ♦ To assess the sources and the ways of allocation of finance of Hababo Guduru Woreda secondary schools.
- ♦ To identify the major problems that secondary Schools encounter in managing their financial resources in Hababo Guduru Woreda.

1.4. Significance of the Study

This study was conducted with the aim of attaining the aforementioned general and specific objectives and was expected to:

1. Inform concerned stakeholders on the existing status educational finance management of public secondary schools.
2. Give feedback to concerned schools, and woreda education and finance and economic development offices on problems of financing schools and budget process with possible recommendation.
3. Serve as a reference for other researchers in this area.

1.5. Delimitation of the Study

Though there were multitudes of effects that contribute to budget management problems in secondary school, the study was delimited to selected effects that vividly observable only in the selected secondary schools. The study was delimited to assess management of educational budget which includes budgeting, accounting, auditing and prominent factors affecting budget management in the selected secondary schools. Five secondary schools of Hababo Guduru Woreda were selected for study since, to the best knowledge of this researcher; these areas were not studied before in the problem understudy. The study also confined to principals, accountants, treasurers, department heads, education office supervision groups, PTSAs members , education office head, finance office head, finance plan and budget experts and school supervisor who were directly or indirectly involved in the school budget management.

1.6. Limitation of the Study

There were some limitations that were considered in the process of this study. First of all shortage of reference material on financial management in education took the much time to searching for reference. As there are not well organized data for financial management, analysis of expenditure planning and budget management in the organization were difficult. The existing documents were haphazardly documented and, not fully reliable. In addition, some respondents were not willing to raise their intention problems due to fear and personal concerns. Moreover, few respondents were reluctant to provide interview without a benefit or payment.

These limitations were adverse to the researcher in getting the necessary resource according to the planned time. Thus, to overcome these problems the researcher enforced to plan and arrange

additional time frame with the subjects of the research to get appropriate data from concerned bodies.

1.7. Operational Definition of Key Terms

The researcher has given operational definition for different terminologies which have been used frequently while conducting the study.

Allocation - Dividing a sum of money in various ways, allocation of capital budget, recurrent budget, and allocation of funds to a project (Collin, 1986:11).

Budget - Is a plan for financing an educational system for a period of time in future, usually for one fiscal year. It is a plan of financing operation incorporating an estimate of proposed expenditures for a given period and purpose, and proposed means of financing them (Melaku, 2000:54).

Budgeting - Preparing of budget to help plan expenditure and income (Collin, 1986:35) .

Budget Process –Is a cycle at any level of jurisdiction that has four stages, budget preparation (design process), budget approval and appropriation (legislative process), budget execution (implementation process) and budget control (audit and evaluation process) (Wubishet, 2002).

Educational efficiency - concept used when dealing with limited resources, as there always are should be used to fully as possible. It is a desirable and appropriate goal for educational system (Husen and Postlethwaite, 1994:1779).

Fiscal - Relating to government taxation, spending, or financial matters. The term is mostly used in combination with other word, such as, fiscal year. In each case the addition of the term ‘Fiscal’ means a connection with government financial matters (Wubishet, 2002).

School finance- Refers to the money given to school by the government, and or obtained by the school from different sources such as NGOs, internal income and community.

Secondary school- A school for students who have finished their education usually attended grade 9 to 12.

Financial reports - Refers to financial statement of the transactions which are reported to the stakeholders.

PTSA members - Members of the association consisting of parents, teachers and students.

School Principal- Refers to the manager of the school that includes director and deputy director/s.

1.8. Organization of the Study

The research report was organized in to five chapters. The first chapter dealt with background of the study, statement of the problem, objectives of the study, significance of the study, delimitation and limitation of the study and definition of key terms. The second chapter is review of related literature describing the past and current state of knowledge about the topic. The third chapter discussed about research design and methodology. Chapter four is presentation, analysis and interpretation of the data. Summary of the findings, conclusion and recommendation was presented in the fifth chapter.

CHAPTER TWO

2. REVIEW OF RELATED LITERATURE

This section deals with topic related to financial management in education. Furthermore this area is concerned with the concepts of management such as financial management, functions of financial management in education, budget, financial accounting, stages in implementing an educational costing activity, financial controlling and auditing, sources of finances in schools, school finance management and monitoring and evaluation in managing finance in secondary schools at the study area.

2.1. The Concepts and Functions of Financial Management in Education

The basic objectives of management are handling people or a situation for achievement of certain goals. As a noun, the word 'management' refers to the person(s) who perform the act(s) of management. However, from a functional or implementation perspective, management is a process that involves planning, organizing, resourcing, directing and controlling different activities for the accomplishment of desired goals. Fayol in Ghuman (2010), stated that the five basic management functions are planning, organizing, commanding, coordinating and controlling. The present widely accepted integrating approach to management classifies managerial function as planning, organizing, staffing, leading, and controlling Ghuman (2010).

Furthermore as it can be understood from (Dash and Nena,2008), management is a distinct process consisting of planning, organizing, actualizing, controlling, determining and accomplishing stated objectives by the use of people and other resources.

Financial management is a system which studies the varies sources of income, areas of expenditure; it decide priorities, and meets expenditure on priority areas within the allotment received; it ensures efficient use of financial resources for management of human and material resources for accomplishment of predetermined objectives (Dash and Nena,2008). Financial management deals with the planning and controlling of financial activities; and this also refers to a process of efficient management of finance/ funds for achieving organizational goals Kumar (2005). Financial management processes, such as financial planning, budget evaluation, controlling, accounting and costing are applicable in financial management in education.

Thus, it follows that financial management in educational institutions deals with rising funds from internal and external sources and ensuring its allocation to various educational activities or programs; monitoring the flow of funds (financial transaction) to the institution's activities and programs. According to (Davies and Boczkd,2006) as cited in Sheberu (2015), financial management has its roots in accounting, although it may be regarded as a branch of applied economics.

The financial function management in education comprises all the financial activity can be defined as the work (Mestry and Bisschoff, 2009), as cited in Sheberu (2015). Similarly, financial management activities in education institutions are encompassed in this area as in the case of financial management activities in business organization. Management control is an internal financial management function that deals with controlling the proper flow of cashes to programmed cost unit and activities. In the same way public organization have similar requirements that are to plan for activities, prepare budget to carry out activities and reporting to the stakeholders that account systems are established on the use of public funds and audits are done. Financial management particularly concerned with the planning, acquiring and efficient use of funds Chadwick (2002).The main concern and focus of financial management in non-profit institution like education is ensuring the proper use of financial resources through planning, budgeting and controlling. That is, in public institutions, the principal financial management is identified with two principal functions.

According to (Crowther ,2004) management accounting is concerned with the analysis and reporting of financial information for managers within a business in order to assist them in the performance of their jobs. Management accounting is essentially a part of management decision making.

It helps managers with decision making in the following areas: planning (what to produce and how best to meet the objectives of the organization), control (to ensure that the outcomes correspond to those planned), decision making (to decide between alternative courses of action by evaluating the consequences), measuring performance or to decide if it matches the expectations set out in the plan and to take corrective action if not Bischoff and Mestry (2003) as cited in Sheberu (2015),.As it can be inferred from the investigation conducted by Bischoff and Mestry (2003), as cited in Sheberu (2015), management control is an internal financial

management function that deals with controlling the proper flow of cashes to programmed cost unit and activities. As it is implied from the study, public organizations have similar requirements that are to plan for activities, prepare budget to carry out activities and reporting to the stakeholders that account systems established on the use of public funds and audits are done.

According to (Bischoff and Mestry, 2003) as cited in Sheberu (2015), findings the two principal functions namely; financial planning and financial control comprise some specific functions of financial management in education institutions. These are planning and programming of activities to achieve the desired educational goals. As the finding identified that financial reporting relies on accurate and complete financial recording keeping.

As it can be concluded from the study that the accounting system of these school should be comprehensive, so that the preparation of annual financial statements can be used for financial analysis, financial management which deals with the planning, and controlling of financial activities. On the other hand, the implication reveals that financial management assists an organization's operations management to reach its financial resources. Additionally it assists in the reporting of financial results to the users of financial information too.

2.2. Theoretical Framework of school Finance

It is obvious that there is no single all-embracing theory of educational management as identified by different scholars. Bush (2004), classified the main theories of educational management into six major models of educational management namely; formal, collegial, political, subjective, ambiguity and cultural. Principals own authority legitimized by their formal positions within the schools and are accountable to school governing bodies for their activities.

As it is implied from the study that formal models give distinction to official structures, rational processes, the authority of leaders and accountability. These may be linked to the school management tasks as identified by Clarke (2007), namely planning, organizing, leading and controlling.

The administration of school's finances is an integral part of effective school administration (Mestry, 2004 and Ntseto, 2009). As it is stated by (Du Preez et al., 2003), planning is a fundamental component of effective school financial administration. With regard to this matter

as to Kruger (2005) explains the planning of school finances usually begins with the drafting of a budget.

According to (Bisschoff ,1997) in an educational organization budget management activity means bringing all possible input from staff, parents, students and the community together to deliver the service of quality education. Connected with this matter this study further states that leadership in budget management involves three aspects; sound relationships, communication with all stakeholders and internal as well as external and motivation of all the people concerned with school finances. Furthermore, the study revealed that harmonious collaboration between academic and administration staff is a prerequisite for successfully achieving financial objectives. The study argues that good communication will ensure that each staff member who is involved in school finance would be informed about authorizations for various expenditures, is knowledgeable about the financial process for expending money, and knows to whom the results of the expenditure should be reported.

Generally, the study emphasizes that all staff members should feel that they have a responsibility to perform in all of the school's activities, because this will motivate them to work hard and achieve effective and efficient financial administration.

According to (Kruger ,2005 and Ntseto, 2009), organization of School finances should include aspects such as drawing up a school financial policy, setting up a structure within the School and financial matters, delegating certain functions to clerks, class teachers, treasurers and coordinating activities. Additionally Niemann (1997), believes that financial activities are dealt with most effectively when both the administrative and academic staff are involved in the process. As his study reveals that communication is the basis for establishing relationships and providing motivation. The financial planning of school finance and its control are interdependent and closely linked with each other Ntseto (2009). In general this study further defines financial planning as it deals about budgeting and argues that a budget is a financial control technique as well as a plan.

2.3. Budget Planning

An integral part of financial management is budgeting. Murphy and Beck (1995) argue that budget control is at the heart of school-based management. The provision for school principals

and Parent- Teacher - Student -Association to become progressively more responsible for managing aspects of recurrent expenditure.

Budgeting is the most important element in the process of financial management. It is important in that it indicates the available funds. As it is well described by Morphet (1987), budget is the statement of the plan for financing the various aspects of the educational program to be provided during the year or other stated period of time. Budget is defined as a planned pattern of revenues and expenditures to achieve educational goals over a specified period of time (Jordan ,1985).

In addition Kinserdal (1995), Stressed that a budget is an instrument for detailed operational planning and control over a short period of time, Besides, a budget represents the result of a detailed study of planned expenditures and revenues for a stated period, with the total sums of the two sides of the statement in balance and with the financial data presented under an intelligible scheme of classification. More ever, the schools budget is the management process reflecting revenues and expenditures of the various programmes in the school, which is related to the school financial plan (Van Deventer and Kruger,2005).

The educational budget is a financial plan for providing an educational program in school district for a specific period, usually for one year. It shows the item and services which will be provided and the amounts expected to be spent on each. It also shows the revenue sources from which the districts fund will be drawn. Accordingly, Ukeje *et al.* (1992), has defined educational budget as the translation of educational needs into financial plan which is interpreted to 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 period. In addition to this Ukeje *et al.* (1992), defined educational budget as ‘an educational plan with an estimate of the receipts and expenditures necessary to finance it for a definite period of time’. Along with this Kinserdal (1995), budgets are financial plans containing an estimate of proposed expenditure, its proper preparation and formulation is essential. Since according to, Corbally (1997), an educational budget should be based up on the educational plan, which has been developed to meet a variety of educational purposes. In this way the steps in budgeting are the development of an educational plan, the preparation of an educational plan, the preparation of a revenue plan, the preparation of a formal budget document, the approval of the budget document.

Generally, for the allocation of the inadequate resources to different programs, budgeting is important. It is a plan for action. It is a 'blue print.' Corbally (1997), also stressed that, if the budget is understandable, accurate and leads to efficient fiscal management; it serves its major fiscal purpose. The crucial test, however, is the degree to which the budget is related to educational plan. The budget should not be over or less than the educational plan.

(Kemp and Dunbar ,2003) have proposed some criteria which can help to overcome the problems of over budgeting, which can be created during budget formulation. These are: Analyzing current and future need for fund, identifying the available resources to meet these needs, protecting asserts and income against a known contingencies, estate planning through the coordination of resources to provide adequate requirement income and presence of the organization assets.

As stated by Burke (1981), while formulating budget it is also important to consider the present and future financial implication of educational policies and objectives. Moreover, the sources of revenue should be analyzed from different angles, such as government and other sources. Thus, by considering all the above, it develop sound to meet the needs of an educational system.

According to UNESCO (1999), to formulate good budget, it is necessary to have sound and timely information, including economic factor as project estimates, national income, inflation, and supply and demand states etc. It is also very helpful to consider contingency and to develop flexibility while budgeting, because flexibility is important for reviews and modification of the budget during implementation so that counteractive action can be taken in time.

2.4. The Concept of Budgeting

Budget is defined by different scholars in different ways. According to Chadwick (2002), budget is a plan expressed in money. It is prepared and accepted prior to the budget period and may show income, expenditure and capital to be employed. On the other hand budget is a financial or quantitative statement prepared in advance of a particular accounting period. Furthermore Jill and Roger (1999) state that budget normally gives either income or expenditure, including any capital expenditure, needed during a financial period to achieve the given objective. As it is stated by Croft et al. (2002), budgets are forecasts that specify the financial resources which have

been allowed to an organization's activities or to the achievement of its objectives for a given period of time.

A budget is a document that translates plans into money that is needed to be spent in order to get your planned activities done. In other way as it can be understood from this scholar's definitions budget is money that needs to be generated to cover the costs of getting the work done or income. According to Prasanna (1999), budget is a tool for detailed operational planning and control over a short period of time, usually one year. As it is stated by Stesis et al. (2001), budget is a control mechanism to assure accountability, financial integrity, and legal compliance; a management tool to achieve operating economies and performance efficiencies; and a planning component to assess the overall effectiveness of government programs in meeting public service needs. Budget is a plan of management's intentions of attaining specified objectives. According to Pandy (1993), the basic features of a budget are the following. It is a comprehensive and coordinated plan.

As to Ntseto (2009), School financial planning is the task of the principal who has to see that the school's purpose, mission, goal and methods of attaining these are clearly understood by all the stakeholders at the school. It is the functional elements of the principle that predetermines what the school proposes to accomplish. It is the starting point of the financial management process and is the point around which all the school financial activities revolve.

Generally, as it can be inferred from the above scholar's definition, budget is a plan for the organizational operations and resources. Not only this but also it is a future plan for a specified period. Based on these scholars' views, it can be concluded that, budget is an agreed plan for future action which is quantitative expression of a plan of action prepared in advanced fiscal year.

2.4.1. The Purpose of Budgeting

As the investigation conducted by Bisschoff (1997), shows that budget is one of the most popular strategies used for planning and controlling institutions in the use of financial resources while planning is the decision on what should be done how it should be done, and by what it should be done. For this reason, budget is an integral part of planning which summaries the purpose of budgeting, quantifying objectives and identifying priorities; coordinating activities and

communicating plans within the organization; motivating and increasing the accountability of middle management; authorizing expenditure and activities; controlling, monitoring and analyzing expenditure; and evaluating performance.

As the study conducted by Condoli et al. (1984), indicates that budgeting establishes a plan of action for the future. Further, it requires an appraisal of past activities in relation to planned activities. It necessitates the establishment of work plan requiring orderly planning and coordination throughout the organization. Not only this but also, it establishes a system of management control serving as public information. Overall, budgeting should be seen as an activity that facilitates the educational process.

Based on this finding it is implied that the school's budget is an important financial management tool. As it is shown by the investigation this budget is drawn up using the aims and objectives of the schools appoint of reference, and should always reflect the policy of the School concerned.

2.4.2. Principles of Budgeting

According to Chadwick (2002), the effective principle of budgeting includes some points. Initially, it should be a team effort. All these involved should work together in harmony and adopt a common sense approach throughout the budgeting process. Attainable targets; from a management point of view, it is most important that budget is accepted as being fair and reasonable. On the other hand, if target are too difficult people may just give up trying to achieve them, and become de-motivated and/or leave. Secondly, participation; the people involved may even bring to the attention of management information that is vital to the success of the budgeting process, and stop them from going ahead with a development that could have disastrous consequences.

Overall, we can infer from Chadwick (2002), findings that the preparation process and meeting held to discuss the budget direct the attention of management to appreciate the fact that budgets are interrelated. For example there is a link between the income budget and the expenditure budget. With regard to this identifying their principal budget factor that is limiting factor such as demand which will constrain their activities. Resulted from this it is better to decide upon how they are going to share out the scarce resources which they have at their disposal between the competing factions.

2.4.3. The process of Budgeting

According to (Mestry and Bisschoff ,2009) the School's vision and mission is embedded in the development plan and provides direction to the budgeting process. Further, a budget is not a balance sheet or simply a list of figures, which cannot be regarded as statement of the previous year's spending, and a prediction or projection of spending for the next year. Slightly it should be regarded as a planning instrument and a decision model to assist the management of the schools during the next financial period and beyond the time phase.

As a study conducted by (Prasanna ,1999), states that the procedure of budget determination involves a great deal of negotiation between the subordinate and his superior at various levels in the organization. This implies that budgeting forces the administrator and staff to plan together what needs to be done, how it will be done, and who will do it.

As it can be inferred from(Koteen ,1989) budgeting in an organization is a systematic design for planning, allocating, and controlling the use of resources. The budget process provides a framework for making decisions about the size, allocation, and financing options appropriate to achieve program and policy objectives (Stesis et al., 2001). Effective financial management calls for careful preparation of budget for each fiscal year. As it is understood from these perspectives, either the principal or the managerial should keep in view the sources of income and the expected expenditure on various heads. It is well practice to invite proposals from various sections, examine them and combine all proposals in the budget. Further a competent teacher should be remaining in charge of preparation of budget (Dash and Nena, 2008). This is because as (Clarke, 2007) budgeting is a forward-looking process which should be guided by the school's vision for the future and a realistic assessment of the risks.

According to UNESCO (2006), as cited in Sheberu (2015), during budget preparation, tradeoffs and prioritization among programs must be made to ensure that the budget fits government policies and priorities. The study further notices that there are three main phases to budget procedures. The first is budget preparation that the ministry of finance uses the information to establish budgetary guidelines, which are then taken into consideration by other ministries as they illustrate their own budget. The second is budget adoption which states that proposed budgets are selected by government. The third budget execution which is the implementation of

budgets that are regulated by accounting procedures that may vary from country to country. As the report by MoE (2002), shows that the school planning process links with woreda budgeting.

Over all, this manual reveals that the school submits their plan to Woreda education office consolidates and submitted the proposal to WOFED determines and analysis sector proposals based on performance. Then WOFED prepares the Woreda combined budget and submits it to Woreda Cabinet for its approval.

2.4.4. Budgetary Control

According to Kumar (2005), the term budgetary control is applied to a system of management and accounting control by which all operations and output are forecast as far ahead as possible and actual results, when known, are compared with the budget estimates. As the investigation conducted by Chadwick (2002), shows that the establishment of budgets relating to the responsibilities of executives to the requirements of actual with budgeted results, either to secure by individual action the objectives of that policy, or to provide a basis for its revision.

Furthermore, according to (Jill and Roger,1999) there are some main requirements for an effective budgetary control system. It is essential that budgetary control is not regarded as the only responsibility of the accounting function which means that the whole management team should be involved in all its activities either directly or in directly. On the other hand, a sound and clearly defined organization with the administrator's responsibilities clearly indicated. Furthermore, effective accounting, record and procedures are understood and applied. It also needs strong support and commitment of senior managers to the system of budgetary control. The recognition throughout the organization budgetary control is a management activities and not an accounting exercise. Letting manager participate in the budget control system, educating and training of managers in the development, interpretation and use of budgets are another requirements for budgetary control.

Finally, in budgetary control an information system which provides data for managers helps them to make sensible predictions by correcting integration of budgets and their effective communication to managers. Furthermore, the setting of budgets is reasonable and achievable in budgetary control.

2.5. Financial Accounting

According to (Davies and Boczkd, 2006), the original, basic purposes of accounting are to classify and record monetary transactions and present the financial results of the activities of an entity. As it is identified by the study to look at the current nature of accounting and the broad purposes of accounting systems it is needed to consider the three questions these days generally answered by accounting information, how are we doing, and are we doing well or badly?, Which problems should be looked at? And which is the alternative for doing a job?

This study further described that budget management system and its uses within public secondary schools dealing with how accounting uses the secretarial system within an organization which deal with how data is identified, recorded and presented as information in the ways required by the user of financial information. In this principle all money spent is expended by check, except for small cash purchases paid from the petty cash. Not only this but also supporting documents should be kept for all expenditures made and bank reconciliation statements must be made each month. Additionally, monthly and yearly financial statement should be prepared. Connected to this matter audits should be made each year, and copies of the audit should be filed with persons having the authority (Davies and Boczkd ,2006).

According to Crowther (2004), the key functions of financial accounting are: meeting statutory requirements, record keeping, production of final accounts and the raising of finance. Similarly, (Greg ,1999), describes that financial accounting directly or indirectly affects decision making, planning, organizing, communicating, influencing, coordinating and evaluating in the process of assess to run effectively.

2.5.1. Functions of Financial Accounting

Accounting function serves several varied purposes in schools. (Leslie ,1985) as cited in Lirenso mentioned the following important accounting functions.

- A. Maintaining an accurate record of significant details in the business of transaction of the school system.
- B. It provides a control system to assure the appropriate use of resources in the educational enterprises.
- C. It provides a foundation and medium for planning decision making.

D. It expedites the process of setting priorities, analyzing and selecting alternatives in the budgeting process and establishes an operational blue print for the school system.

2.6. Financial Controlling and Auditing

According to the report by MoE (2002), the schools finance come from government income that is the budget of block grant, internal income of school and community contribution as well as NGO. Schools properly utilize according to their budget plan the finance obtained from these sources. As it can be inferred from this report implementing according to the plan, it needs well managing of finance and accounting. This shows that schools implement the budget according to plan and timely report for concerned body.

As it can be concluded from the report that the way of reporting financial implementation would be according to the following ways. Initially, schools prepare their report and present for evaluation by school PTSA and the quarter report present for Woreda education office. Then after the Woreda education office collect from schools and present for Woreda education office and training board for evaluation and approval of the budget .Next, the final report of quarter within fifty days is presented for Woreda Council. Finally, the report is presented for Zone education bureau. The task of auditing is manipulated by Woreda finance economic and development office within year twice at half year and at the end of fiscal year.

The report also reveals that the financial management of an institution depends upon how the principal maintains these accounts systematically. The school budget, the annual report, the receipts and payments statement made by the head of the institutions indicate his abilities of financial management.

As Chalam (2003), the head of the institute with the help of financial manager or accountant has to maintain strict control over the items of expenditure and at the sometime improve the sources of revenue for the institute such as fees, user charges, grants, donations and other sources. According to Chadwick (2002), financial controls include audit, budgeting, and cost control. Generally, as it can be implied from the finding that financial controls are necessary in order to ensure that plans and objective are correctly implemented.

2.6.1. Definitions of Auditing

The term audit in finance is defined in different ways by different scholars. For example as Chartterjee (1988), indicated that auditing means a critical examination of the books of accounts to check their accuracy and also discovers and prevents faults and deceptions. An audit is conducted objectively. As it is understood from the study that almost all educational institutions whether private or government receive one kind fund from public or/and government. Therefore, based on the investigation it can be concluded that audit of the accounts is compulsory.

Further, audit is necessary to avoid errors of commission, compensating faults, and deceitful errors. In other way as to Chalam (2003), auditing is the verification of the accuracy and completeness of the financial records of the organization and the appraisal of the legality, efficiency, and effectiveness of the financial management of the organization.

2.6.2. The Scope and objective of Auditing

According to (Shekhar and Lekshmy,2003), a financial audit is an examination of the financial planning and reporting process, the conduct of financial operations, the reliability and integrity of financial records, and the preparation of financial statements. Such a review includes an assessment of the systems of internal controls related to financial functions.

Generally, it can be concluded that a properly conducted audit is organized to cover adequately all aspects of the organization as they are relevant to the financial statements subject to examination. Further, the auditor has to ensure that information contained in the underlying accounting data and other source data is reliable and sufficient as the basis for the preparation of the financial statement.

According to Millichamp (2002), the objectives of auditing are to produce a report by the auditor of his opinion of the truth and fairness of financial statements so that any person reading and using them can have belief in them. Additionally, to disclose faults and deceptions, to prevent faults and deception by the deterrent and moral effect of the audit. On the other hand auditing plays vital role to provide spin off effects. The auditor enabled to assist his clients with accounting, systems, taxation, financial, risk management and other problems.

In general, based on this scholar's finding we can conclude that auditing is a crucial instrument for monitoring and controlling of budget implementation as it is the essential part of the system of accountability and oversight in that it ensures compliance of operations with regulations, rules and procedures.

2.6.3. Types of Auditing

According to (Shekhar and Lekshmy, 2003), auditing is an examination carried out by the employees specially appointed for the purpose by an organization. Further, it is defined as an appraisal activity, independent of other activities, within an organization.

As the study conducted by Chartterjee (1988), reveals that there are two types of auditing. These are internal and external audit. Initially, as the study identified internal audit is an important component of financial controls. It is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance process. Overall, internal audit system normally predicts a continuous audit carried on throughout the year, as opposed to the periodic audit carried on by the external auditors.

Secondly, this study further revealed that an external audit is the independent examination and expression of opinion on the financial statements of an entity. It covers only those operations that have contribution at the financial results and the performances of the organization.

2.6.4. Principles of Auditing

According to Chartterjee (1988), there are some basic principles that govern the auditors. The first principle is integrity, objectivity and independence. As stated by the author the auditor should be straightforward, honest and sincere in his/her approach to his/her professional work. The second principle is Confidentiality. Confidentiality states that the auditor should respect the privacy of information acquired in the course of his work. On the other hand the auditor ought not to disclose any such information to a third party without specific authority or unless there is a legal or professional duty to make it known. Thirdly Skill and competence are the other

principles that govern the auditors. According to this principle, the audit ought to be performed and the report prepared with due professional care by competence in auditing

The other basic principle that governs the auditors is documentation. As this principle states that the auditor is supposed to document matters which are important in providing evidence that the audit was carried out in accordance with basic principles. Furthermore, planning is also the extra principle that governs the auditors. As it can be implied that from this principle, the auditor ought to plan his work in order to make possible himself to conduct an effective audit in an efficient and timely manner. As it is inferred from the study that plan has to cover among other things involved in the activities either directly or indirectly. With regard to this inspiration planning involves various activities such as ;acquiring knowledge of the clients' accounting system, policies and internal control procedures; establishing the expected degree of reliance on internal control; determining and programming the nature, timing and extent of the audit procedures to be performed; and coordinating the work to be performed. Additionally, evidence is the other principles. As it can be inferred from this principle that the auditor must obtain sufficient and appropriate audit evidence through the performance of compliance and substantive procedures as to draw reasonable conclusions there from on which to base his opinion on the information. Finally, conclusion and reporting are the last basic principles of auditing. As this principle states that the auditor should review and assess the conclusions drawn from the audit evidence obtained as the basis for the expression of his opinion on the information.

2.6.5. Internal Financial Control

As (Harrison and Horngre ,2008), stated that an internal control is a system of methods and procedures designed to protect assets ensure reliable accounting records promote efficiency and encourage adherence to school policies internal controls can be grouped into two categories. These are administrative controls and accounting controls. As the study states that administrative controls are designed to promote operational efficiency and adherence to school policies.

On the other hand accounting controls are designed to protect school assets and make sure accurate and reliable accounting records. An effective system of internal control has four characteristics.

At first, Competent and reliable personal. As it can be understood from the investigation that paying competitive salaries training thoroughly and providing adequate supervision help to promote competence. Subsequently, assignment of responsibility. This states that all school duties to be performed should be identified and responsibility for the performance of those duties must be assigned to appropriate the public. Thirdly, proper authorization. This system of internal control tells us that a school generally has a written set of rules that outlines approved procedures. As the study illustrates that proper authorization must be obtained for departure from standard policies. The last effective system of internal control is separation of duties. This implies that separation of school duties is designed to limit the possibility of deception or theft in the handling of assets. As it can be understood from the finding that the school has to separate operation from accounting, separate custody of assets from accounting, separate authorization of transaction from the custody of related assets & separate duties with in the accounting function.

Auditors are employees of the school and external auditors: are employed by public accounting schools. The positive effects of internal control are a computer system is increased reliability, speed and efficiency. The negative effects includes, lack of flexibility and possible outsider access to confidential information. The limitation of an internal collusion and the resources that school principal devotes to the system. Collusion between two or more people working together to defraud the school may go undetected by the system of internal control.

Generally, with regard to all these motions it can be concluded that auditors are evaluating the system of internal control to estimate the reliability of the accounting system. Furthermore,

auditors also help to spot areas where improvement in internal control can be made internally. An accounting information system is the combination of people, procedures and cost records that the school uses to meet its needs for financial information. Mostly nowadays, computer use the school information system. Accounting information system has its design stage once the system design is accepted, a system installation proceeds. Installation includes training employees, local testing of the system and modifying it when necessary (Harrison and Horngrae, 2008).

2.7. Financial Management in Ethiopia schools

Educational institutions have democratic, professional, coordinated, efficient and effective to manage their financial resources. As it is stated by the report of MoE (1994), in education and training policy, educational management should be democratic, professional, coordinated, efficient and effective. As it is implied from the report, educational management was decentralized to create the necessary condition to expand, enrich and improve the relevance, quality, accessibility and equity of education. It also states that the financing of education ought to be just, efficient and appropriate to promote equity and quality of education. The finance of school that is managed by the school governing body such as PTSA, school board, principals, accountants, and cashier manipulate the activities of managing finance and present timely report for the concerned body.

As this report reveals that the schools manage the finance of non-salaries and capital budget. The WEO finance budget plan starts from schools while schools present their budget plan for WEO. As this report shows that the budget preparation involves three tasks. These include; the listing of plan of activities in unit cost, program review and work plan development. Schools report finance issues to staff and parent of student and finance matter after evaluating by school board to WEO monthly. The WEO coordinating with WFEDO audit twice a year.

Generally, as it can be inferred from the report in Ethiopia the sources of finance for education are government, internal income of school itself, private investor, community participation and NGO. Community contribution is an important source of finance for schools.

2.8. Decision making in financial management

The financial management has sequential stages in order to make appropriate decisions on financial resources. The first stage in the process of financial management is securing or the acquisition of resources. So, the major source of educational finance is the budget share or the annual appropriation to the school system. The budget amount is directly related to the number of students. The second stage in making financial decision is allocation of the required budget.

The allocation of the required budget depends on the capacity of the educational institutions to make use of it. A basic budget plan shows the amount that is expected to spend on each individual budget heads. The budget head is given on the basis of activities of the education system such as teaching, non teaching staff and other educational materials.

The other aspect of financial management process is putting the allocated budget it into practice and itemized budget heads i.e., the budget plan in to operation. This important process encompasses managerial activities like staffing, timing and procuring supplies. Financial management also requires monitoring the budget regularly throughout the year in order to compare the budget amount with the actual expenditure and evaluating the budget. It is clear that the concept management itself is a series of cyclical activities that have to be under taken throughout the year in the organization. Financial management is a part of managerial activities, which involves financial resources. Every school principal is responsible for identifying financial problems and analyzing the alternative courses of action available to educational institutions

In relation to this, Mbama (1992) indicated that, the financial manager normally has the responsibility of the implementation of management decision as well as the administration of the day-to-day financial transactions. The financial manager's administrative duties include primarily the supervision of cash flows. He/she is often a part of top management and as such he/she is involved in the major decisions of the organization. Financial management is, therefore, the operation where by an organization ensures that available funds are used for the achievement of its objectives. In this context the coordination and control of the expenditure of the funds available as an appropriation and spent within a given time period in the organization are part of the management process, of course, there may be variations between the system and the rules theoretically set and the actual practice.

2.9. Sources of Finances in Ethiopian Schools

(Dash and Nena ,2008) describes that the sources of finance in school government grants are received from state and central government for different components. As this investigation dictates that school may receive assistance from other agencies such as UNICEF, and World Bank for certain plans and projects which are received through the state government. On the other hand schools receive finance and contributions from bodies such as municipalities, parents, community members and business houses for organizing; various programs, income, purchase of equipment, construction of school building or extension of building. Furthermore, donation income includes assistance from religious and charitable agencies; school's landed properties, and various NGOs. Not only this but also every school collects some fees from students as per state rules .Such fees include admissions fees, tuition fees, and fees for various activities. Schools may also have other sources of income. These sources include income from sale of fruits and vegetables produced in the school's garden.

Over all, based on this matter we can conclude that in Ethiopia the sources of finance for education are government, internal income of school itself, private investor, community participation, various agencies and NGOs.

2.10. The Role of School Principals on Financial Management

According to (Leithwood and Stainback, 1995), school principals have responsibilities and duties of their positions; they often find it difficult to keep abreast of changing policies and practices.

(Sagor and Barnett ,1994) agree that policies and guidelines are essential, because they help to make or determine appropriate actions. These policies and guidelines become the working norms of the school rather than formal board policies or statements of operating procedures. Typically, they dictate what will not be tolerated in reaching the mission. (Murphy and Louis ,1999) refer to the popular trend of delegating the management of school funds to school principals and PTAs as an increase in the allocation of decision-making, school-based management and participative decision-making.

According to Earley (1999), School principals and PTSA members should be empowered to understand and supervise school resources. Earley maintains that school principals should work

with their PTSAs in the financial matters dealing with budgeting, purchasing and in managing school resources. In addition to this,(Tsukudu and Taylor ,1995) stated that the adequate training for school personnel was very essential to manage schools resources effectively.

According to Earley (1999), school principals need not necessarily be financial experts or accountants, but it is believed that they should be knowledgeable enough to keep on top of the school's budget and accounting process and knowledgeable enough to speak and understand the relevant language.

One of the biggest changes that have taken place in educational management since 1994 is the local management of the school fund, for example, by the school governing body, financial committee and the school principal. This has given schools much more freedom in managing their own affairs and opened the door to better ways of managing the school fund Dean (2004).

There is a considerable delegation within the schools, with individuals being responsible for the budgets for their departments. Each department thus becomes a cost centre with its own budget and responsibility for spending (Berkhout, 1992; Herman, 1994 and Brock and Grady, 1995). This means that not only principals, but also the heads of departments and subject heads must become knowledgeable about the management of their school resources. It also means that there must be clear systems for dealing with the school budget and which cover the way money is allocated, the way that school accounts are kept and the way spending is monitored. These systems are not only needed by principals but by all the members of staff who have a budget responsibility Dean(1993). Principals should encourage discussion within departments about budget spending so that all members of the staff are aware of and have a say as to how the school budget is administered (Berkhout,(1992 and Zymelman,1973).

2.11. The Role of Parent –Teacher –Student Association (PTSA) Members on Financial Management

The first step in organizing school finances is to institute the school governing body, which in turn appoints the school financial committee. Both bodies are prescribed by legislation (MOE, 2002).The parent teacher and student association is made up of parents of the learners at the school, teachers, students and local community. People from the community may be co-opted as parent, teacher and student association members. For example, an expert on financial

matters may be co-opted in the finance or fund (MOE, 2002).The parent, teacher and student association is an important element of democratization in education. Therefore it is essential that the parent, teacher and student association work closely with the school principals as school financial managers.

The parent teacher and student association should assist principals in administering the school finances; with fund-raising projects; to establish a school fund account; and to administer it in accordance with the guidelines. They prepare the school budget each year that shows the estimated income and expenditure and is presented to the general parent's meeting for approval (Correia, Flynn, Uliana and Wormald, 2003).The parent, teacher and student association should find ways of obtaining enough money for the school by approaching business people to sponsor school activities; asking parents to contribute as they want; and organizing fundraising projects for their schools., allows the Parent-Teacher-Student-Association to use the school hall for fund-raising. The money raised by the school is paid into the school account. The school finances should be administered in terms of the rules drawn up by (MOE, 2002).

The guidelines on school financial management indicate that the school principals and Parent-Teacher - Student association should open and maintain a single bank account in the name of the school at a registered bank. Nobody is allowed to keep money or deposit it into a bank account other than the one that exists in the name of the school. The Parent- Teacher - Student - Association should look after school property. Principals are not free to use the school finances as they please and money donated to the school should be used for educational purposes only (MOE, 2002).

2.12. Monitoring and Evaluation in Managing Finance

As the research conducted by Chadwick (2002), shows that during the period of actual budget operation, records on the use of money or resources consumed and the actual outputs are kept. Not only this but also, evaluation is made on efficiency and effectiveness of the school .As this, internal auditing procedures, external auditing procedures and information is necessary. Budgets have to be coordinated, monitored and reviewed.

According to this report monitoring is the periodic oversight of the implementation of an activity which seeks to establish the extent to which input deliveries, work schedules, other required

actions and targeted outputs are proceeding according to plan, so that timely action can be taken to corrected efficiencies detected. Moreover, the report defines evaluation as a process which attempts to determine as systematically and objectively as possible the relevance, effectiveness, efficiency and impact of activities in the light of specified objectives.

With regard to this matter financial planning alone would not be adequate to bring about desirable result, unless modern techniques of monitoring and evaluation are applied. As mentioned by Corbally (1997), there are three important procedures which are helpful for assuring of the legality, accuracy and efficiency of financial resources. These are accounting, auditing and reporting. Initially, accounting involves complete and accurate recording, classifying and summarizing of all the transactions of finance. From this it is possible to understand that accounting helps in a better analysis of financial facts and the importance of accounting and its necessity is well expressed. On the other hand as it is implied from the study accounting is essentially the maintenance of records of the receipt and expenditure transactions of an enterprise .Furthermore, accounting creates a running record of the fiscal affairs of an enterprise and should enable to financial position to be ascertained at any time.

Moreover, Corbally (1997), also states that auditing is a formal examination and verification of the accuracy of the accounts maintained in the accounting system of an enterprise. In addition to this, the function of auditing is to examine the fiscal efficiency. Not only this but also, it protects the system and the personnel from illegalities, losses and improper expenditures.

As Nieman and Bennett (2002), report shows that in the case of financial management there are two kinds of reporting. The first is internal reporting which is made for those responsible bodies in the office and the other is the report made for public or government to describe the financial status of the system relating with the education objectives. As the report tells us that this is the final procedure of accounting and auditing.

2.13. Challenges of Financial Management in Public Secondary Schools

As the research conducted by Barasa (2009), cited in Sheberu (2015), identified that challenges of financial management in public secondary schools could be related to financial planning, financial reports and financial controls. The study recognizes that, efficient management of financial resources is an important task for head teachers.

The study also reveals that without adequate financial resources, institutions are not able to carry out their defined tasks effectively. Money must be available to run the different departments of the school. The available funds will be used to purchase the required teaching and learning apparatus such as chalks, textbooks, paying of the support staff and building and improvement of infrastructures.

Further, Okumbe (2001), states that financial management in education is concerned with the cost of education, sources of income to meet the educational costs and the spending of the income in an objective manner in order to achieve the educational objectives. However, educational managers are being challenged to justify their financial requests in terms of educational programs rather than the costs, if education has to compete equitably for public funds. As it can be implied from the report, in the preparation of the budget, the principal or head teacher ought to look for the cooperation of the parents, the teachers and other school employees. Financial planning involves aspects of accounting which involves the overall process of identifying, measuring, recording, interpreting and communicating the results of economic activity; tracking business income and expenses and using these measurements to answer specific questions about the financial and tax status of the business which is basically a system that provides quantitative information about finances (Okumbe ,2001).

Cole and Kelly (2011), define planning as the formalization of what is intended to happen at some tie in the future; concerns actions taken prior to an event, typically formulating goals and objectives and then arranging for resources to be provided in order to achieve a desired outcome.

In connection to this planning leads to budgeting which is a statement usually expressed in financial terms, of the desired performance of an organization in the hobby of its objectives over a specified period. A budget is an action plan for the immediate future, representing the operational and strategic end of the corporate planning chain.

Thus this study further stated that principals, PTSA members, and school Board Committee individuals are responsible for managing budgets, should participate in their formulation, and ought to be flexible to change themselves if conditions arise with regard to budget management. This in other way does mean that budgets should be seen as means to an end, and not end in them.

As Cole and Kelly (2011), report reveals that financial reports usually need accounting and its products such as an organization's annual report as a basic foundation for decisions and activities. Connected to this matter organizations have to follow specific rules and layouts of presentation for their annual reports and financial statements. The key accounting event for any organization is the publication of the annual report which records the financial performance over yearly document.

On the other hand these scholars also identified that organizations may create and adopt a number of statements to communicate the corporation's view on the subject of ethics. They stipulated common issues in business ethics to be included are accountability, business conduct compliance with the law, competitive conduct, and corruption and bribery conflicts of interest. The existence of a code of practice in ethics, supported by senior management and made a natural feature of a company's culture, will enable better distinctions to be made between what is acceptable business practice and what is sharp practice.

According Boddy (2011), report shows that financial control process incorporates four elements. These are setting objectives or targets, measuring actual performance, comparing this against the standard and finally taking action to correct any significant gap between the two. Therefore as it can be concluded from the finding that controlling is the counterpart of planning, the process of monitoring activities to ensure that results in line with the plan and taking corrective action if required.

Generally, the finding revealed that controls can encourage behavior that is not in the best interests of the organization can encourage people to supply the system within accurate information. Consequently; people will resist controls that they feel intimidate their ability to satisfy their needs from work. Therefore financial management in schools is at a crisis and research needed to be carried and help in suggesting strategies for the way forward.

CHAPTER THREE

3. Research Design and Methodology

This chapter discussed about research methodology that was employed to achieve the objectives of the study. It also presents the sound decisions that shaped the thesis and the characteristics of participants in addition to how they were selected. How the instruments of data collection were developed and employed is also directed in this chapter. The chapter also includes research design, data sources, sampling and sampling techniques, instruments for data collection methods of data analysis and ethical consideration.

3.1. Research Design

This study employed descriptive survey design of research to conduct the study, because this method is used to obtain information relating to the existing status of an issue or phenomenon and to describe what exists within the variable or conditions of the situation. Hence, a descriptive survey research was used to investigate the practices of financial management in Secondary schools of Hababo Guduru Woreda. Hababo Guduru woreda found in Oromia regional state in Horo Guduru wollega zone. Horro Guduru Woreda has ten woreda and I selected Hababo Guduru Woreda for my research. Further, this design helps to gather various kinds of data using data gathering tools such as questionnaire, interview and document analysis.

Moreover descriptive survey design helps to interpret, synthesize and integrate data and points out their implications. Overall, it can be used to obtain information about the current status of the phenomena and the existing financial management practice in secondary schools (Khan, 2004).

3.2. Sources of the Data

Primary and secondary sources of data were used for this study. Primary data were collected from principals, school accountants, treasurers, PTAs, School supervisors, Hababo Guduru Woreda education office head, Education Office Supervision Groups, Hababo Guduru Woreda Finance Office Head, Hababo Guduru Woreda Finance Plan and Budget Experts and School Department Heads. The researcher was involved informants in this study because they have adequate information as they were either directly or indirectly responsible in each school for

financial activities. The researcher also focused on these informants expecting that they would provide relevant information for the study.

Secondary data sources were obtained from the documents of the schools at the study area. This study analyzed relevant documents like minutes, purchasing procedure, Model 19 and 22, financial reports such as ; expenditure report and auditing report, balance sheet, income sheet, Woreda Education Office Financial Reports, Woreda Finance Economic Development Office Reports and Regional Budget Proclamations.

3.3. Sample Size and Sampling Techniques

Five secondary schools of Hababo Guduru Woreda were selected as area of the study , these areas were not studied on budget before in the problem understudy. The schools were Dedu preparatory school, Dedu High School, Kawo secondary school , Kubsa secondary school and Kenate Secondary School. These schools were selected using available sampling technique. The reason was that, they were found in the Woreda and easy to reach all. The total number of samples was 105 drawn from different groups of respondents of secondary schools of the woreda as specified earlier. From this, twelve principals, nine accountants, seven treasurers, thirty seven department heads, five education office supervision groups, thirty PTSA members, one education office head, one finance office head, two finance plan and budget experts and one school supervisor.

The above informants were selected because they were having responsibility with the administration of budget allocated for public secondary schools. The sampling technique used to select the participants is simple random sampling method. These participants have been involved in the issue of financial management and they were expected to have detail knowledge of the problems in this study.

Table.1.Population and Sample size drawn from schools of the study

No	Schools	Respondents																	
		principals			Department heads			Accountants			Treasurers			education office supervision group			PTSA		
		Population	sample	Percent (%)	Population	sample	Percent (%)	Population	sample	Percent (%)	Population	sample	Percent (%)	Population	sample	Percent (%)	Population	sample	Percent (%)
1	Dadu prep.	3	2	66.7	11	7	63.6	3	2	66.7	2	2	100	3	1	33.3	11	9	63.6
2	Kenate	2	2	100	11	7	63.6	3	2	66.7	2	2	100	2	1	50	9	6	55.6
3	Dedu	4	3	75	15	12	80	3	2	66.7	2	1	50	3	1	33.3	11	9	63.6
4	Kubsa	2	2	100	5	4	80	3	1	33.3	2	1	50	2	1	50	11	5	45.5
5	Kewo	3	3	100	9	7	77.8	3	2	66.7	2	1	50	2	1	50	9	6	66.7
Total		14	12	85.7	51	37	72.6	15	9	60	10	7	70	12	5	41.7	51	35	68.6

3.4. Instruments of Data Collection

Data collecting for this study were qualitative and quantitative. The main data gathering instruments of this study were questionnaire, interview and document analysis.

Quantitative data was collected by using questionnaire while qualitative data were collected using interview and document analysis design . The use of both methods of data collection helped the researcher for triangulating necessary to strengthen authenticity of sources information.

3.4.1. Questionnaire

Both close-ended and open-ended questionnaire items were constructed to collect information from principals, accountants, treasurers, department heads, education office supervision groups and PTSA members. This was mainly because questionnaire was a major instrument to collect information from the data sources of the study. Primary data from the above listed respondents were collected from secondary schools to achieve practice of financial management. The researcher prepared this questionnaire in English before they were distributed to the informants of the study. For their validity, the questionnaires were commented by advisors before their distribution for the respondents. Based on the comments given; the questionnaire was modified and some vague questions were also restructured.

In addition to this, a pilot test was conducted involving non sample respondents of four principals, two accountants, two treasurers, seven department heads, four Woreda education office supervision groups, seven PTSA members, one WEO heads, one WFEDO and two Woreda finance plan and budget experts. For this purpose, Dedu preparatory and Dedu secondary schools were purposively selected, which was nearest to the researcher working site. The main aim of this pilot test was to assure the validity and to evaluate the clarity of the questions based on the response of the pilot sample by avoiding ambiguities and making relevant amendments.

3.4.2. Interview questions

In this study, interview was undertaken in the form of person-to-person encounter using semi-structured questions.

The interview helped to counter check the information already obtained from the questionnaire which was prepared to exploit greater depth of response since the participants were encouraged to answer in their own words. Based on this the source of data interview were prepared for two Woreda finance plan and budget experts, one Woreda finance office head, one Woreda education office head, one school supervisor and six principals. The prepared interviews guide were verified and checked by advisor for its authenticity to be used in this study. The interview was aimed at eliciting information on the financial management practices of the schools. All the interviews were conducted in English Language and their items were prepared for cross checking and substantiate the results of the questionnaire. Interview provided detailed information for the researcher sets out to collect some fascinating contextual or other information Wisker(2001).

3.4.3. Document Analysis

Document analysis was made to secure pertinent information and to know whether there was set of standards of financial management or not. Further, document assessment helped to evaluate and compare the standards set with actual performance and to triangulate the data collected through the other tools. Overall, the data were searched from different documentary sources like the Woreda education office budget report, Woreda finance office, for validating the research findings.

3.5. Methods of Data Analysis

Both quantitative and qualitative data analysis methods were employed in order to answer the research questions and to attain objectives of the study.

The quantitative data that were collected through closed-ended questionnaire were tabulated and analyzed by using the Frequency and Percentage. The data gathered through open-ended items of the questionnaires and interviews were analyzed qualitatively.

Hence the data collected through interview, open ended questionnaires and secondary data were analyzed and interpreted in the form of narration. Based on the data analysis, interpretations were made to reach certain findings i.e. answer the basic questions of the study.

3.6. Ethical Consideration

An official letter was written from EDPM department of Addis Ababa University to respective woreda's office for the facilitation of the study. Oral and written informed consent was secured from study participant before data collection. The purpose of the study was explained to the study subjects and participation was on voluntary basis. Study participants was clearly informed that they can withdraw from the study at any time if they needed to do so. In this thesis relevant literatures was thoroughly reviewed and all sources or materials used for this thesis was properly acknowledged. The right of each respondent to refuse or answer for few or all questions was respected. Names of study participants were not mentioned in the study report to ensure confidentiality.

CHAPTER FOUR

4. Data Presentation, Analysis and interpretation of Data

Under this chapter, data and information collected from respondents were presented, analyzed and interpreted. The results of quantitative and qualitative analyses that were conducted to address specific objectives of the thesis were discussed in this chapter. The first section of this chapter provides the real collected quantitative and qualitative data of the sample distribution and personal characteristics of the respondents. The second part dealt with the analysis and interpretation of the data acquired through questionnaire, interview and secondary sources regarding practices of financial management in Hababo Guduru Woreda Public Secondary Schools.

Questionnaires were distributed to twelve principals, nine accountants, seven treasurers, thirty seven Department Heads, five Education Office Supervision groups, thirty five PTSAs. Among 105 questionnaires, 98 were completed and returned.

In addition to these, an interview was successfully conducted with eleven interviewees; namely, six school principals, one school supervisor, one Woreda Education Office Head and one Woreda Finance Office Head and two Finance Budget and Plan Experts. The responses given to each of the questions were analyzed and interpreted. Most of the data gathered were tabulated followed by discussion and interpretation in line with the basic research questions.

4.1. Characteristics of Respondents

This sub-section treats the profile of the respondents with regard to their age, sex, occupation and level of education. Understanding about the overview of the respondents and characteristics was important for further analysis of their responses. Hence attempts were made to describe the background of the respondents which directly or indirectly related to the objectives of the study.

Table 2.respondents by Sex, Age, Academic Qualification and years of service

No	Items	Categories	Respondents											
			P		A		T		DH		EOSG		PTSA	
			N	%	N	%	N	%	N	%	N	%	N	%
1	Sex	Female	3	25	2	22.2	2	28.6	9	25.7	2	40	11	36.7
		Male	9	75	7	77.8	5	71.4	26	74.3	3	60	19	63.3
		Total	12	100	9	100	7	100	35	100	5	100	30	100
2	Age	Below 25	...	....	2	22.2	3	42.9	....	....	...	.....	7	23.3
		26-35	4	33.3	4	44.4	4	57.1	16	45.7	2	40	10	33.3
		36-45	5	41.7	3	33.3	...	.....	7	20	2	40	5	16.7
		46-55	3	25	...	....	...	....	7	20	1	20	3	10
		56 and above	..	....	...	.....	..	....	5	14.3	...	...	5	16.7
		Total	12	100	9	100	7	100	35	100	5	100	30	100
3	Qualification	Diploma	...	....	6	66.7	4	57.1	...	....	...	....	6	20
		1 st Degree	6	50	3	33.3	3	42.9	25	71.4	5	100	12	40
		2 nd Degree	6	50	...	....	...	...	10	28.6	...	....	6	20
		grade12and below	...	....	...	.....	...	.....	...	....	...	....	6	20
4	Service year	1-5	...	.....	2	22.2	...	.....	10	28.6	...	.....	6	20
		6-10	4	33.3	7	77.8	4	57.1	13	37.1	2	40	10	33.3
		11-15	5	41.7	...	.....	3	42.9	9	25.7	1	20	9	30
		16-20	...	....	...	.....	...	....	2	5.7	1	20	3	10
		21and above	3	25	...	....	...	.....	1	2.9	1	20	2	6.7

Note; P= principals, A=Accountants, T=Treasurers, DH= Department heads, EOSG=Education Office Supervision Groups and PTSA= Parent-Teachers-students-Associations

Concerning sex, out of the total twelve principals respondents, which is 3(25%) of female and 9 (75%) of male. As it can be inferred from the table this statistical data shows that the lack number of females represented in public secondary school of Hababo Guduru Woreda.

With regard to PTSAs respondents, out of the total 30 PTSAs, 19 (63.3%), while 11 (36.7%) of them were male and female respectively. From this, one can verify that gender inequality shows

to represent women in budget management positions is low, compared to male. With consider to the sex of accountants as it can be seen from table 1 that 7(77.8%) of them were male. On the other hand, 2(28.6%) of the treasurers was female while 5(71.4%) of the treasurers were male. Furthermore, 9(25.7%) of the department heads were female while 26(74.3%) of them were male. In indication to Education Office Supervision Groups, 2(40%) of them were female where as 3(60%) of them were male. In general based on the information specified in table2, it can be concluded that there is a male domination work habits in the position of financial management.

With reference to their age majority of the principals were found between the ages of 26-45 years. This implies that many individuals do not want to be principals or vice principals after 45 years. This is because of that the salary they get at their position after 45 years and what they are paid when coming to principals or vice principal position is not balanced. This situation can finally lead to lack of principals having more skill in budget management.

As revealed in Table 2, the age distribution of the respondents discloses that PTSAs, 10 (33.3 %) were found to live ages between 26- 35, 7(23.3%) of them were found to live below 25 years while 5(16.7%) of the PTSAs members were above 56 years. In other way, 2(22.2%) of the accountants was below 25 years while the average (38.85%) of them were between the age of 26-45 years. What is more, 3(42.9%) of the treasures was below 25 years old while 4(57.1%) of them were found to live between 26-35 years as it can be seen from table 3. About the age of Department Heads, 16(45.7%) of them were found between 26-35 years, 7(20%) of them were found between 36-45 years, 7(20%) of them were between 46-55 years while 5(14.3%) of them was 56 and above years as stated in the table. On the subject of the age of Education office supervision groups, 4(80%) of them were found between 26-35 and 36-45 age respectively.

By and large, from the table it can be summed up that majority of the respondents' age ranges between 26-45 years as stated in table3. This implies that those middle age professionals and PTSAs members are found in budget management .

About the qualifications of the respondents, 6(50%) of principals were degree graduates while the rest of principals hold second degree graduate. Furthermore, 6(20%) of PTSAs respondents had diploma graduates while 12(40%) of them were first degree graduates, 6(20%) of them were second degree graduates and 6(20%) of them were identified as under grade 12 and below

certified. In addition to this, 4(57.1 %) and 6(66.7%) of the treasurers and accountants were diploma graduates respectively where as 3(42.9%) of the treasurers were degree graduates. On the other hand 25(71.4%) of the department heads and 5(100%) of education office supervision group were first degree hold graduates respectively while 10(28.6%) of the department heads were found as second degree graduates at the study area.

According to the service years, the majority of the PTSAs, i.e. 19 (63.3%) of them have served for below 15 and above 6 years respectively. In addition to this 6(20%) of the PTSA members have service of 1-5 years while 3(10%) of them have service of 16-20 and 2(6.7%) of them have a service of 21 and above years respectively.

With reference to service years of principals; majority (75%) of them have a service of between 6-15 years as it can be seen from table 3 while (25%) of them has 21 and above service years. Related to service years of accountants and treasurers; 67.45% of them have a service of 6-10 years. On the other hand 2(22.2%) of accountants have a service of 1-5 years while 3(42.9%) of treasurers has service of 11-15 years. In terms of service years of department heads; 23(65.7%) of them have service of 1-10 years, 9(25.7%) of them have 11-15 service of years, 2(5.7%) of them have a service of 16-20 years and 1(2.9%) of them has 21 and above service of years respectively. Further, 3(60%) of education office supervision groups have above 11 years of services at the same time as 2(40%) of them have a service of 6-10 years.

From these findings, most of the positions which required first and second degree were occupied by qualified employees even though they are less experienced. As well it could be concluded that higher age and maturity level of the respondents influence budget management in education in multi directions.

4.2. Sources of Budget and Approved Annual Budget

Table 3. Sources of Budget and Budget approved

No	Items	response	Respondents											
			P		A		T		DH		EOSG		PTSA	
			N	%	N	%	N	%	N	%	N	%	N	%
1	Is school annual budget known ?	Yes	10	83.3	7	77.8	5	71.4	23	65.7	4	80	13	43.3
		No	2	16.7	2	22.2	2	28.6	12	34.3	1	20	17	56.7
2	percentage of budget was approved in 2004 E. C. as compared to that of budget requested	91-99%	..	...	...	...	...	...	...	...	...	...	...	...
		71-90%	3	25	3	33.3	2	28.6	10	28.6	1	20	7	23.3
		50-70%	9	75	6	66.7	5	71.4	25	71.4	4	80	23	76.7
		Below50%
3	The amount of budget approved for your school to implement your annual plan of the school	Excess	..	...	...	...	...	...	5	14.3	...	...	6	20
		Adequate	..	...	...	...	...	...	3	8.6	1	20	7	23.3
		Inadequate	12	100	9	100	7	100	25	71.4	4	80	15	50
		I don't know	..	...	...	...	...	...	2	5.7	...	....	2	6.7
4	In what period of the year your school budget is released from Woreda education office	1 st quarter	..	...	...	...	...	...	7	20	2	40	6	20
		2 nd quarter	12	100	9	100	7	100	28	80	3	60	22	73.3
		3 rd quarter	..	...	...	...	...	...	...	..	...	...	2	6.7
		4 th quarter
5	What are the main sources of finance in your school	Government	9	75	8	88.9	7	100	29	82.9	3	60	23	76.7
		Private and different aids	...	.....	...	.....	...	.....	...	...	...	.....	...	.....
		Parents	3	25	...	...	...	...	6	17.1	2	40	7	23.3
		Internal incomes	..	...	...	...	...	...	...	...	...	.....	...	...

Note: P= principals, A=Accountants, T=Treasurers, DH= Department heads, EOSG=Education Office Supervision Groups and PTSA= Parent-Teachers-students -Associations

As indicated in the first item of table 3, that 10(83.3%) of principals, 7(77.8%) of accountants, 5(71.4%) of the treasurers, and 23(65.7%) of Department Heads, 13(43.3%) of PTSA members and 4(80%) of Education Office Supervision Groups responded that the school annual budget is

known. This implies that the budget allocated for the school is known to majority of the individuals which plays great role for the transparency of the budget to be owed by the school.

As it can be seen from the second item of the table that is 3(25%) of principals, 3(33.3%) of accountants, 2(28.6%) of treasurers and 10(28.6%) of department heads, 7(23.3%), 4 (23.5%) of PTSA members and 1(20%) of Education Office Supervision Groups respondents responded that the percentage of budget approved covered only 71-90% of the financial plan demanded.

On the other hand, 4(80%) of Education Office Supervision Groups, 23(76.7%) of PTSA members, 9(75%) of principals, 6(66.7%) of accountants, 5(71.4%) treasurers, and 25(71.4%) of department heads respondents responded that the percentage of budget approved covered 50-70% of the budget requested. This demonstrates that in effectiveness of budget was a serious crisis, which causes failure to finish the work planned to be done.

According to item 3 in table 3, that is all of principals, all of accountants, all of Education Office Supervision Groups, and all of treasurers respondents responded that the amount of budget approved was inadequate. In the same way, 25 (71.4%) of department heads, 4(80%) of Education Office Supervision Groups and 15 (50%) of PTSA members responded that the amount of budget approved was inadequate. In contrast to this 5(14.3%) of department heads, and 6(20%) of PTSAs, the respondents replied that the amount of budget approved was excess while 3(8.6%) of the department heads, 1(20%) of education office supervision groups, and 7(23.3%) of PTSA members respondents responded that the amount of budget approved was adequate. On the other hand 2(5.7%) of department heads, and 2(6.7%) of the PTSA members respondents responded that they do not know the amount of budget approved for their school to implement annual plan of the school.

As interview carried out identified, the majority of interviewees disclosed that the approved budget for secondary schools was a good deal less than their request. This expresses that it may influence utilizing the scarce resources and the total teaching and learning process in that inadequate facility are the results of scarcity of finance.

The above finding is supported by Jefferson (2003) states that, adequate financial support emphasizes every features of educational activity.

Consequently, school finance is generally referred to as a backbone of school plan. Since all other properties are the exchange of financial resources which purchase educational materials. For the same item the researcher interviewed, finance plan and budget experts and finance office heads replied that our office has responsibility to allocate government budget for Woreda sector offices including government secondary schools.

Furthermore, the ways of allocating finances are, each sector office formulates its budget proposal based on the budget ceiling and the instruction it received from our office. As any sector office of Woreda, the Woreda education office prepares budget proposal in consultation with the schools in the Woreda. The schools do not directly participate in the budget preparation.

The Woreda education office asks the schools about their needs and plan for the next fiscal years. The sector office sends their budget proposal along with the implementation plan to the town finance office. The WFEDO evaluates and argues the budget plan with each sector office requesting the sector office to revise its plan and budget if it finds it necessary.

After it received all revised the budget plan, the WFEDO combines the budget request preparing a summary of budget request. Then after the WFEDO sends the consolidated of the budget and the summary to Woreda Cabinet for endorsement. The Woreda cabinet reviews and discusses and then approved by the Woreda council meeting.

Supported on this reason, budget allocation in our Woreda is a great proportion of government expenditure is used for recurrent items, and along with the recurrent expenditure, about 95 percent is used for teachers' and non-teachers' salaries whereas the remaining 5 percent is allocated to other quality improvement events, such as teaching and learning materials. For the reason that of this, the amount of none salary budget allocated for schools is not based on student's enrollment, therefore the approved budget was not enough. The above finding was intensifying by document of budget report of WFEDO.

As indicated in table 3 item 4, 7(20%) department heads, 2(40%) of education office supervision groups and 6(20%) PTSA members of the respondents reported that the school budget is released in the first quarter while 2(6.7%) of PTSAs of the respondents responded that the school budget is released in the third quarter. On the other hand, the majority of respondent's that is 12(100%)

of principals, 9(100%) of accountants, 7(100%) of treasurers, 28(80%) of department heads, 22(73.3) of PTSA members and 3(60%) of Education Office Supervision Groups responded that, the budget is released on the 2nd quarter.

This situation generally demonstrates that the budget was released after teaching and learning process in progress in the school and also, after some evaluation was prearranged for students. Further it also entails that delay of budget has a greater impact on purchasing educational materials on time. As a result, there was always a gap between approved budget and actual expenditure.

As depicted in the item5 of table3, 3(25%) of principals, 5(15.3%) of department heads, 2(40%) Education Office Supervision Groups, 7(23.3%) of PTSA members of responded that the main sources of school finance for educational activities was the parents. On other hand,9(75%) of principals, 8(88.9%) of accountants, 7(100%) of treasurers, 3(60%) Education Office Supervision Groups, 23(76.7%) of PTSA members and 29 (82.9%) department heads of respondents respectively responded that the main sources of finance for educational activities was governments.

The above finding was supported by review literature of the study, the educational scheme of Ethiopia has financial sources either from government support providing financial resources to the educational purpose is not only the responsibility of the government, but also the joint responsibility of different groups such as schools, parents, and community (MoE, 1999). In connection to the response, MoE (1999) stated that the policy notifies also clearly indicated that community contributions and involvements in schooling were important means of financing education.

4.3. Competence, Training and Position of Financial Personnel

Table 4: Competence and Training of the Respondents

No	Items	response	Respondents											
			P		A		T		DH		EOSG		PTSA	
			N	%	N	%	N	%	N	%	N	%	N	%
1	current position and field of specialization on budget management	not related	11	91.7	4	44.4	4	44.4	27	77.1	4	80	24	80
		Related	1	8.3	5	55.6	3	55.6	8	22.9	1	20	6	20
2	The mode of training given for the accountant and treasurers	workshop	8	66.7	8	88.9	5	71.4	20	57.1	3	60	21	70
		Seminar	4	33.3	1	11.1	2	28.6	8	22.9	1	20	5	16.7
		lectures	1	8.3	...	....	...	....	7	20	1	20	4	13.3
3	Duration of the job training related to financial management.	from 1 week and below	10	83.3	8	88.9	6	85.6	32	91.4	3	60	28	93.3
		From 1-2 week	2	16.7	...	.....	1	14.3	3	8.6	2	40	2	6.7
		From 2-4 week	...	...	...	.....	...	.....	...	.....	...	...	...	.....
		One month	...	...	...	.....	...	.....	...	.....	...	...	...	.....
		Two month and above	...	...	...	.....	...	.....	...	.....	...	...	...	.....
4	How often do school accountants receive on-the-job training related to their current position	Once in six months	...	...	...	.....	...	.....	...	.....	...	...	...	...
		Once in a year	12	100	8	88.9	6	85.6	1	2.9	1	20	6	20
		Not at all	...	...	1	11.1	1	14.4	34	97.1	4	80	24	80
5	The competence of existing financial officers in your school	high	3	25	2	22.2	2	28.6	5	14.3	3	60	6	20
		medium	9	75	7	77.8	5	71.4	30	85.7	2	40	18	60
		low	...	.....	...	.....	...	.....	---	----	...	...	6	20

As pointed out in item 1 of table 4, 11(91.7%), 24(80%) and 27(77.1 %), 4(80%) , 4(44.4%) of the school principals , PTSA members ,department heads and Education Office Supervision Groups and both treasurers and accountants responded respectively that the position they were assigned was not related to their areas of specialization in which they were working on a position different from their areas of occupation. This implies that the majority of principals, department heads, Education Office Supervision Groups and PTSAs have lack of sufficient knowledge and experience for the work that they are working with regarding to budget management.

What is more, the interview data carried out disclosed most of respondents reported that they had served 1-3 years in their current position. In fact, in the schools, different activities such as participation in continuous professional development, management, environmental protection, preparation of Bazaar and fund rising tasks other than teaching are also done by teachers in the schools.

As it can be understood from the item 2 of the table that 8 (66.7%), 8(88.9%), 5(71.4%), 20(57.1%), 3(60%), and 21(70%) of school principals, accountants, treasurers, department heads, PTSA members and Education Office Supervision Groups respondents respectively replied that they attended that work shop training related to their current position.

On the other hand 4 (33.3%) of principals,1(11.1%)of accountants , 2(28.6%) of treasurers , 8(22.8%)of department heads , 1(20%) of Education Office Supervision Groups, 5(16.7%) of and PTSA members respondents replied that they attended seminar mode of training that related to their current position. This shows that a greater number of the school personnel offered work shop style of training in the area of financial management. In connection with this matter (Mashinini and Smith ,1995) take a similar view and point to the problems inherent in designing training for managers whose previous experience was splited. Furthermore, as expressed by (Mestry and Grobler, 2002) that the training and development of school staff can be considered as the strategically most important process essentially to renovate education effectively.

As indicated in the same table item 3, 10 (83.3%) of school principals, 8(88.9%) of accountants, 6(85.6%) of treasures, 32(91.4%) of department heads, 3(60%)of Education Office Super Vision

Groups and 28(93.3%) of PTSA's respondents replied that attend below one week training related to financial management at the study area. In contrast to this few respondents replied that attend training that ranges from one to two weeks.

Generally it can be understood from this finding that the training offered to these respondents concerning financial management is incompetent and slightly insignificant for it was nearly only for two or three days of a very short work shop training.

As indicated in table 4 item 4, a question was raised to respondents whether or not the school accountants get training related to their current position. In view of that, 12(100%) of principals, 8(88.9%) of accountants and 6 (85.6%) of treasurers replied that the school accountants had trained related to the current position once in a year. Similarly, 1 (20%) of Education Office Supervision Groups and 6(20%) of PTSA members replied that the school accountants had trained related to the current position once in a year as stated in the table. This shows that the school accounts had no adequate as well as potential training with regard to the financial management.

As indicated in table 4 item 5, 3 (25%) of principals, 2(22.2%) of accountants, 5 (14.3%) of department heads, 3 (60%) of education office supervision groups and 6(20%) of PTSA's respondents responded that the competence of finance officers was high. However, the majority, that is, 9 (75%) of principals, 7 (77.8%) of accountants and 5 (71.4%) of treasurers respondents responded that the competence of finance officers was satisfactory. Similarly, 30 (85.7%) of department heads, 2 (40%) of education office supervision groups and 18(60%) of PTSA's respondents responded that the competence of finance officer was satisfactory.

Consequently, it implies that the competence of finance officers in the schools were satisfactory and this implication demonstrates that financial set-up are not used properly; financial regulations of budget process are not obeyed, control and report of budget implementation may not be completed due to the lack of competent accountants and auditors.

The above finding was supported by literature of Van Wyk (2004), who stressed that, if the school personnel are competent and committed the financial management would be effective and vice versa.

Moreover, as the interview conducted with Woreda education head revealed there is capacity gaps at all levels and hence needs to be improved continuously in terms of planning, management, monitoring and evaluation of the education service for effective service provision. However, more importantly, at the school level, said the Woreda Educational Experts and School Supervisors interviewed also revealed similar concerns. There is an urgent need to training principals, accountants and PTSAs as stated.

4.4. Practices and Problems of Budget Management

The practices and challenges of financial management were analyzed below in three sections. Firstly, finance rule and regulation in the schools. Secondly, the practices of budget plan and accounting in the schools, and thirdly, degree of problems of financial management implementation in schools. For this purpose, some major indicators of practices and problems of financial management were presented to respondents .

Table 5. Practices and Problems of Budget Management

No	Items	response	Respondents											
			P		A		T		DH		EOSG		PTSA	
			N	%	N	%	N	%	N	%	N	%	N	%
1	There is the adequacy of rules and regulations in financing education	Strongly agree	--	---	--	----	--	----	--	---	--	----	--	----
		Agree	1	8.3	1	11.1	2	28.6	5	14.3	2	40	3	10
		disagree	11	91.7	8	88.9	5	71.4	30	85.7	3	60	27	90
		strongly disagree	--	---	--	----	--	----	--	---	--	----	--	----
2	Is the schools power in utilizing their internal income without permission from the WOFED?	Strongly agree	12	100	9	100	7	100	28	80	5	100	25	83.3
		Agree	--	---	--	----	--	----	7	20	--	----	5	16.7
		disagree	--	---	--	----	--	----	--	---	--	----	--	----
		strongly disagree	--	---	--	----	--	----	--	---	--	----	--	----
3	Is the schools required staff for finance work assigned in the schools?	Strongly agree	--	---	--	----	--	----	--	---	--	----	--	----
		Agree	11	91.7	1	11.1	2	28.6	5	14.3	2	40	12	40
		disagree	1	8.3	8	88.9	5	71.4	30	85.7	3	60	18	60
		strongly disagree	--	---	--	----	--	----	--	---	--	----	--	----
4	the capacity finance workers in managing the financial activities of the school	Strongly agree	--	---	--	----	--	----	--	---	--	----	--	----
		Agree	3	25	2	22.2	3	42.9	11	31.4	2	40	13	43.3
		disagree	9	75	7	77.8	4	57.1	24	68.6	3	60	17	56.7
		strongly disagree	--	---	--	----	--	----	--	---	--	----	--	----

Note; P= principals, A=Accountants, T=Treasures, DH= Department heads, EOSG=Education Office Supervision Groups and PTSA= Parent-Teachers-students -Associations

Seeing that in table 5 item 1, item was raised on the adequate rules and regulations on finance issue in education. Resulted from this greater part of the respondents replied that the schools rule and regulation guide-line with regard to financial issue was low while a few percent of the respondents replied that medium as stated in the table.

Concerning this, the researcher conducted interview with WEO heads and WFEDO and they explained that the schools do not have adequate rule and regulation on financial issue. They have the same opinion on the presence of inadequate rule and regulation on school finance. According to researcher when complete documents investigation was not possible to get enough rule and regulation guideline in the schools on budget management matter.

This indicates that the schools do not have adequate rule and regulation on finance issues. It can be concluded that the presence of adequate finance rule and regulation in the school contributes for proper running of financial resources by serving as guide-lines for those involves in the managing of school budget.

More over it helps the new schools administrators to alleviate misunderstanding, to know their responsibility and directing them how to run the school finance. Absence of having rule and regulation guide-line on finance issue affects the tasks of managing finance and caused for wastage of schools finance (Bisschoff and Mestry, 2003).

As indicated in table 5 item 2, item was raised to respondents the schools capacity directly utilizing their internal income without permission from the WFEDO. In other way, the majority of the respondents responded that the schools highly utilize their internal income without asking permission from the WFEDO. This implies that the school can directly run their internal revenue without authorization from the WFEDO. In line with this, according to MoE (2002) the schools use their own internal revenue in a straight line by following rule and regulation of finance. This helps and initiates the schools to work more on generating finance to cover their financial scarcity.

As stated in table 5 item 3, item was raised to respondents the essential staff for financial work allocated in the school. Based on the responses, the majority of the respondents replied that there was low attention to assigned financial worker in the schools. This implies that there was little consideration to assigned financial worker in the schools.

As pointed out in table 5 item 4, item was raised to respondents the scope of finance workers handle the financial activities of the school properly replied that the finance activities had low consideration to handling financial activities.

In line with this, the researcher conduct interview with WFEDO heads and they replied that school administrators did not properly handle the schools financial activities resulted from lack of knowledge and skill related to financial management, lack of concern of those assigned on the position for time being. This entails that there was low proper handling of financial activities of the schools at the study area.

4.5. School Financial Management

Table6. Some Specific Condition of School Financial Management

No	Items	response	Respondents											
			P		A		T		DH		EOSG		PTSA	
			N	%	N	%	N	%	N	%	N	%	N	%
1	Does School generated fund is collected by Legal receipt?	Yes	3	25	2	22.2	2	28.6	4	11.4	2	40	5	16.7
		No	9	75	7	77.8	5	71.4	31	88.5	3	60	25	83.3
2	Is your school annual budget known to school communities?	Yes	3	25	2	22.2	2	28.6	4	11.4	--	--	3	10
		No	9	75	7	77.8	5	71.4	31	88.5	5	100	27	90
3	Do the schools have trained accountants?	Yes	3	25	2	22.2	2	28.6	31	88.5	2	40	4	13.3
		No	9	75	7	77.8	5	71.4	4	11.4	3	60	26	86.7
4	The amount of budget collected from education office is enough?	Yes	-	---	--	---	--	----	3	8.6	2	40	7	23.3
		No	12	100	9	100	7	100	32	91.4	3	60	23	76.7
5	Any support from the community to school is recorded regularly?	Yes	6	50	7	77.8	5	71.4	7	20	1	20	9	30
		No	6	50	2	22.2	2	28.6	28	80	4	80	21	70

Note; P= principals, A=Accountants, T=Treasurers, DH= Department heads, EOSG=Education Office Supervision Groups and PTSA= Parent-Teachers-students -Associations

As indicated on table 6, item 1, some issues regarding school financial managements and with regard to the collection of school generation funds, i.e. 9(75%) of principals, 7(77.8%) of accountants, 5(71.4%) of treasurers, 31(88.5%) of department heads, 3(60%) of Education Office

Super Vision Groups, and 25(83.3%) of PTSA respondents respectively replied that the collection of funds by receipts sent from education office/follows legal way/ and without receipt. This shows that the fund generated in the most schools at the study area are not collected in the legal procedure.

As it is depicted on the item 2 of table 6, 9 (75%) of principals, 7(77.8%) of accountants, 5(71.4%) of treasurers, 31(88.5%) of department heads, 5(100%) of Education Office Super Vision Groups, and 27(90%) of PTSA respondents respectively replied that the school's annual budget was not known to school communities. This points out that in most of the school the local financial rule and regulation to accumulate and exploit their finance is not followed.

The above finding is not supported by Corbally (1997) stressed that, if the budget is understandable, accurate and leads to efficient fiscal management; it serves its major fiscal purpose. The crucial test, however, is the degree to which the budget is related to educational plan. The budget should not be over or less than the educational plan.

As stated in item 3, on tables 6, the majority of respondents, i.e. 9 (75%) of principals, 7(77.8%) of accountants, 5(71.4%) of treasurers, 3(60%) of Education Office Super Vision Groups , and 26(86.7%) of PTSAs respondent stress that there were not trained accountants, auditors, cashiers and store keepers at all schools. On the other hand 3 (25%) of principals, 2(22.2%) of accountants, 2(28.6%) of treasurers, 2(40%) of Education Office Super Vision Groups, and 4(13.3%) of PTSAs respondent relied that the schools have trained accountants, auditors, cashiers and store keepers.

However the above finding was supported by literature (Wyk, 2004) stressed that, lack of vital finance officers; the financial management in the school would be not elegant. Therefore, lack of these vital finance officers shows schools financial management was not in well condition to manage the budget.

As indicated on table 6, item 4, all of the respondents responded that as the financial plan to be paid from woreda educational office was not adequate. Therefore, expansion of education and maintaining the required quality in schools are greatly prejudiced by the amount of budget accessible to education and the way these accessible financial income are effectively and efficiently managed (Nieman and Bennett, 2002). On this issue an interview was conducted, the

majority of interview confirmed that no cash was allocated for school but some material bought and allocated in kind. In addition to this, when the researcher searched the documents such as, models and receipts found in schools, some writing materials there but no budget was allocated in cash. This implies that no school based budgeting and budget operation was done at school level. So schools did not get adequate budget for learning and teaching activities.

Item 5 shows that whether or not the support from community is recorded regularly. Hence, the majority, i.e. 6 (50%) of principals, 2(22.2%) of accountants, 2(28.6%) of treasurers, 28(80%) of department heads 4(80%) of Education Office Super Vision Groups, and 21(70%) of PTAs respondents respectively responded that the community contributions were not recorded regularly. However in limited schools as shown in the table the contribution was recorded regularly as responded by 6(50%) of principals, 7(77.8%) of accountants, 5(71.4%) of treasurers, 7(20%) of department heads 1(20%) of Education Office Super Vision Groups , and 9(30%) of PTAs respondents relied that community contribution at the study area is recorded regularly. This condition generally shows the existence of good relation among community, Woreda Education Office and Schools at the study area.

Table 7. Practices of Budget plan and Accounting in the School

No	Items	response	Respondents											
			P		A		T		DH		EOSG		PTSA	
			N	%	N	%	N	%	N	%	N	%	N	%
1	Does your school have budgeting system ?	Yes	12	100	9	100	7	100	31	88.6	5	100	23	76.7
		No	--	---	-	----	--	----	4	11.4	--	--	7	23.3
2	Who are the participants in your school budget planning?	Teachers/department heads	1	8.3	-	----	--	----	2	10	--	---	2	11.8
		organized committee	..	...	2	22.2	2	28.6	6	17.1	2	40	4	13.3
		students	..	..	.	..	..	..	...	..	..	..	...	.....
		Principals and PTSA	11	91.7	7	77.8	5	71.4	29	82.9	3	60	26	86.7
3	Do you think that allocated financial resource is utilized in the school?	Agree	3	25	.	....	..	.....	2	5.7	...	...	4	13.3
		Disagree	9	75	9	100	7	100	33	94.3	5	100	26	86.7

Note; P= principals, A=Accountants, T=Treasurers, DH= Department heads, EOSG=Education Office Supervision Groups and PTSA= Parent-Teachers-Associations

As indicated in table 7 item 1, the issue was raised to respondents the school annual budgeting system. Accordingly, all principals, all accountants, all treasurers and all Education Office Supervision Groups replied that the schools have annual budgeting system. Similarly, 31(88.6%) of department heads, and 23(76.7) of PTSA's replied that the schools have annual budgeting plan. This reveals that the schools own fiscal financial plan system.

As indicated in table 7 item 2, 11(91.7%) of principals, 7(77.8%) of accountants, 5(71.4%) of treasurers, 29(82.9%) of department heads, 3(60%) of Education Office Supervision Groups and 26(86.7%) of PTSA's respondent responded that principals and PTSA were the dominant participants when the schools budget were prepared at the study area as stated above.

This illustrates that there was gap in stakeholder's participation in school tasks. According to Davies (2004) the manner in which stakeholders are involved in the process is essential for the accomplishment of the financial plan procedures. The findings have stressed there were no

involvements of stakeholders in the budgeting process. For instance, Parents, teachers, and students did not participate greatly in budget preparation. This implies schools were weak in generating additional ways of income for expansion of quality of education and also there was low participation of stake holders in budget planning.

For this reason, it can be concluded that if budget is not participatory in its preparation, it is clear that it may influence its implementation of objectives of the schools. Furthermore, it can be concluded that in the running of budget from woreda to schools since there was not school based budgeting. This may to a great extent affect the implementation of educational plan in that it may not be reactive to the local needs of schools. Similarly, research was conducted by (Davies, 2004); and Sharp and Walker, 2005) who stressed the importance of the involvement of stakeholders in the budgeting process.

As shown in table 7 item 3, 9(75%) of principals, 9(100%) of accountants and 7(100%) of treasurers respondents argued that the financial resources were not allocated and utilized powerfully in accordance with goal of educational policy and strategy. Similarly, 33(94.3%) of department heads, 5(100%) of Education Office Supervision Groups and 26(86.7%) of PTSA's replied that the financial resources were not allocated and utilized efficiently in accordance with objective of educational policy and strategy.

Moreover, as interview question data was conducted with PTSA respondents and disclosed this reality and this more implies no school based budgeting is experienced. Even, regarding the little budget of the schools, it lacks participation in its preparation. This implies that financial resources were not allocated and utilized efficiently in accordance with objective of educational policies and strategies.

The above finding was in line with literature (Niemann and Bennett,2002) stated that the expansion of education and maintaining the required quality in schools are greatly influenced by the amount of finance available to education and the way these available financial resources are effectively and efficiently managed. The achievement of management depends on the extent to which financial resources are utilized efficiently and for the purpose for which they are meant (Dash and Nena, 2008).

Table 8. Participation and Involvement of school communities in Budget plan and Accounting in the School

No	Items	response	Respondents											
			P		A		T		DH		EOSG		PTSA	
			N	%	N	%	N	%	N	%	N	%	N	%
1	How do you explain the participation of stakeholders of your school on budget planning?	High	--	---	--	----	---	----	---	----	---	---	---	---
		Medium	--	---	--	----	---	----	---	----	---	---	---	---
		Low	3	25	2	22.2	2	28.6	5	14.3	1	20	7	23.3
		Very low	9	75	7	77.8	5	71.4	30	85.7	4	80	23	76.7
2	how the community participation in budget related decision making in your school?	High	--	----	--	-----	---	-----	---	----	---	---	---	---
		Medium	--	---	--	-----	---	-----	---	----	---	---	---	---
		Low	3	25	2	22.2	2	28.6	8	22.9	2	40	8	26.7
		Very low	9	75	7	77.8	5	71.4	27	77.1	3	60	22	73.3
3	how could you explain the auditing transparency of financial resources management of your school?	High	--	---	--	----	---	-----	---	----	---	---	---	---
		Medium	--	---	--	----	---	-----	---	----	---	---	---	---
		Low	3	25	2	22.2	2	28.6	9	25.7	2	40	10	33.3
		Very low	9	75	7	77.8	5	71.4	26	74.3	3	60	20	66.7

Note; P= principals, A=Accountants, T=Treasurers, DH= Department heads, EOSG=Education Office Supervision Groups and PTSA= Parent-Teachers-students -Associations

As indicated table 8 in item 1, the researcher requested the respondents the budget planning participatory. The respondent's of 9(75%) of principals, 7(77.8%) of accountants, 5(71.4%) of treasurers, 30(85.7%) of departments heads, 4(80%) of Education Office Supervision Groups and 23(76.7%) of PTSAs point towards very low.

According to the interview carried out with principals, WEO and school supervisor explained that in the schools the financial plan preparation did not invite the participation of concerned

bodies like PTSA's associations, department heads and others stakeholders. The budget plan was prepared by principals alone and this make difficulty during implementation of budget.

This implies that in the schools the budget plan preparation process was not participatory enough to gather opinion of different concerned bodies like PTSA's, department heads, vice principals and others in the schools. The participatory budget planning enhances transparency, harmonization and collaboration in managing finance. The research done by Roman and Livingstone in Crowther (2004), has shown that the participation of concerned body in the budgeting process, throughout participatory in the development budget, leads to higher inspiration to attain the budget goal set. Successful financial management calls for careful preparation of budget for each fiscal year. It is well apply to call proposals from a variety of sections, examine them and consolidate all proposals in the budget. As (Dash and Nena, 2008) a knowledgeable teacher should be outstanding in charge of preparation of financial plan.

As indicated in table 8 item 2, 9(75%) of principals, 7(77.8%) of accountants, 5(71.4%) of treasurers, 27(77.1%) of department heads, 3(60%) of Education Office Supervision Groups and 22(73.3%) of PTSA's showed that community participation in budget related decision making in school was very low. This implies that there is insignificant community participation in budget related decision making.

In accordance with the researcher's performed interview with school principals, WEO, WFEDO, School supervisor and finance plan and budget experts and they described that *participatory in the budget plan was extremely low and this affect the budget management in the school. This demonstrates that in the school underprivileged participatory highly influences the budget management. The lack of taking part affect the relation between school administrative and school staffs and it also affect the budget plan quality due to lack of getting different comment or suggestions.*

With regard to this matter, Chadwick (2002) the efficient principles of budgeting includes the following points. It should be a team effort and all these involved are supposed to work together in harmony and accept a common sense approach throughout the budgeting process. The people involved may even bring to the attention of management information that is vital to the success

of the budgeting process, and stop them from going ahead with a development that could have catastrophic consequences.

As indicated in table 8 item 3, the responses to item shows that, 9(75%) of principals, 7(77.8%) of accountants, 5(71.4%) of treasurers, 26(74.3%) of department heads, 3(60%) of Education Office Supervision Groups and 20(66.7%) of PTSAs responded that in the school transparency and accountability of financial resources management practices of finance was insignificant.

On the other hand, 3(25%) of principals, 2(22.2%) of accountants, 2(28.6%) of treasurers, 9(25.7%) of department heads, 2(40%) of Education Office Supervision Groups and 10(33.3%) of PTSAs responded that in the school transparency and accountability of financial resources management practices of finance was low. Connected to this the interview question carried out with principals they describe that and the due to low involvement in the budget planning, absence of presenting finance reports for concerned bodies of schools intelligibility and responsibility of financial resources management practices of finance in the school was low.

This is mainly so far purposes of utilizing limited resources fairly and effectively, we should be aware of the fact that, because resources are not stretch, competition for these will always be high.

Table 9. Financial Allocation, Utilization and Administration

No	Items	response	Respondents											
			P		A		T		DH		EOSG		PTSA	
			N	%	N	%	N	%	N	%	N	%	N	%
1	the extent of spending school finance by rules and regulation	High	-	---	--	-----	---	-----	---	---	---	---	---	---
		Medium	6	50	2	22.2	2	28.6	4	11.4	2	40	6	20
		Low	6	50	7	77.8	5	71.4	31	88.6	3	60	24	80
2	the states of accounting process (finance record keeping) is?	High	-	---	--	-----	---	-----	---	---	---	---	---	---
		Medium	9	75	7	77.8	5	71.4	22	73.3	3	60	18	60
		Low	3	25	2	22.2	2	28.6	8	26.7	2	40	12	40
	the extent of school use allocated budget for its intended educational purpose	High	-	---	--	-----	---	-----	---	---	---	---	---	---
		Medium	9	75	7	77.8	7	100	26	74.3	4	80	27	90
		Low	3	25	2	22.2	--	----	9	25.7	1	20	3	10

Note: P= principals, A=Accountants, T=Treasures, DH= Department heads, EOSG=Education Office Supervision Groups and PTSA= Parent-Teachers-students -Associations

As indicated in table 9 item 1, the researcher requested the respondents the extent of spending schools finance by rule and regulation. The responses to item shows that, accountants, treasures, department heads, PTAs and Educational Office Super Vision Groups revealed that the extent of running the school finance following finance rule and regulation was low.

Correspondingly, the investigator performed interview with finance plan and budget experts and school supervisor, WEO, WFEDO and they described that in the schools when they run finance for different purpose, the extent to follow finance rule and regulation was low. This problem more severe on the internal budget sources, than the block grant. The reason behind this problem was carelessness of those run the finance, and the lack of follow up from others.

This confirms that in the schools the management of finance following rule and regulations was little. The absence of following finance rule and regulation caused the school finance for depletion of finance resources, corruption and lack of intelligibility. It also makes the controlling of school finance complexity for stakeholders. According to MoE (2002) the schools have responsibility to run the school finance by follow appropriate finance rule and regulation, miss utilization of finance, the implementation problems and unreasonable lagging and absence of completing the planned duty.

As indicated in table 9 item 2, the researcher asked for the respondents the status of accounting process in the schools. According to respondents, principals, department heads, Education Office Supervision Groups and PTSAs, revealed that in the schools status of accounting process was medium. Corresponding to this an interview conducted with WFEDO, WEO, finance plan and budget experts, school principals and school supervisor and they described that in the schools, their accounting situation was medium. As researcher's document analysis revealed, it was not properly handled the document, not performed the necessary documents and not pass through required procedures.

The financial report relies on accurate and completes financial record keeping. The accounting system should be comprehensive (Bisschoff and Mestry, 2003). From this perspective, the weak accounting systems influence the controlling, inspecting process and preparation of budget plan as well as monitoring and evaluation of finance by making obscurity to get accurate and full information finance.

As indicated in table 9 item 3, the researcher requested the respondents the extent of school use the allocated budget for its intended educational purpose. Accordingly, the responses to item show that principals, accountants, treasurers, department heads, Educational Office Supervision Groups and PTSAs revealed that the schools use medium the allocated budget for its planned educational purpose. This clarifies that so, the respondents have agreed that in most schools the allocated budget used moderately for its proposed educational function as stated above.

Table 10: The Practices of the School depositing Money in Bank account

No	Items	response	Respondents											
			P		A		T		DH		EOSG		PTSA	
			N	%	N	%	N	%	N	%	N	%	N	%
4	How often is the money accumulated by school deposited in the bank?	Every month	3	25	2	22.2	2	28.6	---	---	---	---	---	---
		Quarterly	--	---	--	---	---	---	7	20	---	--	7	23.3
		Immediately after collection	--	---	--	---	---	---	--	---	--	---	---	---
		At half of year	9	75	7	77.8	5	71.4	28	80	5	100	23	76.7
		Not at all	--	---	--	---	---	---	--	---	--	---	---	---

Note; P= principals, A=Accountants, T=Treasurers, DH= Department heads, EOSG=Education Office Supervision Groups and PTSA= Parent-Teachers-students -Associations

As indicated in table 10 item 4, a question was raised to respondents to know when money collected by the schools deposited in the bank. Accordingly, 9(75%) of principals, 7(77.8%) of accountants and 5(71.4%) of treasurers, 28(80%) of department heads, 5(100%) of Education Office Super Vision Groups and 23(76.7%) of PTSA replied that the schools deposited money in the bank at half of the year. In contrast very little,3(25%) of principals, 2(22.2%) of accountants and 2(28.6%) of treasurers responded that the schools deposited money in the bank every month of the year while 7(20%) of department heads and 7(23.3%) of PTSA replied that the schools deposited money in the bank quarterly as it was stated above by the respondents. This reveals that the school deposited money in the bank at half of the year as it can be implied from the responses of the respondents.

Table 11. Auditing and Controlling Financial Operation

No	Items	response	Respondents											
			P		A		T		DH		EOSG		PTSA	
			N	%	N	%	N	%	N	%	N	%	N	%
1	The existence of internal auditing services and its effectiveness is?	High	-	---	-	----	-	-----	---	---	-	---	---	-----
		Medium	-	--	-	----	-	----	3	8.6	-	---	3	10
		Low	9	75	7	77.8	5	71.4	30	85.7	5	100	27	90
		Very low	3	25	2	22.2	2	28.6	2	5.7	..	.....	...	....
2	If there is internal auditing how frequency is financial inventory undertaken by internal auditors?	Once a week	-	--	-	----	-	-----	---	---	-	---	---	-----
		Once a month	-	--	-	---	-	-----	---	---	-	---	---	-----
		once quarterly	3	25	-	---	-	----	---	---	-	--	---	----
		Once a year	9	75	7	77.8	5	71.4	32	91.4	3	60	29	96.7
		Twice a year	-	--	2	22.2	2	28.6	3	8.6	2	40	1	3.3
3	If there is external auditing, how frequently is the school seen by auditors of Ministry of Finance or external auditors.	Once a year	-	--	-	-----	-	-----	---	---	-	---	---	-----
		Twice a year	-	--	-	-----	-	-----	---	---	-	---	---	-----
		occasionally as needed	12	100	9	100	7	100	34	97.1	4	80	28	93.3
		I didn't observe	-	----	-	-----	-	----	1	2.9	1	20	2	6.7

Note; P= principals, A=Accountants, T=Treasurers, DH= Department heads, EOSG=Education Office Supervision Groups and PTSA= Parent-Teachers-students -Associations

As indicated in table 11 item 1, 9(75%) of principals, 7(77.8%) of accountants, 5(71.4%) of treasurers, 28(80%) of department heads, 5(100%) of Education Office Supervision Groups and 27(90%) of PTSAs respondents responded that internal auditing activities was low.

On the other hand, 3(25%) of principals, 2(22.2%) of accountants, 2(28.6%) of treasurers, and 2(5.7%) of department heads, of respondents replied that the existence of internal auditing services and its effectiveness is incredibly low. Furthermore, from the interview of education office head and all of others interviewees showed that, most internal auditing is usually only to check the balance between income and expenditure, but not targeted to check the wise utilization of the budget. In addition to this, when the researcher performed document analysis did not get verifications like audit report which shows the success of internal auditing. Therefore, from the response of the majority of respondents, it can be concluded that in the schools internal auditing system was low.

As indicated in table 11 item 2, 9(75%) of principals, 7(77.8%) of accountants, 5(71.4%) of treasurers, 32(91.4%) of department heads, 3(60%) of Education Office Supervision Groups and 29(96.7%) of PTSAs respondents countered that the financial inventory was carried out once a year by internal auditors. In contrast to this, 2(22.2%) of accountants, 2(28.6%) of treasurers, 3(8.6%) of department heads, 2(40%) of Education Office Supervision Groups and 1(3.3%) of PTSAs respondents replied that the financial inventory was carried out twice a year by internal auditors.

This implies that financial controlling system of schools were extremely weak. The absence or extended delay of auditing activities may lead to undesired results such as mismanagement and improper utilization on the scarce resources. However, the accomplishment of internal auditing in the school assists for proper use of financial resources. It helps to take corrective measures making financial management simple. The school should establish sound internal financial control to ensure the reliability and accuracy of its financial transactions (Bischoff and Mestry, 2003).

As indicated in table 11 items 3, all principals, all accountants, all treasurers, replied that the external auditing accomplished occasionally as needed. Similarly 34(97.1%) of department heads, 4(80%) of Education Office Supervision Groups and 28(93.3%) of PTSAs respondents

countered that replied that the external auditing was done occasionally as needed. On the other hand, 1(2.9%) of department heads, 1(20%) of Education Office Supervision Groups and 2(6.7%) of PTSAs respondents responded that as they didn't scrutinize the trend of external auditing.

Consistent with the interview conducted with Principals, WEO, and supplementary interviewees revealed that the external auditor did not audit the school finance at the end of budget year. The school finance wait for nearly two years with no auditing by external auditor. It may be only audit when the employee leave the position, the external auditor did audit the school finance. Conversely, when the researcher conducts document analysis; did not get evidence that shows the achievement of school finance at the end of budget years.

This entails that in the schools the external auditing gets done occasionally as needed. However Woreda finance economic and development office should audit the school finance twice a year at half and end of budget year and present it results for concerned bodies (MoE, 2002).

Table 12. Degree of Problems of Financial Management Implementation in Schools

No	Items	response	Respondents											
			Academic Staff										Subordinate staff	
			P		A		T		DH		EOSG		PTSA	
			N	%	N	%	N	%	N	%	N	%	N	%
1	Lack of experiences on financial management	High	-	---	--	-----	--	-----	---	----	--	---	----	-----
		Medium	3	25	2	22.2	2	28.6	3	8.6	2	40	2	6.7
		Low	9	75	7	77.8	5	71.4	32	91.4	3	60	28	93.3
		Very low	-	---	--	-----	--	-----	---	----	--	---	----	-----
2	how the school Financial planning does managed?	High	3	25	2	22.2	2	28.6	---	----	--	---	----	-----
		Medium	-	---	--	-----	--	-----	7	20	1	20	7	23.3
		Low	9	75	7	77.8	5	71.4	28	80	4	80	18	60
		Very low	-	---	--	-----	--	-----	---	----	--	---	5	16.7
3	Lack of proper monitoring and evaluation	High	6	50	7	77.8	5	71.4	30	85.7	2	40	28	93.3
		Medium	-	---	--	-----	--	-----	5	14.3	1	20	2	6.7
		Low	-	---	--	---	--	-----	---	----	--	---	----	-----
		Very low	-	---	--	---	--	-----	---	----	--	---	----	-----
	Improper Purchasing	High	9	75	2	22.2	5	71.4	33	94.3	2	40	21	70
		Medium	3	25	7	77.8	2	28.6	2	5.7	3	60	9	30
		Low	-	---	--	-----	--	-----	---	----	--	---	----	-----
		Very low	-	---	--	-----	--	-----	---	----	--	---	----	-----

Note: P= principals, A=Accountants, T=Treasurers, DH= Department heads, EOSG=Education Office Supervision Groups and PTSA= Parent-Teacher -student-Associations

As indicated in table 12 item 1, 9(75%) principals, 7(77.8%) accountants, 5(71.4%) treasurers, 32(91.4%) department heads,3(60%) of Education Office Supervision Groups and 28(93.3%) of PTSA respondents rated low, regarding to lack of experience on current position on financial management in the schools. On the other hand, 3(25%) principals,2(22.2%) accountants, 2(28.6%) treasurers, 3(8.5%) department heads, 2(40%) Education Office Supervision Groups and 2(6.7%) of PTSA respondents replied that the experience of financial management is medium as it can be seen from the table.

In view of that, the greater part of the interviewers replied that, there are different problems of budget management in school. For instance the majority of the school personnel are degree

holders. Even though they are qualified in different subject, it is not related with current position. As a result of this they are not well experienced on their current position and the PTSAs members are no experienced and untrained for educational finance management too. Consequently, their knowledge would not enable them to manage, plan, organize, coordinate and control the budget in the current position.

Moreover, financial management at the schools was generally weak. When a teacher is promoted to be a school principal or vice-principal; in most cases such a teacher does not feel any additional training to prepare him for the management role. He thus learns on the job more like tryout and making mistake.

As indicated in table 12 item 2, the researcher requested the respondents the extent to which the school financial planning is managed in the schools. Accordingly 9(75%) of principals, 7(77.8%) of accountants, 5(71.4%) of treasurers, 28(80%) of department heads, 4(80%) of Education Office Supervision Groups and 18(60%) of PTSAs respondents replied low while 3(25%) of principals, 2(22.2%) of accountants, 2(28.6%) of treasurers replied that the school financial planning and management is high. In other way, 7(20%) department heads, 1(20%) Education Office Supervision Groups and 7(23.3%) of PTSAs respondents responded medium.

In line with this the researcher conducted an interview with supervisor describe that "*in the school inappropriate preparation of budget plan have an effect on the utilization and managing of school finance in order to achieve the projected educational objectives.*" This shortly implies that in the schools poor and improper financial planning affect budget management practices in the schools.

As indicated in table 12 item 3, 6(50%) principals, 2(22.2%) accountants, 2(28.6%) treasurers, 3(15%) department heads, and 2(40%) Education Office Supervision Groups of respondents replied very high expecting that lack of proper monitoring and evaluation was popular in the schools. In contrast to this 6(50%) of principals, 7(77.8%) accountants, 5(71.4%) of treasurers, 30(85.7%) of department heads, 2(40%) of Education Office Supervision Groups and 28(93.3%) of PTSAs respondents exposed that lack of proper monitoring and assessment was high at the study area. From the respondent's responses, this implies that lack of proper monitoring and

evaluation was highly affect financial management in the schools as it can be inferred from the respondents' point of view.

As exposed in table 12 item 4, the researcher requested the respondents the extent that improper purchasing materials to schools affect financial management in the school. In view of that, 9(75%) of principals, 2(22.2%) of accountants, 5(71.4%) of treasurers, 33(94.3%) of department heads, 2(40%) of Education Office Supervision Groups and 21(70%) of PTAs respondents responded that the improper purchasing materials to the schools highly affect financial management in the schools.

In accordance with this matter the researcher conduct an interview with finance plan and budget experts and they describe that" *the improper of purchasing materials to the school affect financial management. Document assessment check list also disclose that there is improper purchasing in the woreda. For the reason that it makes the budget not used for the intended purpose on time.*" This implies that the inappropriate purchasing materials to the schools somewhat has an effect on financial management in the school.

Table 13. Challenges of Financial Management Implementation in Schools

No	Items	response	Respondents											
			P		A		T		DH		EOSG		PTSA	
			N	%	N	%	N	%	N	%	N	%	N	%
5	Shortage of adequate financial management documents	High	9	75	2	22.2	5	71.4	31	88.6	3	60	26	86.7
		Medium	3	25	7	77.8	2	28.6	4	11.4	2	40	4	13.3
		Low	-	---	--	-----	--	-----	---	-----	----	---	---	-----
6	Work overloaded of the concerned individuals	High	9	75	7	77.8	5	71.4	23	65.7	4	80	19	63.3
		Medium	3	25	2	22.2	2	28.6	7	20	1	20	9	30
		Low	-	----	--	-----	--	-----	5	14.3	----	---	2	6.7
7	The way the schools use funds.	High	-	---	--	---	-	-----	1	2.9	1	20	---	-----
		Medium	6	50	7	77.8	2	28.6	24	68.6	3	60	22	73.3
		Low	6	50	2	22.2	5	71.4	10	28.6	1	20	8	26.7
8	The school administrative personnel are incompetent level in carrying out	High	-	---	--	---	-	-----	---	----	----	---	---	-----
		Medium	12	100	9	100	7	100	18	51.4	4	80	25	83.3
		Low	-	---	--	---	-	-----	12	34.3	1	20	3	10
		Very low	-	---	--	---	-	-----	5	14.3	---	--	2	6.7

Note; P= principals, A=Accountants, T=Treasurers, DH= Department heads, EOSG=Education Office Supervision Groups and PTSA= Parent-Teachers -students -Associations

As indicated in table 13 item 5, majority of principals, treasurers, and department heads, Education Office Super Vision Groups, PTSA's indicated towards high where as 7(77.8%) of accountants, 2(28.6%) of treasurers, 4(11.4%) of department heads, 2(40%) of Education Office Super Vision Groups and 4(13.3%) of PTSA's respondents responded that there was a medium of adequate financial management documents expecting that the situation was not highly popularized in the schools. This entails that schools have shortage of adequate financial documents to some extents though the situation was not highly popularized.

As pointed out in table 13 item 6, financial management activities of public secondary schools were influenced by excess work of principals. From the responses, sets of respondents that were treasurers, department heads, and Education Office Super Vision Groups and PTSA's members rated high with regard to work overloaded of concerned individuals. In view of that, it shows that the school budget management activities were belated because of principals, accountants and treasurers work overload in schools at the study area.

As indicated in table 13 item7, the researcher asked for the way the school uses funds. Thus, majority of accountants, department heads, Education Office Super Vision Groups and PTSAs groups of respondents revealed that the way the schools use funds was medium while majority of the treasures replied that the way the schools use funds is low to some extents as it can be inferred from the responses offered by the respondents above.

For fear that schools finance allocation, the majority of interviewers revealed that no cash was allocated for school but some materials bought and allocated in kind. In addition Annual budget is not released on time and the delay of budget has an impact on purchasing educational supporting materials and also the allocated non salary budget is not based on students enrollment, the school finance is rarely seen by external auditor. Still the schools did not have internal auditors. The reason behind is that their office has not own auditors on its structure. In some schools they cannot report the income and expense or utilization of school budget on timely, recording school property, financial statement adeptly and indecent purchasing, lack of external auditing in the schools.

Lastly, to reduce these problems, giving continuous training related with budget management for concerned body, discuss with community and concerned bodies to solve scarcity of budget and make stronger follow up of supervision, increasing generating internal income.

As indicated in table 13 item 8, the researcher requested the respondents the extent to which incompetent school financial administrative affect financial management in the schools. Accordingly, majority groups of respondents responded that the incompetent school financial administrative moderately affect financial management in the schools . It can be inferred from this that in the schools the incompetent school financial administrative moderately affect the financial management in the schools.

CHAPTER FIVE

5. SUMMARY, CONCLUSION AND RECOMMENDATIONS

This chapter of the thesis consists of summary, conclusions and recommendations of the research results. The study was intended to investigate the practice and problems of budget management in Government Secondary Schools of Hababo Guduru Woreda. Therefore, to reach at the overall purpose of study, three types of data gathering instrument (questionnaire, interview and document analysis) were used. The data which was gathered through the above mentioned data gathering tools was tabulated, analyzed, and discussed in the chapter four. Based on the analysis and discussion, the following summary, conclusions and recommendations were made.

5.1. SUMMARY

The intention of this study was to assess the practices and problems of budget management in government secondary schools of Hababo Guduru Woreda, Oromia Regional state. To address this study, the following four basic questions were overseen.

1. What are the sources of finance of public secondary schools of Hababo Guduru woreda?
2. How adequate is the amount of finance allocated to implement annual plan of the schools?
3. How effective is the budget management in the Secondary Schools of Hababo Guduru Woreda?
4. What are the major challenges encountered in the process of budgeting in public secondary schools of Hababo Guduru woreda?

The investigation was conducted in five Government Secondary Schools in Hababo Guduru Woreda and descriptive survey design was used to conduct the study. To answer the basic questions data were gathered through questionnaire, interview and document analysis.

Questionnaires were designed and distributed to the school principals, accountants, treasurer, department heads, education office supervision groups and Parent-Teacher- Student-Association members. With reference to this matter 105 questionnaires were distributed and among them 98 were returned, properly filled and finally analyzed by the researcher. Interview was conducted with school principals, school supervisor, Woreda Education Office Head and Woreda Finance Office Head and Finance Budget and Plan Experts. The data collected were finally analyzed by

using descriptive methods such as percentages, tabulating and giving interpretation for each table in the study. The qualitative data were analyzed using descriptive and narrative form supporting the quantitative data. The major finding of the study is summarized as follows.

On the subject of sex of the respondents, out of the total 98 respondents, this is 70.4% of male and 29.6 % of female. From this, one can confirm that gender inequality demonstrates to represent women in financial management position is low, compared to their male counterparts as the study identified.

Interms of the respondents' educational back ground; the greater part (55.1%) of the respondents were degree graduates, apart from some members of PTSAs, treasurers and accountants. Besides, their service years in the current position of the respondents from the school illustrated that the majority of them had a work exercise of below 11 years. From this it can be implied that the majority of the respondents, their work experience on current position were not as much of well experienced. Correspondingly, the greater part of the school personnel's respondents described that they were working in a position not relevant to their area of field of study.

The majority of respondents (72.4%) responded that the school financial personnel's effectiveness were moderately satisfactory on their duties. This reveals that financial formats may not be used properly, financial regulations of budget procedures may not minded, and control and reports of budget implementation may not complete appropriately as the study identified.

A good number of (80.6%) the respondents replied that the main sources of school finances were government while (18.4%) of the respondents replied that the main sources of school finances were parents respectively. This implies that schools were pathetic in generating extra income for the educational organization rather than waiting the contributions of governments and parents.

Most of the respondents (73.5%) replied that budget approved covered were 50- 70% of budget requested and (82.7%) of respondents replied that the budget was released from the government in the 2nd quarter. This shows that deficiency of budget was a severe problem, which caused collapse to carry out the work plan.

The majority of respondents (65.3%) responded that the school personnel's were not trained concerning performance of budget management. This implies that most school personnel had no ample knowledge and experience in the budget management at the study area.

The most part of respondents (72.4%) of them responded that the competence of existing financial officers in their school was satisfactory. This implies that the capability of financial officers in the schools were satisfactory and this implication demonstrates that financial set-up are not used properly; financial regulations of budget process are not obeyed, controlled and report of budget implementation may not be completed due to the lack of competent accountants and auditors in the schools.

Best part of the groups (85.7%) of respondents replied that the schools have low rule and regulation on financial concern. As well, (71.4%) of the respondents responded that the auditing transparency of financial resources management in the schools was very low. This shortly implies that the principle of ensuring transparency and accountability in the conduct of public secondary schools is not well experienced and popular at the study area.

Greater part (79.6%) of the respondents replied that lack of proper monitoring and evaluation on budget management was high in the schools and majority (73.5%) of them replied that there were high improper purchasing practices at the study area in wide-ranging. This implies that lack of proper monitoring and evaluation in addition with improper purchasing materials extremely affects the budget management in the school to some extent in general.

Majority (66.3%) of the respondents replied the schools have nearly no necessary staffs for finance work who are assigned in the school and (65.3%) of the respondents replied that the capacity of finance workers in managing the financial activities of the school was low at the study area. This reveals that there was little consideration to assigned financial worker in the schools and also low proper handling of financial activities of the schools as the study identified.

Greater part (81.6%) of the respondents viewed that the schools' fund was not collected by legal receipts. Most of the respondents (85.7%) responded that the schools' annual budget was not known to the school communities. This points out that in most of the school the local financial rule and regulation to accumulate and exploit their finance is not followed. This is contrary to the

fact that states if the budget is understandable, accurate and leads to efficient budget management; it serves its major fiscal purpose.

Majority (87.8%) of the respondents replied that the amount of budget collected from the woreda education office was not adequate which results in prejudice of expansion of education and maintaining the required education quality in the schools. As the interview conducted identified that this situation was resulted from lack of allocated budget in cash and the existence of only some material bought and allocated in kind in the schools. This implies that no school based budgeting and budget operation was done at school level which results in lack of adequate budget for learning and teaching activities.

Greater part (90.8%) of the respondents argued that the financial resources were not allocated and utilized powerfully in accordance with goal of educational policy and strategy due to absence of school based budgeting experiences and lack of participation in its preparation. This implies that financial resources were not allocated and utilized efficiently in accordance with objective of educational policies and strategies in the schools.

Majority (84.7%) of the respondents responded that the existence of internal and external auditing system and its effectiveness was low in the schools. As the study identified greater part (86.7%) of the respondents replied that the internal financial inventory was undertaken once a year while majority (95.9%) of the respondents replied that the external auditors see the school occasionally as needed respectively which could be a main factor for improper financial management. This implies that financial controlling system of schools were extremely weak. The absence or extended delay of auditing activities may lead to undesired results such as mismanagement and improper utilization on the scarce resources.

A large amount of the respondents (87.8%) responded that the school can directly utilize their internal income without permission from Woreda Finance Economic and Development Offices.

Majority groups of the respondents (82.7%) responded that schools budget was not participatory in its preparation. This causes low participation of the school communities in making decision on budget management. With reference to this majority (74.5%) of the respondents replied that the community participation in decision making is related to budget was very low. This implies

that there was a very low stakeholder's participation in school tasks and could greatly affect the accomplishment of educational plan.

As it was identified in the finding of the study, the major problems that influence the performances of budget management in the schools were ;low stakeholder's participation in school tasks and budget preparation, extended delay of both internal and external auditing activities, nonexistence of school based budgeting experiences, lack of adequate budget, lack necessary staffs for finance work, improper monitoring and financial evaluation, lack of structure guide-line and procedure, lack of budget allocation and utilization, scarcity of budget and improper purchasing and expenditures not supported by proper decision and also lack of legal receipts to collect the schools' funds. This implies that there were extremely serious problems that affect the performances of education budget management in schools.

5.2. CONCLUSIONS

Depending on the discussions and summary of the findings made above, the researcher draws the following conclusions. As the investigation indicated the majority of the groups of the respondents replied that the main sources of school finances were government in the schools at the study area. This implies that schools were weak in generating extra income for the educational institution rather than waiting the contributions of governments and parents. Besides, the block grant budget was not released in time for the schools. Consequently, there was a great challenge of budget, which results in collapse to bring about the work planned and complexity of fulfilling the required efforts. Therefore, from this, one can conclude that the main sources of schools finance government alone.

Majority of the respondents replied that the amount of budget collected from the woreda education office was not adequate which results in weak spreading out of education and retaining the required education quality in the schools. In addition, from the interview response, it is possible to conclude that this was resulted from lack of allocated budget in cash and the existence of only some material bought and allocated in kind in the schools. One can infer from this that no school based budgeting and budget operation was done at school level which results in lack of adequate budget for learning and teaching activities.

The most part of respondents responded that the effectiveness of existing financial officers in the schools was suitable to some extent but not performed in necessary procedures as it was needed. As the interview conducted shows that this was resulted from inefficient financial workers in the schools due to inadequate information given to financial personnel, lack of workers who are working on financial administration in accordance with field of study and absence of timely training offered to these human resources on financial administration.

This implies that, although the personnel have sufficient qualification in other fields, but they do not have enough experience about financial management. This can affect the effectiveness and efficiency of financial management. Therefore, it is possible to conclude that lack of training results in weak management of educational finance resources. This implication demonstrates that financial set-up were not used properly; financial regulations of budget process were not obeyed, controlled and report of budget implementation may not be completed due to the lack of competent accountants and auditors in the schools.

As it was identified in the finding of the study, the major problems that influence the performances of budget management in the schools were ;low stakeholder's participation in school tasks and budget preparation, extended delay of both internal and external auditing activities, nonexistence of school based budgeting experiences, lack of adequate budget, lack necessary staffs for finance work, improper monitoring and financial evaluation, lack of structure guide-line and procedure, scarcity of budget and improper purchasing and expenditures not supported by proper decision and also lack of legal receipts to collect the schools' funds. In other hand, lack of rule and regulation guide-lines on financial issue in the schools, low participation of concerned bodies in the budget planning, decision making and lack of presenting finance reports for stakeholders of the schools, low controlling systems, improper utilization of financial resources and lack of auditing school finance can affect highly the effectiveness and efficiency of financial management of the schools as the study identified. This implies that there were extremely serious problems that affect the performances of educational budget management in schools.

In general from this, it can be concluded that these problems have affected both the effectiveness and efficiency of financial management of the schools and the entire process of educational tasks in multi direction as they were stated in the study above.

5.3. RECOMMENDATIONS

Based on the findings obtained and the conclusions drawn from this study, the following recommendations were forwarded for better improvement.

- ❖ The intervention of woreda Education Office in team work with the woreda Finance Office is needed to offer short and long term training for the school principals, accountants, treasurers and PTSAs in improving their performance and also to assign well trained and experienced financial personnel.
- ❖ The study suggests that the Oromia Regional Education Bureau and Hababo Guduru woreda education office is expected to allocate the payment of funds timely, without delays.
- ❖ It is better if School principals, PTSA members, Woreda Education Office and other concerned bodies work in collaboration and participate to increase internal incomes of the schools with communicating all stakeholders of schools such as school community, private investors, NGO and different aid organizations.
- ❖ The School financial personnel's such as Principals, accountants, treasurers, PTSAs, department heads and others were supposed to be participated in the school budgeting, in generating income to overcome the shortage of budget with communicating stakeholders and in financial decision making process. In addition, the school ought to report the financial reports for stake holders at least quarterly in order to increase the school transparency and accountability of financial resources management practices.
- ❖ The study recommended that the woreda Finance Office ought to let all stake holders participate while sharing the woreda budget for sectors. This is because the major problems that influence the performances of budget management in the schools were ;low stakeholder's participation in school tasks and budget preparation.
- ❖ The schools at the study area were supposed to have enough rule and regulation guide-lines on finance issue in order to increase their practices of budget management. It helps for new school accountants, treasurers, principals and PTSAs to proper monitoring and evaluation of the financial management in schools.
- ❖ The Woreda Education Office, Woreda Finance Office and Schools were believed good if they work in collaboration to adjust the implementation of

internal auditing quarterly and external auditing once in a year, by having plan of auditing school budgets and providing training for school principals, accountants, treasurers, internal and external auditors in order to improve their performance of monitoring, evaluation of the budget and to increase their practices of budget managements at the school level and also to reduce problems that are related to practices of budget management in the schools.

In general the study reveals that low stakeholder's participation in school tasks and budget preparation, extended delay of both internal and external auditing activities, nonexistence of school based budgeting experiences, lack of adequate budget, lack necessary staffs for finance work, improper monitoring and financial evaluation, lack of structure guide-line and procedure, lack of budget allocation and utilization, scarcity of budget and improper purchasing and expenditures not supported by proper decision and also lack of legal receipts to collect the schools' funds are the main problems observed in the sampled woreda government secondary and preparatory schools in it, which strongly affects the activities of the educational program.

Therefore, all concerned bodies, such as the Oromia Educational Bureau, and the woreda Education Office being together were recommended improve such resource and capacity problems of schools through short and long term training, so as to achieve the objectives of educational sector development program basically.

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APPENDIX-A: QUESTIONNAIRE

ADDIS ABABA UNIVERSITY COLLEGE OF EDUCATION

SCHOOL OF GRADUATE STUDIES

DEPARTMENT OF EDUCATIONAL PLANNING AND MANAGEMENT

To be filled by School principals and Vice principals , Department heads, Accountants, Treasurers, Education office supervisor group, Parent-Teacher-Student-Association (PTSA) members of Public Secondary schools

This questionnaire aims at gathering data about management of educational budget in selected secondary school of Hababo Guduru Woreda.

The purpose of to the problems of this study aims at generating suitable and management based statements about the current status of budget management, monitoring and evaluation, problems that affecting budget management, solution budget management in Hababo Guduru Woreda Secondary Schools. The success of this study is largely dependent on your real, genuine and timely responses to each item which have an essential role for its accuracy and reliability. Therefore, you are kindly requested to go through all questions and respond appropriately. Since the information you give is only meant for the purpose of the study. I would like to assure you that your identity will remain highly confidential. The responses will be read only by researcher and used only for research purpose.

Thank you!

General direction:

- No need to write your name.
- For close-ended questions, put (✓) mark against the most appropriate answer
- For open-ended questions give briefs answer on the space provided.

To be filled by School principals and Vice principals , Department heads, Accountants, Treasurers, Education office supervisor group, Parent-Teacher-Student-Association (PTSA) members of Public Secondary schools

This study aims at generating suitable and management based statements about the current status of budget management, monitoring and evaluation, problems that affecting budget management, solution budget management in Hababo Guduru Woreda Secondary Schools. Therefore, please choose the alternative or alternatives that fit for your answer and write your responses on the space provided, if you have additional opinion or make 'x' mark where it is necessary.

Instruction I. Answer the following questions by putting a (√) mark or by writing where necessary.

1. Name of the school: _____

Part I. Demographic Data

2. Gender: Male Female

3. Age: a) Below 25 years d) 46-55 years
b) 26-35 years e) 56 and above years
c) 36-45 years

4. Your level of academic status.

a) College Diploma b) 1st degree c) 2nd degree

5. Service in current position.

a) 1-5 years d) 16-20years
b) 6-10 years e) 21 and above
c) 11-15 years

6. Total service of years/ Work experience.

a) 1-5 years d) 16-20years
b) 6-10years e) 21years and above
c) 11-15years

7. Your job title in the school or office.

a) Vice-principal c) Department head e) Accountant
b) PTAs d) Education office expert f) Treasurer
g) Education office supervision group

Part II. Budget Sources and Approved Annual Budget

Instruction II. The following are some awareness questions of financial management.

Please put a (√) mark in the box provided.

I/ Sources of Budget and Budget approved

1. Is school annual budget known? 1. Yes 2. No
2. What percentage of budget was approved in 2004 E. C. as compared to that of budget requested?
1. 91-99% 2. 71-90% 3. 50-70% 4. Below50%
3. The amount of budget approved for your school to implement your annual plan of the school is? 1. Excess 2. Adequate 3. Inadequate 4. I don't know
4. In what period of the year your school budget is released from Woreda education office?
1. 1st quarter 2. 2nd quarter
3. 3rd quarter 4. 4th quarter
5. What are the main sources of finance in your school?
1. Government 2. Private and different aids
3. Parents 4. Internal incomes of the school itself

Part III. Competence, Training and Position of Financial Personnel

Instruction III. Answer the following questions by putting a (√) mark or by writing where necessary.

1. The relationship between the current position and field of specialization is?
1. Not Related 2. Related
2. The mode of training attended
1. workshop 2. Seminar 3. Lectures
3. period off job training related to financial management.
1. from 1 week and below 2. From 1-2 week
3. From 2-4 week 4. One month 5. Two month and above

4. How often do school accountants receive on-the-job training related to their current position?

1. Once in three months 2. Once in six months
 3. Once in a year 4. Not at all

If you say 'not at all' to the above item, what is the mode of training attended? -----

5. The competence of existing financial officers in your school.

1. High 2. Medium 3. Low

6. According to your personal view what do you suggest to minimize and or avoid problem related to financial property, management of budget in your school?

(Please, explain it: -----

Part IV: Practices and Problems of Budget Management

Instruction IV: Each of the following items in this section refers to the degree of effectiveness of financial rule and financial agent in the schools. For each statement, there are 5 alternative responses showing whether you High (3), Medium (2), Low (1), with the statement. Mark "x" the appropriate number against each statement to indicate the degree of financial management.

No	Issues	Rating scale		
		1	2	3
1	The adequacy of rules and regulations in financing education			
2	The schools power directly utilizing their internal income without permission from the WOFED			
3	The school has necessary staff for finance work assigned in the schools			
4	The capacity of finance workers in managing the financial activities of the school properly.			

Part V. School Financial Management

Some Specific Condition of School Financial Plan

Instruction V. For each statement, below, there are 2 alternative responses showing whether you say Yes, No with the statement. Answer the following questions by putting a (√) mark.

No	Issues	Rating Scale	
		yes	no
1	Does School generated fund is collected by Legal receipt.		
2	Is your school annual budget known to school communities?		
3	Do the schools have trained accountants?		
4	The amount of budget collected from education office is enough		
5	Any support from the community to school is recorded regularly?		

Part VI: Practices of Budget plan and Accounting in the Schools

Instruction VI. Answer the following questions by putting a (√) mark or by writing where necessary.

1. Does your school have budgeting plan? 1. Yes 2. No

If you say **yes**, how the school budget plan is prepared? Please, Explain

2. Who are the participants in your school budget planning?

1. Teachers/Department heads 3. Students

2. An organized committee 4. Principals and PTSA

3. Do you think that financial resources are utilized efficiently? A. Agree B. Disagree

4. Please suggest your possible solutions to the current status of financial management?



Participation and Involvement of school communities in Budget plan and Accounting in the School

Instruction VII: Each of the following items in this section refers practices of budget plan and accounting in the schools. For each statement, there are 5 alternative responses showing whether you High (3), Medium (2), Low (1), with the statement. Mark "x" the appropriate number against each statement to indicate the degree of financial management.

No	Issues	Rating Scale		
		1	2	3
1.	How do you explain the participation of stakeholders (PTSA)of your school on budget planning			
2.	How do you rate the community participation in budget related decision making in your school?			
3.	How could you explain the auditing transparency of financial resources management of your school?			

VIII/ Financial Allocation, Utilization and Administration

1. The extent of spending school finance by rule and regulation is

1. High 2. Medium 3. low

2. The status of accounting process

1. High 2. medium 3. low

3. The extent of school use the allocated budget for its intended educational purpose

1. High 2. medium 3. low

Instruction VIII. Answer the following questions by putting a (√) mark or by writing where necessary

4. How often is the money collected by school deposited in the bank?

1. Every month 2. Quarterly

3. Immediately after collection 4. Half of a year

5. Not at all

5. Specify if any_____

Part IX. The Practices of Auditing the School Finance

Instruction IX. Answer the following questions by putting a (√) mark or by writing where necessary.

1. The existence of internal auditing services and its effectiveness is
 1. High
 2. Medium
 3. low
2. If there is external auditing, how frequently is the school seen by auditors of Ministry of Finance or external auditors.
 1. Once a quarterly
 2. Twice in a year
 3. Once in a year
 4. Occasionally as needed
 5. I didn't observe since I came to this position
3. What do you suggest to build a well organized auditing system in your school? Explain shortly. _____

Part XI: Factors that Affecting Schools Budget Management

Instruction IX: For each statement, below, there are 5 alternative responses showing whether you), High (4), Medium (3), Low (2) , Very low (1) with the statement.

Mark "x" the appropriate number after each statement to indicate the degree of the problem.

No	Issues	Rating Scale			
		1	2	3	4
1	Lack of experiences on financial management				
2	how does the school financial planning is managed				
3	Lack of proper monitoring and evaluation				
4	Improper Purchasing				
5	Shortage of adequate financial management documents				
6	Work overloaded of the concerned individuals				
7	The way the schools use funds.				
8	The school administrative personnel are incompetent level in carrying out				

APPENDIX-B: INTERVIEW
ADDIS ABABA UNIVERSITY COLLEGE OF EDUCATION
SCHOOL OF GRADUATE STUDIES
DEPARTMENT OF EDUCATIONAL PLANNING AND MANAGEMENT

Questions for Interviewing, School Principals, and Education Office Head, Finance Office Head, Woreda Education Experts, Finance Office Plan and Budget Experts and School Supervisors.

You are kindly requested to provide the necessary information which is very helpful to the quality of the research.

The name of the school: _____

Position in school: _____

Position in your office: _____

Education qualification: _____

Other _____

1. How often does your school or office facilitates capacity building / training/ for schools is related to financial management?
What form of training is attended regarding budget management?
2. How much do you believe the untrained school human resources have the necessary capacity to manage the schools' budgets effectively?
3. Is the amount of budget approved for school to implement the school annual plan adequate?
4. How does your school or office facilitate auditing system in the school?
5. How much does the school use the clear guidelines or procedures for budget management in the school?
6. How could you explain the transparency and of budget management in the schools?
7. To what extent does your office obtain a budget report from schools?
8. How often the school does present a report of income and outcome of the school for the Stakeholders? (for principals and school supervisor).
9. To what extent do a system of controlling and monitoring exist whether or not the allocated budget is being utilized for the targeted purpose in schools?
10. What challenges do you observe regarding budget management activities in the schools?
11. In your opinion what measures should be taken by stake holders, government and school to enhancing the effectiveness of the implementation of budget management principles?

Thank you in advance for your cooperation

APPENDIX

ANALYSIS

ADDIS ABABA UNIV

INSTITUTE OF EDUCATION

SCHOOL

STUDIES

DEPARTMENT OF EDUCATIONAL PLANNING AND MANAGEMENT

Document Assessment Check List

The purpose of this document analysis sheet is to assess the availability and effectiveness of budget management related documents in Hababo Guduru Woreda Secondary Schools.

Which of the following document are available in the secondary schools under the study?

no	Types of Documents	schools									
		Dedu pre.		Dedu		kenate		kewo		kubsa	
		yes	no	yes	no	yes	no	yes	no	yes	no
1	School budget planning										
2	School budget report (financial statement)										
3	Transaction registers										
4	Receipt										
5	Minutes										
6	Purchasing procedures										
7	Town education office budget report										
8	Adequate rule and regulation guide-line in the schools on financial issue										
9	Financial decision making process										
10	Model 19,20 and 22										
11	Auditing reports										
12	Balance and Income sheet										

Name of student Abdisa Gudisa Egata

Signature _____

Date June, 2017

This Thesis has been submitted for examination with my approval as university advisor.

Name Melaku Yimam/Ato/

Signature _____

Date June, 2017