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STATUS AND CHALLENGES OF FINANCIAL RESOURCE MANAGEMENT IN THE GOVERNMENT PRIMARY SCHOOLS OF LAGATAFO LAGA DADHI TOWN ADMINISTRATION

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MANAGEMENT IN THE GOVERNMENT PRIMARY SCHOOLS
OF LAGA TAFO LAGA DADHI TOWN ADMINISTRATION**

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This is to certify that the thesis prepared by Alemu Shewule Mamo, in titled: *status and challenges of financial resource management in the government primary schools of Laga Tafo Laga Dadhi town administration* and submitted in partial fulfillment of the requirements for the Degree of Masters of Arts in school leadership complies with the regulation of the University and the accepted standards with respect to originality and quality.

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ABBREVIATIONS AND ACRONYMS

FEC:	Finance and Economic Cooperation
GAAP:	Generally Accepted Accounting Principle
KETB:	Kebele Education and Training Board
PTSA:	Parent Teachers and Students Association

ABSTRACT

The study's main objective focuses to assess the status and challenges of financial resource management, particularly the execution and reporting systems, in Government primary schools of Laga Tafo Laga Dadhi town administration. The study employed descriptive survey design to assess the practices and constraints of financial resource execution and reporting system. Accordingly, seven government primary schools were selected using comprehensive sampling, other government sectors such as education, and finance and economic cooperation were sampled using purposeful sampling techniques. The participants of the study were three FEC internal auditors, and five education office expertise's were taken as part of the study purposefully; on the other hand seven principals, seven vice principals were participated using comprehensive sampling techniques; and also 35 PTSA members and 20 KETB were sampled using purposive sampling. Overall out of 119 targeted populations 77 were sampled, 74 returned the questionnaire paper, which is 94.81% response rate. Both primary and secondary data sources were utilized to collect data. Furthermore, the quantitative and qualitative data collected from primary and secondary sources using data collection instruments like questionnaire, document and interview. From the collected data the following major findings were obtained. The findings related to trends financial execution exposed that, although financial planning conducted with time frame, and vouchers are prepared by the schools; there is a limitation in accountants/finance officers' experience, guideline, proclamation, regulation and directive enactment as well as procedures and follow-up. The practices of financial execution regarding planning, participation, approval, experience, enactment of regulation, and directives, keeping financial procedures, capacity building and effective and efficient utilization status were weak. Besides, the findings related to the financial resource recording and reporting systems at the government schools of Laga Tafo Laga Dadhi town administration revealed that majority of the respondents positively reacted on the presence of financial recording documents and preparation; however the recording, approval of reports and transparency of financial resource execution shows certain limitation from respondents' data. The study concluded that with certain achievements particularly the document preparation, random budget execution; there is huge gap in the execution and reporting financial resources in line with the goals of an institution and GAAP. Thus, the researcher suggests the transparency and accountability; capacity building for accountants and PTSA members, updated regulation and directives; and also continuous follow up by concerning bodies.

Key words: execution, financial resource management, PTSA, reporting and recording,

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CHAPTER ONE

INTRODUCTION

This chapter is concerned with background of the study, statement of the problem, basic research questions, and objectives of the study, significance of the study, delimitation of the study and operational definition of key terms.

1.1 Background of the Study

Financial Resources are assets that we can identify and effectively employ them for the purpose of achieving clearly defined objectives. This is because financial resources alone cannot yield additional wealth. They must be drawn upon and put to judicious use to enable them to increase wealth or productivity. Thus, the prudent management of education funds involves decisions on how to procure, expand, utilize and properly account for funds directed at the achievement of education objectives in general or institutional goals in particular. Financial resources refer to the efficient and effective management of money or funds in such a manner as to accomplish the objectives of the organization. It is a specialized function directly associated with the top management. Accordingly, financial management has been defined differently in different expert in the field (Assefa, 2007).

Schools need to assign necessary resources so as to attain intended objectives and to meet societal needs. A resource necessarily used by any organization refers to man power, finance, time, material, information, etc. These resources require proactive planning, coordination, controlling, and proper utilization. In doing so, any organization can achieve its objectives and sustain as an organization rather than relies on accumulation of new resources only (King, 2003).

In developing countries like Ethiopia, the government is the main source of finance for the expansion of education. However, the finance and material contribution of the community, schools internal income and the support from non-governmental organizations could have their own roles to attain the goals of education. School system should utilize the financial resources to achieve objectives and fulfill educational needs of students and community. All organizations including schools may face the scarcity of finance. Through converting this scarce resource with

the help of budgeting mechanism all activities are functioned well and appropriately (Melaku, 2010).

According to MoE (1994), Ethiopian Government devotes a large amount of money for education since it plays a major role in promoting economic development and improvement in the life standard of a society. However; large amount of budget alone couldn't bring change in the quality of education. Thus, effective management of financial resource is very essential issue for the provision of the quality of education and the achievement of educational objectives. Lack of capacity in financial management will lead to the absence of quality of education. In addition, lack of finance, capacity to plan and manage funds and coordinate different actions at the ground level results low implementation level of policies and objectives.

The government budget management in Ethiopia is based on the proclamation which defines the power and provisions to Federal, Regional, Zones town administration and Woreda level. Accordingly, Regions get their supplemental budget from federal government by a formula approved by the House of Federation and implemented by Ministry of Finance and Economic Development (MoE,2006). And also regions provide Block Grants to suit their respective objective conditions. Then each *Woreda* and town administration allocates the annual budget for their public sectors at their level.

The management of budget is taking the largest share of the government, community, and Privet Sectors and Donors resource alone could not produce the efficiency and quality of education and meet goals and objectives of education. The provision of quality of education and achievement of educational goals is also determined by how for the education systems are in a position to manage the available financial resources (Melaku, 2000).

The plan and budget implementation must coincide. But in most of our schools, there is a problem on managing financial resources. This study, therefore, will attempt to identify the status and challenges of financial resource management in Laga Tafo Laga Dadhi Town government primary schools. To this end, the study will investigate whether or not school budget is adequately managed, the mode of budget allocation and its release process at the higher level. It will also investigate the practice of financial management at school level. The study also included primary schools financial plan and implementation.

According to (MOE, 2003) Responsibilities in operational planning budget allocation and budget control shall be devolved to woredas. The Woreda Education and Training Board (WETB) established and assume the overall responsibility for managing primary and primary educations in the woreda. Similarly in rural areas kebele Education and Training Boards (KETB) and parent student Teacher association (PSTA) at school level are established to strengthen community school relationship, create good learning environment, decrease dropout rate, increase community support to schools in terms of material, labor and finance will definitely require the acquisition of management skill (personnel administration, evaluation, monitoring, planning, budgeting accounting etc). Therefore building the implementation capacity of woredas, based on training needs identification through short term domestic and/ or abroad training programs on educational management, supervision, finance purchasing and major strategy and under.

1.2 Statement of the Problem

The major reasons for building and handling a school are to implement educational programs efficiently and effectively. A smooth implementation of educational program can only occur and the chance of actualization its goals enhanced if the school plant and finance possess some desirable qualities and standards. To achieve the objective of the education the school principal and other stakeholders need to be well equipped with the necessary skills and knowledge to manage well the financial resources. Effective management involves ensuring efficiency and effectiveness in the use of the available finance together with the ability to combat any challenges (King, 2003).

The major problem of public education financial budget usually seems the problem of appropriate allocation, execution and control of limited financial resources. Moreover, the ability and capacity to keep the balance between the budget and planned activities to be accomplished seems also the other factor of the problem. On the other side financing education requires schools to go through long processes to receive the budget, which often does not conform to their work plans. That is, financing education is a process characterized by bureaucracy that requires the schools management to pass through a sequence of formal rules and procedures to gain bureaucratic approval. As a result, this process prevent them from performing tasks in line with their strategic and action plans(Brown, 1990).

It is observed that there is a problem of financial management in education. As indicated in ESDP V (2015), there was a problem of low budget utilization in civil works due to weak capacity of management implementation. MoE (2006) also shows that there is weak administrative capacity of educational finance management. And also different study's findings show these facts. For instance: a study by Liernso (2006) conducted in Kembata Tembaro and Hadiya Zone also revealed that financial utilization did not consider the guidelines set by MoE and the existence of wastage and inefficient utilization of budget, but the problems in financial management in education may not be equal at all places at different education levels. Liernso focused only on the guidelines not on the practice of financial management. So to fill the gap of the previous researcher my study focuses on the overall status and challenges of Financial Management like budgeting, auditing and reporting.

As indicated in Abera (2016), in most schools there is problem of utilizing the financial resources effectively creates problem on the teaching learning process and this in turn affects school income generation. It is not an end by itself but rather the process whereby the incomes are transferred from those who are able to give to those who have the need to receive. Income generation and utilization facilitates this process. It is the enabler of an activity that not only satisfies the school, but also satisfies the giver community or government that the incomes have been wisely and effectively used.

Schools are centers for civilization and social development. Accordingly, their major functions are instruction. Other functions of the school systems are designed to enhance efficiency and effectiveness of the instructional process. And instruction involves some inputs, such as finance and other material supplies. Referring to this very fact, UNESCO (2002) stated that "the school is a social institution created to serve community. To run the school effectively, financial, material and human resources are very important."

In Laga Tafo Laga Dadhi Townprimary schools there are problems in schools over the management of funds. Town education office has complained primary schools financial mismanagement in its annual schools performance evaluation. Audit reports indicate that books of accounts are not properly kept in some schools. Such circumstances normally leave room for manipulation by unscrupulous persons who have access to school funds and therefore there is

need to find out ways of ensuring efficient and effective financial management in public primary schools. (Laga Tafo Laga Dadhi Town Education Office, 2016).

However, several problems remain unsolved with regard to the budget preparation, execution, accounting and reporting and controlling in schools of study area. Therefore, this paper is focused on investigating currently existing challenges in financial resource execution and reporting of primary schools budget.

1.3 Basic Research Questions

1. How financial resource execution conducted in Primary schools of Laga Tafo Laga Dadhi Town during the study period?
2. What are the practices of finance reporting in primary schools of Laga Tafo Laga Dadhi Town?
3. What are the major factors that hinder financial resource execution in the primary Schools of Laga Tafo Laga Dadhi Town?
4. How do financial resource execution and reporting problems mitigated in primary schools of LagaTafo Laga Dadhi Town?

1.4 Objectives of the Study

1.4.1 General Objectives

The general objective of this study is to assess the status and challenges of financial resource management in primary schools of Laga Tafo Laga Dadhi Town.

1.4.2 Specific Objectives

1. To assess execution status of the schools financial resource in primary schools of Laga Tafo Laga Dadhi Town.
2. To investigate the practices of financial reporting in primary schools of Laga Tafo Laga Dadhi Town.
3. To identify major factors that hinders the execution of the financial resources in the primary schools of Laga Tafo Laga Dadhi Town.
4. To suggest some of the possible actions that could improve financial resource management in primary schools of Laga Tafo Laga Dadhi Town.

1.5 Significance of the Study

The findings of the study may provide information for regional and zonal educational officials, policy makers about the current status and challenges of the available and effective financial resources management, and help them to play their role to improve financial resources management practice in Primary Schools of Laga Tafo Laga Dadhi Town. It can be used as a baseline or preliminary information source for government organizations particularly working towards educational service.

It may also give pertinent and timely information to school principals how financial resource management is being carried out in primary schools of Laga Tafo Laga Dadhi Town. Moreover, the study is believed to create awareness among members of Parent Teacher Association (PTA) and Kebele Education and Training Board (KETB) of the existing problems and to take common responsibility for the proper management of financial resources. Furthermore, Findings of the study could be used as initiation for those who are interested to conduct a detailed and comprehensive study on such similar topics.

1.6 Delimitation of the Study

The school resources include all the physical, financial, time and human resources. To get these all resources to enhance the teaching learning process, all resources are very important. But, this study was delimited school financial resource Management in seven government primary schools (1-8) of Laga Tafo Laga Dadhi Town, Oromia regional state. These schools are selected because of the existence of the problem in the town and the absence of researches conducted in the area.

The populations for this study constitute principals, school finance officers, PTA members, city administration auditor, city administration finance officers and department heads in primary schools. The study mainly focuses on planning, budgeting, auditing, and reporting mechanisms of the schools under study. Geographically it is delimited to primary schools of Laga Tafo Laga Dadhi Town. Delimitation is needed because the research would not be manageable in terms of time and financial resources, if other school resources management related issues were included in this study.

1.7 Operational Definition of Key Terms

Financial management: refers to the process of managing school funds according to regulations and guidelines provided by MoE.

Financial resources: money or funds needed for the works in the schools

Resource management: anything in the school or its environment that may be organized for use in the process of teaching learning in the school and that are understood as human resources, material resources, financial resources and time resources are called resources.

Primary Schools: In this study, it encompasses the first cycle of primary school (1-8)

Status: in the context of this study, it refers to the existing condition of the practice and the problems of financial resources management in primary schools.

Supporting Staff: refers to workers in a school, which lead and support day to day teaching learning process such as administration and finance, cashier and store keepers.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

This chapter focuses on the review of the various relevant literatures related with status and challenges financial resource management in some selected materials. Using the previous study as baseline the researcher intended to make concrete or reliable input for the present study targeted on primary schools of Laga Tafo Laga Dadhi Town.

2.1 Concept of Financial Resources

Resources are the valuable engine and play pivotal role to run the effective performance of tasks and for the growth and development of human organizations. Financial resource is a significant resource often assumed to be a part of physical capital. It is actually the basis for the procurement, utilization and maintenance of all other types of resources. Without a strong financial base, it difficult to produce the right types of goods and services in desirable quantity and quality. Since the human economy is a monetary economy, the availability of funds in any organization or institution is vital to its productive process and the quality of its product and service (Adesina,1990).

Finance is an important and mandatory resource in educational provisions'. Finance, is the most important resources which through a process and mechanism of budgeting is converted in to real instructional resources. The educational systems greatly work and help to render quality education effectively by the amount of finance available to education (Melaku, 2010).

Financial Resources are assets only to those who can identify and effectively employ them for the purpose of achieving clearly defined objectives. This is because financial resources alone cannot yield additional wealth. They must be drawn upon and put to judicious use to enable them to increase wealth or productivity. Thus, the prudent management of education funds involves decisions on how to procure, expand, utilize and properly account for funds directed at the achievement of education objectives in general or institutional goals in particular. Financial resources refer to the efficient and effective management of money or funds in such a manner as to accomplish the objectives of the organization. It is a specialized function directly associated

with the top management. Accordingly, financial management has been defined differently in different expert in the field (Assefa, 2007)

2.2 Financial Management

According to Levacic (2011) financial managements concerned with the acquisition, financing, and management of assets with some overall goal in mind. Thus the decision function of financial management can be broken down into three major areas: the investment, financing, and asset management decisions. The investment decision is the most important of the firm's three major decisions when it comes to value creation. It begins with a determination of the total amount of assets needed to be held by the firm. Picture the firm's balance sheet that appears above the double lines on the left-hand side of the balance sheet – that is, the size of the firm. Even when this number is known, the composition of the assets must still be decided.

The other major decisions made of in your mind for a moment. Imagine liabilities and owners' equity being listed on the right side of the balance sheet and its assets on the left. The financial manager needs to determine the dollar amount the firm is the financing decision. Here the financial managers concerned with the makeup of the right-hand side of the balance sheet. If you look at them of financing for firms across industries, you will see marked differences. Some firms have relatively large amounts of debt, whereas others are almost debt free (Boddy, 2011).

As indicated by levacic and Keynes (1989) effective financial management relies on three important concepts which form the basis of this study. These are economy, efficiency and effectiveness. Economy refers to a careful use of resources and therefore avoiding expenditure that goes above a stipulated minimum mainly budgeted for. Economizing resources and especially financial resources is necessary because needs and wants are so numerous while the resources are limited. Economy is, in effect, the management of resources so as to make them go as far as possible towards the fulfillment of needs and wants effectively.

Management starts with the setting of goals to be achieved at some future date. What needs to be done to achieve the set goals and the means of attaining them, as well as the manner of attainment, constitutes economic planning. To economize requires a comparison of inputs and outputs. Such comparison brings in the issue of quantification that is so central in economics. Economizing resources should go hand in hand with the concept of optimizing returns.

Efficiency refers to a way of attaining maximum benefit in order to achieve the goals and objectives set. Economy and efficiency go hand in hand. One cannot economize resources without considering whether there is efficiency. A balance between the must be established. Effectiveness refers to the attainment of the goals and objectives of the school. Whatever activities are programmed in school must be cost effective (Forojalla, 1993).

Principals of schools need the skill of costing as they manage their finances. This is important more so when schools have to handle new projects and/or changes in the curriculum. The manager must, before engaging in a given project, make sure that whatever project they enter into is cost effective and that each project is roped in according to priority. Therefore, economy, efficiency and effectiveness if carefully combined in their rightful proportion can increase productivity and reduce costs (Kothari, 2004).

2.3 Financial Management in Education

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

According to Hough (1993) Financial Management in Education applies both at the level of educational authority and at the level of individual schools and colleges, and it must include the mechanism through which the education authority allocates funds and resources to the individual institutions. Financial Management in Education is an integral part of general educational management which embraces curriculum, staffing, and time table decisions, all of which related to the direct essential function of the educational institution, and also essential to non-instructional activities. The meaning of the term financial management may vary in different educational system depends on the degree of autonomy and authority of educational managers in the schools.

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

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

2.3.1 Financial Planning

Saniuk(2011) indicated that Financial planning is very necessary, particularly accurate and reliable for planning costs. There is now a need for much more detailed information about costs and effectiveness of the implemented processes. The opportunities of the global market decide: to guide companies on customer needs the quality of manufactured products, the pace of activity and its performance. The basic priority of the business of manufacturing companies is therefore permanently maintaining profitability. Consequently, not only must the cost of manufacturing products be accurately assessed, but it also be carried out to plan, monitored, and controlled. Determination of the actual unit cost of a roving individual product strictly relates to technological standards, which must be continually reviewed and updated.

Most companies, in practice, apply budgeting as a tool for planning, a method of day-to-day management of the company, which, according to assumptions, allows management to streamline the company's activities and minimize the economic risk. The budget is a plan of action for the enterprise, showing the allocation of resources in the quantitative and/or meaningful continually controlled and modified ways.

The crucial idea in school financial planning is not to only focus on how much money goes into the school system but rather how well the available funds are effectively put in to use. Planning

is the key part in management of financial resources. This requires to plan for generating funds and for expenditure as to utilize funds effectively and efficiently. Thus, planning as essential part of financial management enables to efficiently utilize the available education finance for the effective achievement of desired goals and objectives of education (Adesina,1990).

Lavacic (1995) lists the steps of financial planning for the effective utilization of education finance as “First stage is the acquisition of resources, second stage is the allocation of resources and planning the budget, third stage is implementation and the fourth stage evaluation of the budget plan.” Although the concept of financial management system in public education is not much different from the general financial management system, there are some characteristics of educational finance management. Mbua (2002) states, “Usually the way of financial management operates in practice largely depends on the organization and other related aspects (such as accounting systems used) of the national and local education system, as a result the practices of centralized and decentralized educational systems are likely to differ.”

2.3.2 Financial Control

Financial internal control is a vital component of an organization’s financial management. An effective internal control structure includes a school’s plan of organization and all the policies, procedures and actions taken by the school to provide reasonable assurance that the school will achieve its objectives in the effectiveness and efficiency of operations, accuracy of operating data, reliability of program reporting, protection of funds against improper use and compliance with organizational policies and applicable laws and regulations (Hough ,1993).

The first and important part of school’s administrative objective is to set financial goals and safeguarding of all resources. The second relates to the need to ensure that the decisions made by a school in its day-to-day operations are based on accurate information. The third relates to the preparation of financial statements, audits, and other fiscal and operational reports a school is required to make to the Department. The fourth refers to a school’s fiduciary responsibility to safeguard funds and ensure they are used for the purposes and by the recipients intended. The fifth addresses the requirement that a school comply with all applicable federal, and state, laws and regulations, as well as the regulations of its accrediting agency.

2.4 Rationale for Educational Finance Management

Effective management in public interest requires the wise expenditure of money for educational purpose and the avoidance of any wastage. Education can benefit from greater managerial attention to systematic financial planning and budgeting. (Alebachew, 2005) Financial planning enables school administration optimally to select, combine and direct resources. In line with this, Lirens (2006) asserts that “taking into account the scarcity of financial resource available in education sector one should be able to understand the efficient and quality management and utilization of finance makes a great difference.”

2.5 Schools Financial Management

Financial management is a very important aspect of management in any organization because it embraces all accounting techniques that will help provide information designed to assist management in planning and controlling the activities of the organization. According to Aringo (1987), education administrators need to be regularly informed of any new management techniques and changes that will make the program worthwhile. As the Minister of Education, he felt that principals need to update the techniques of planning, organizing, controlling and directing human, financial and material resources for the goals set. Financial management requires that there be accountability by those in management.

The World Bank (2001) in its world development report suggested that there is need to improve public management systems to make programs more efficient and accountable. To ensure a steady progress toward a fully responsive and accountable management, the civil society must be involved in planning, monitoring and evaluating public programs and policies. A study of the WB (2001) indicated that budget allocation may not matter when institutions or their popular control is weak.

The schools need to manage their internal revenue, block grant and school grant budget in a proper ways. However, currently most of the schools do not have the skilled man power and the necessary experience to administer and manage the capital and recurrent budget. The recurrent expenditure would be used for the procurement and publication of books purchase of chalk, stationeries, and maintenance of students table, doors, windows laboratory chemicals and other

furniture and to cover water, telephone and electric bills and etc. The budget would be allocated to the schools based on the required expenditure per a student and calculating it with the total; number of students in the school (World Bank, 1988).

2.6 School Budget

According to Melaku (2010) a budget allocation is the total amount of money that schools plan for specific period of time, normally one year. It can be defined as a plan for the allocation and expenditure of resources to achieve the objectives of the school over a period of one calendar year. A budget is not a balance sheet. It is rather an instrument of planning and a statement in financial terms of the school's priorities. It is an expression of intent, written in financial terms.

Schools' financial income is obtained from block grant allocated by the government internal revenue of schools and the contribution from the community and humanitarian organizations. There ought to be a proper financial handling and accounting systems to use the money obtained from these income sources for the purposes planned and outlined by schools. Since the town resources and the utilization of its resources should be known, schools should report any additional obtained income, apart from the amount indicated in the budget, at the end of the fiscal year as they would report the actual budget. In addition, the labor and contribution made in kind would be calculated in terms of money and be reported. The accountant, the cashier and the director's should join hands to create an effective and efficient finance handling and utilization mechanisms (MoE, 1994).

2.6.1 Budget Preparation

This is a stage at which central agency usually ministry of finance circulates a budget call letter and guideline to all public bodies. Every public body is required to prepare their budget and submit it to the central agency. The central agency is responsible for summarizing and consolidating the national budget and finally presents it before the council of ministers and/ or parliament. Wubishet, identifies four phases in the first stage of budget process that he described them as follows.

In first phase, all public bodies are required to perform all the budget preparation activities, including midyear program review for the current fiscal year, preparation of unit costs and the

work plan for the upcoming fiscal year. In second phase of budget preparation a budget call letter issued by is distributed to all public bodies. According to the same source, the budget call letter includes recurrent and capital budget ceilings, priority or focal areas to be considered in preparing the budget and the submission date of the budget request by public bodies to the respective finance and economic development institutions at all jurisdictions. The third phase is conducting a budget hearing, public bodies. Based on this discussion and government policies and priorities, for each public body the requested budget reviewed adjusted and consolidated. The last phase is summarization of the recommended budget by to be presented to the executive body the council of ministers, regional council and woreda council. The executive body reviews and recommends the budget.

2.6.2 Budget Approval and Appropriation

Once the recommended budget is reviewed and adjusted by the respective executive body at all levels it is then presented to the legislative bodies, the federal house of people representatives, the regional house of peoples representative and woreda house of peoples representatives for approval and annual appropriation of the approved budget at all levels. These legislative bodies review, amend, and approve the budget. The appropriation at federal levels specifies the total of the federal capital budget, recurrent budget and regional subsidies and the total subsidy. Subsidies to the region are based on three indicators: population size 60%, level of development 25% (four sub-development indicators are considered here : agricultural sector, education sector, health sector, and water sector indicators), and revenue collection effect 15% (But in countries like U.S the budget proposal adopted by the congress is subject to presidential veto (Assefa,2007).

2.6.3 Budget Implementation

Once the budget is approved and appropriated by the legislative bodies the finance office prepares the budget allocation guideline and the notification to public bodies and their budget institutions of the source of finance and line item of expenditures for the disbursement of the approved budget to relevant agencies. The institutions then use the budget to carry out their activities for the year. This refers to implementation of planned activities and recording of

expenditure. This is the process of the transfer and spending of the money which ensures that activities can happen to reach the goals. According to(Assefa, 2007).

2.6.4 Budget Control

This stage involves monitoring activities in terms of annual public bodies reports and audit reports to the parliament i.e., accounts for expenditure, evaluation and audit .It also include activities such as ensuring whether the revenue utilization is according to the laws and regulations, insuring that disbursement is made according to budget, that public property is kept safe, and the recording and accounting procedures are up to standard. On this point Wubeshet(2002) states that. The budget that a government produces is only the plan for what they intend to implement over the coming year. It does not tell us what actually happened. It is therefore necessary to monitor and evaluate budget what actually happened.

2.6.5 Financial Performance

People perform better when they have a clearly defined goal to aim for and are aware of the standards that used to interpret their performance. Moore and Petrin (2017) revealed that financial performance refers to the standard measurement of how a particular issue is handled or doing something. A well designed and implemented financial management is expected to contribute positively to the creation of a firm's value (Kiringai, 2002). There are three approaches that can be used to set financial targets. These are engineered targets, historical targets, and negotiated targets (Drury, 2012).

The engineered targets clearly defined and stable input-output relationships such that the inputs required can be estimated directly from product specifications (Drury, 2012). The other approaches where the input-output relationships do not clearly exist prefer the second option historical targets. In this approach previous results plus an increase for expected price changes may form the basis for setting the targets, or an improvement factor may be incorporated into the estimate, such as previous period costs less a reduction of 10 per cent. The third approach to measure the financial performance is negotiated targets which are set based on negotiations between superiors and subordinates. The major advantage of negotiated targets is that they address the information asymmetry gap that can exist between superior and subordinate (ibid).

In general, Carton and Hofer (2006) as cited in (Joseph, 2014) performance is a measure of the change of financial condition of an organization. It means that it is financial outcomes that result from management decisions and execution of those decisions by members. In summary, Laga Tafo Laga Dadi town administration mostly applies the historical and negotiated targets of financial performance, because the previous trends and history serves as the benchmark for the next planning. In addition, upon budget preparation the cabinets of the town discuss on the issues either to increase or reduce the amount of budget.

2.7 Decentralized Financial Management

As indicated in Thomas (2011) decentralization financing of education is more common in developing countries than in developed countries. This can be as verification that developing countries, which often lack sufficient funding for education, try to decentralize education in order to increase the financial responsibility of education to the community and to the parents.

According to Hough (1993), decentralization may be defined as the transfer of education on decision making powers from central government to intermediate authorities, local authorities, and educational institutions. The significance of the transfer varies, ranging from simple administrative decentralization to transfer of regulatory and financial power of greater scope, to the regional and or local level. Thomas (2011) gave definition of decentralization as the transfer of responsibility and authority for planning , management and raising and allocation of resources from the central government and its agencies to field unit level of government, semi-autonomous public authorities; area wide regional or functional authorities or organizations that are closer to the public to be served and noted that it must be equipped with trained and skilled personal capable of coordinating and integrating their own organizations with other organizations to put decentralization policies in to practice.

According to UNESCO (2003), decentralization is the process of reassigning responsibility and corresponding decision making authority for specific functions from higher to lower levels of government and organizational units. In its basic definition, decentralization is the transfer of power of the central government to regional and local authorities (Meheret, 2006). A decentralized educational system, the communities finance education either directly through fees, or indirectly, through taxes. Community contribution can take many forms and may go away

beyond money rise. For example, building schools, making rallies and preparing ceremonies to raise money, etc (Mitsue, 1999).

There also exist mixed systems in which the central level of government is responsible for some expenditure and the community is responsible for the rest, but, in a highly centralized educational system, all financial expenditure for education service is covered by national government without any direct contribution of the communities.

According to the decentralized economic policy that the country is pursuing now, town have full mandate to handle their resources. Handling and having a full mandate on one's resources means controlling the process right from the preparation of budgetary plans to utilization of the available resources. The budgetary plan of woreda education offices starts from schools. The woreda education office would make sure that the budgetary plans of the office and the schools are prepared in accordance with the budgetary ceiling, and then submit them to the woreda council. The woreda council in its turn would examine and approve the plan making the necessary amendment cited in (MoE, 1994).

Schools would be held accountable for the transmission of financial rules and regulations, wastage of money and delay of planed educational activities without a reasonable cause. Thus, a regulation should be prepared at regional level allowing schools to fully use their internal revenue without dispensing it to the woreda finance office. Although schools may have the right to use their internal income for various purposes, it is a divisible that the money is utilized in such a way that could be successful and support the educational efforts to the government cited in (MoE, 1994).

2.8 Challenges of Financial Management in Education

Financial management in education encounters the free flow of financial information. This refers to the provision of comprehensive, accurate, timely and frequent information in useful formats on a country's economic conditions and its budget policies. (Wubishet, 2002). Transparency is also related to the existence of clearly spelt out rules, procedures, and forums on the basis of which budget decisions are made. On this Wubeshet further specifies that "budgetary information should be made available and accessible to the general public, open to public scrutiny, written clearly and readily understood by the public" (Wubeshet, 2002, P. 18)

Availability of information on budget policies, expenditures, and outcomes allows the public to hold the government accountable, motivate citizens to participate, and helps to mobilize the community effectively to meet budget target. Transparency can increase faith in state, and can contribute to consensus building and commitment. The financial management in education there are challenges educators need to deal with. These are challenges in financial planning, financial control or financial reports.

2.8.1 Challenges in Financial Planning

Barasa (2009) recognizes that efficient planning of financial resources is an important task for institutional managers. Without adequate financial resources and its proper management, institutions cannot carry out their defined tasks effectively. Money must be available to run the different departments of the school. The financial resources used to purchase the required teaching and learning resources such as chalks, textbooks, paying of the support staff and building and improvement of infrastructures.

The process of public financing of education at local level is characterized by full control and supervision of higher government executive bodies. To this effect, the budget release doesn't conform to the fiscal performance plans of the schools because the financial funding involves a complex process of budget release. 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 (Okumbe, 2001).

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.

Cole and Kelly (2011) financial planning as the formalization of what is intended to happen at some time in the future; concerns actions taken prior to an event, typically formulating goals and objectives and then arranging for financial resources to be provided in order to achieve a desired outcome. Planning leads to budgeting which is a statement usually expressed in financial terms, of the desired performance of an organization (in this case a school) in the pursuit of its

objectives over a specified period. A budget is an action plan for the immediate future, representing the operational and tactical end of the corporate planning chain. Cole & Kelly further states that managers responsible for carrying out budgets should participate in their formulation, and should be flexible to be changed if conditions arise, and budgets should be seen as means to an end, and not an end in themselves.

2.8.2 Challenges in Financial Reports

Financial reports usually need accounting and its products such as an organization's annual report as a platform upon which to build many decisions and activities. Organizations must follow specific rules and formats 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 a book year. Financial reports help managers to discuss results and spending and performance against budget, they usually work from management reports, which have been prepared by the school accountants using accounting information systems. Such reports show budgeted revenues and costs for the period or year to date, actual revenue and costs to date and the variances between them.

Cole & Kelly (2011) in their study established 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 (transparency and reporting) 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, it enabled better distinctions to be made between what is acceptable business practice and what is sharp practice.

Berk and Demarzo (2008) argue that the separation of ownership and control creates the possibility of management entrenchment facing little threat of being fired and replaced. Managers are free to run the firm in their own best interests. As a result, managers may make decisions that benefit themselves at investors' expense. No amount of planning and organizing will assure that goals are attained. Control is therefore the essential final step in the management process to ensure that things proceed as planned or the unrealistic plans and targets are revised,

where appropriate. As the final step in the management process, controlling provides the critical link back to planning.

Cole & Kelly (2011) states that the primary aim of the control function of management is to measure performance against aims, objectives and standards with a view of enabling corrective actions to be taken, where necessary to keep plans on course. Control is essentially a question of developing feedback systems throughout the organization by ensuring that there is progress, accurately and deviations if any that need to be made to stay on the course.

According to Boddy (2011) financial control process incorporates four elements; setting objectives or targets, measuring actual performance, comparing this against the standard and taking action to correct any significant gap between the two. Therefore controlling is the counterpart of planning and is the process of monitoring activities to ensure that results are in-line with the plan and taking corrective action if required. The balanced scorecard supplement measures of financial performance with those of customer satisfaction, internal process, and innovation and growth which all play a part in an overall assessment of performance.

Financial Controls can encourage behavior that is not in the best interests of the organization can encourage people to supply the system with inaccurate information and people will resist controls that they feel threaten 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 (Boddy 2011)

CHAPER THREE

RESEARCH DESIGN AND METHODOLOGY

This chapter presents the description of study area, research design followed in conducting the study, the source of data sample size and sampling technique, data collecting instruments, the procedure pursued and the method applied to analyze the data.

3.1. Description of Study Area

LagaTafo Laga Dadhi Town is located in the Oromia Regional State which shares bounder lines with Finfinne in west, barekworeda of oromia special zone surrounding Finfine in North and South, and Sendafa town in north east. Recently, it has 4 kebeles namely Laga Tafo, Laga Dadhi, Eeka Dale and Dambal.

Its relief and topography is characterized by an area of great physiographic area of high plateaus land which is about 2000 meters. It has also moderately warm temperature and cool temperature. The type of crops produce and reared in these are mainly the reflections of the above climatic zone. According to LagaTafoLaga Dadhi Town education desk, there are seven primary schools constituting 2203 male and 2687 female students, and 145teachers out of which 97 are males and 48 are females.

3.2. Research Design

For this study, descriptive survey design was employed. This method is being selected for the reason that it enables the researcher to study the current practices of financial resource management in selected primary schools. The type of research that employed for the purpose of the study is descriptive in nature. The convenient design considered suitable for this study survey design at Laga Tafo Laga Dadhi town accompanied by a survey of the theories and empirical studies related to the subject matter. Descriptive survey research aims to describe behaviors and to gather people's perceptions, opinions, attitudes, and beliefs about a current issue in education. These descriptions are then summarized by reporting the number or percentage of persons reporting each response. The survey is the primary method used to gather such data or information from people (Lodico, Spaulding, & Voegtle, 2010:26). Therefore, the researcher

collects and reports the opinions, perceptions about financial resource management in delimited sectors from the respondents, informants, and discussants within the range of study period at Laga Tafo Lagadadi town administration. The participants invited at a time to examine their perceptions. Hence trend survey study conducted. Again Lodico, Spaulding, & Voegtle (2010) explains that trend studies are typically used to examine the perceptions of groups that are having or have had a shared experience at a particular point in time. On the other side, Creswell (2012) emphasizes that survey research is quantitative research form, useful to use when researchers seek to collect data quickly and economically, study attitudes and opinions, and survey geographically dispersed individuals. Thus, method is appropriate to assess the practices, and constraints of financial resource management in primary schools of LagaTafoLaga Dadhi Town.

3.3. Sources of Data

Data collected from both primary and secondary sources.

3.3.1. Primary Sources of Data

3.3.2. Secondary Sources of Data

The primary data for this study collected from town administration finance office internal auditors, education office expertise, principal, vice Principals and finance officers of the schools, KETB members and PTSA members of selected primary schools using questionnaires and interviews.

Secondary data obtained from documents. In this regard, published documents related to the areas of the study assessed at the selected primary schools and Town education offices. These documents include the documents and reports of schools and town education and finance and economic development offices, financial guidelines, proclamations.

3.4. Target Population

Laga Tafo Laga Dadhi Town constitutes seven primary schools in its four kebeles. The target population for this study made up of FEC office internal auditors, & officers; education office expertise; principals, vice principals, finance officers and PTSA of government primary (1-8) schools; and KETB members. The study population drawn from seven government primary

schools, thus 9 FEC office internal auditor, 15 education office expertise, 7 principals, 7 vice principals, 49 PTSA members and 32 KETB members,. This will give a total study population of 119.

3.5. Sample Size and Sampling Techniques

Laga Tafo Laga Dadhi town administration comprises 7 government primary schools such as: Tafo number-1, Tafo number-2, Dale Dambel, Wobori, Gawasa ,Mutanich and Marisa; all government primary schools selected using comprehensive sampling technique. The respondents 3 FEC office internal auditor, 5 education office expertise, 7 principals, 7 vice principals, 35 PTSA members and 20 KETB members, a total of 77 samples selected. The selection criteria various from sample to sample, likewise the internal auditors of FEC office selected using purposive sampling because the auditors who were engaging in primary school auditing. The education office expertise's, who are working on finance resource from school improvement, supervision and inspection team, the team leaders and one senior expertise from each team selected purposefully. Third, the principals, and vice principals of all government primary schools selected totally using comprehensive sampling techniques. Because, the main actors for the preparation, executions, and reporting of financial resource management dealt by them. The fourth sample category is PTSA and KETB members, based on their roles the chairman, secretary, cashier, accountant and purchaser selected purposefully PTSA nad the chairman, secretary and accountant from KEBTB. The details of population, sample size and sampling techniques indicated in the table hereunder.

Table 1: Summary of population, sample size and sampling techniques

No.	Types of respondents	Population	Sample Size	%	Sampling technique
1	FEC office internal auditors	9	3	33.3	Purposive sampling
2	Education office expertise	15	5	33.3	Purposive sampling
3	Principals	7	7	100	Comprehensive
4	Vice principals	7	7	100	Comprehensive
5	PTSA members	49	35	71.4	Purposive sampling
6	KETB	32	20	62.5	Purposive sampling
	Total	119	77	64.7	

3.6. Data Collection Instruments

The data gathering tools are designed on the bases of review of related literature. The questionnaires, document and interview questions developed and analyzed in line with the basic questions of the study. In order to maintain the reliability of the questionnaires, pilot test took place from non-sampled respondents of Dale Dambal and Tafo number-1 primary schools. The validity of the items took place by language teachers, research supervisor, and my senior colleagues of the field. This will help me to check the errors related to language, ideas, content, and other that might be of technical skill gap of the study.

3.6.1. Questionnaire

The process of data collection conducted mainly through questionnaire because of its suitability for survey study that has large size of respondents. Questionnaires are forms used in a survey design that participants in a study complete and return to the researcher. Participants mark answers to questions and supply basic, personal, or demographic information about themselves (Creswell, 2012). The demographics of the respondents established in the questionnaire. The questionnaire comprised of both closed and open-ended questions. Using structured questionnaire quantitative information collected from the indicated respondents. In the structured questionnaire, 25 close-ended and 7 open-ended questions prepared to be filled by vice principals, school finance officers, education office expertise, KETB members and the PTSA members who used as respondents. The questionnaire comprised of items to be rated in five-point linker scale. The rationale behind using the questionnaire is that, it helps to provide respondents with freedom to fill whatever they feel without any external pressure and it also helps to collect data from large number of respondents that were required to participate in the study.

3.6.2. Interview Guide

Interviews occur when researchers ask one or more participants general, open-ended questions and record their answers. Interview surveys are forms on which the researcher records answers supplied by the participant in the study (Creswell, 2012). Interview questions employed for 7 principals, and 3 FEC office internal auditors. In order to get relatively more detailed information and to fill the gaps that was not covered in the questionnaire. And also interviews are types of survey where the subjects of the study are delivered in face to face encounter by interviewer. In

this study all the interviews are individual interviews. Semi-structured interview is vital when the researcher wants to know specific information which can be compared and contrasted with information gained in other interviews. To do this the same questions used for all respondents. The interviews made according to the schedules made by the researcher by using manual method.

3.6.3. Document Analysis

Documents consist of public and private records that qualitative researchers can obtain about a site or participants in a study, such as reports, newspapers, minutes of meetings, personal journals, or diaries (Creswell, 2012). In addition to the above instruments of data collection, documents used to gather secondary data. Therefore, reliable information obtained from the seven selected primary schools. Essential documents such as ledger, financial reports and audit feedback at schools and city administration finance offices assessed for financial resource management.

3.7. Pilot Test

Pilot study carried out and adjustments were made based on the pilot test. The questionnaires tested from non-sampled respondents before it administered in to final participants of the study. The reliability of the items tested using Cronbachs' alpha formula by SPSS version 20.0. This is because Cronbach's alpha is used to estimate internal consistency by determining how all item soon test relate to all other test items and total test items. As a result the Chronbach's alpha value of ($\alpha=.856$). The result indicates that the items with data obtained from pilot test were highly consistent. Moreover, the content validity of the instrument has been checked by language professionals. Thus, simple language usage of some words, vague words, missing items was modified.

3.8. Data Collection Procedure

Data collected under certain procedure. Three major steps followed in the data collection procedure. In the first step of this procedure, The questionnaire translated in to Afan Oromo language by the researcher with the help of the advisor for some respondents who had difficulties to understand the language used in the research so that they could easily understand and

responded to each item. Then the questionnaire administered 56 KETB and 49 PTA members. The questionnaire comprised of items to be rated in five-point liker scale from strongly agree (1), agree (2), undecided (3), disagree (4) and strongly disagree (5) to measure the status and challenges of school financial resource management in the selected seven government primary schools. In the second step of the data collection procedure, interviews conducted with 7 principals, and 3FEC office internal auditors. The interviews conducted in person at the interviewees' respective workplaces. The data they provided during the interviews had been recorded and then categorized differently on the basis of the difference and similarity of respondent's views.

After all questionnaires and interviews administered by giving proper orientation about the purpose of the study, how to fill the questionnaires, How to answer the interview etc. Here the orientation was given not only to sample respondents for all members of the school community. To this end agreement was reached before the distribution of instruments. Finally, the distributed questionnaires as well as interview were collected carefully from all participants as much as possible by the help of data collectors.

3.9. Method of Data Analysis

After the necessary data are fully collected from primary and secondary sources using different data collecting instruments, both qualitative and quantitative data analysis methods employed. The quantitative method employed for the data collected through questionnaire by organizing, tabulating, coding, by using different statistical tools such as frequency percentage, mean, and standard deviation to summarize the responses. Regarding the qualitative data which are going to be collected from respondents through interview, open ended questions and that of secondary data narrated in words.

3.10. Ethical Considerations

To make the research process professional and ethical efforts were made. The researcher was inform to the respondents about the purpose of the study i.e. purely for academic; the purpose of the study also introduced in the introduction part of the questionnaires and interview guide to the respondents and confirm that subject's confidentiality protected. In addition to this, they

informed that their participation in the study based on their consents. The research will not personalize any of the respondent's response during data presentations, analysis and interpretation. Furthermore, all the materials used for this research acknowledged.

CHAPTER FOUR

PRESENTATION AND ANALYSIS OF DATA

This chapter of the manuscript presents data, discusses, interprets and analysis findings on financial resource execution and reporting practices obtained from the respondents both from qualitative and quantitative methods. In addition the response rate and demography of respondents related to financial resource execution and reporting practices presented.

4.1. Response Rate

The percentage of questionnaire instrument, served to collect data from respondents, returned from respondents revealed 94.81 percent. It indicates only 5.19 % of respondents did not return the paper. Thus, it has very high return rate, and saturated response obtained and the researcher can present and analysis the data. Creswell (2012) also claims that a typical (questionnaire) response rate above 50% indicates high.

Table 2: Response rate

No.	Types of respondents	Population	Sample size	Returned questionnaire paper	Response rate
1	FEC office internal auditors	9	3	3	100
2	Education office expertise	15	5	5	100
3	Principals	7	7	7	100
4	Vice principals	4	7	3	42.8
5	PTSA members	49	35	35	100
6	KETB	32	20	20	100
Total		119	77	74	94.81

4.2. Demography of the Respondents

Demographic questions assess the personal characteristics of respondents related to the practices of financial execution and reporting in the primary school of Laga Tafo Laga Dadhi town administration.

4.2.1. Educational Qualification, Field of Study and Service in Years

Table 3: Educational qualification, field of study and service in years

		Frequency	Percent
Highest educational qualification	Grade 10 complete	20	27.0
	BA/BSC/BED	19	25.7
	Other	35	47.3
	Total	74	100.0
Respondents' field of study	Educational and teaching field	29	39.2
	Business and management field	8	10.8
	Other	37	50.0
	Total		100.0
Service respondents' have in the position	1-5 years	15	20.3
	6-10 years	18	24.3
	11-15 years	31	41.9
	16-20 years	10	13.5
	Total	74	100.0

Table 3 presents the highest educational level, field of study and service respondents have timely. The data 20 (27.0%), 19(25.7%) and 35(47.3) of respondents are grade 10 complete, BA/BSc/Bed holder; and other educational qualification respectively. The other named field of study comprises the majority of respondents. From filed observation, the researcher viewed that most of PTSA and KETB members below grade 10 complete, in which they are selected from community vote. On the other hand, some of the teachers are graduates of teacher training institute. Anyhow 25.7% comprises the Bachelor holder, and none of the respondents have Master's degree and level graduates. Accordingly, Joseph (2014) noted that the educational level of an employee determines his/her ability in day to day activities.

The second demographic characteristics related to financial execution and reporting system respondents field of study. The field of study composes of 29 (39.2%) teaching and other educational fields, 8(10.8%) other business and management field and the remaining 37 (50.0) not named field of study or they are non-graduate. Accordingly, Joseph (2014) noted that the educational level of an employee determines his/her ability in day to day activities.

Table 3 also presents that the experience respondents have in their service years. Accordingly, respondents' having 1-5 years holds 15(20.3%); 6-10 years holds 16(24.3%); 11-15 years holds 31(41.9%); and 16-20 years holds 10(13.5%). Most of the respondents were well experienced, and believed that they shared appropriate information.

4.3. Practices of Financial Execution

The five rating scale from strongly agree to strongly disagree worked for measure the practices financial of execution.

Thus, table 4 presents as follows:

Table 4: Items worked for measuring practices of financial execution responded by PTSA, KETB, and principal and vice principal

No	Items	Strongly agree (1)	Agree (2)	Undecided (3)	Disagree (4)	Strongly disagree (5)
1	Financial plan prepared timely and appropriately with the limited resource by school principals and finance officers of the school	2	38	27	7	
2	Stakeholders actively participate in planning school finance.		2	38	34	
3	KETB and PTSA approve the financial budget timely with the long range plan of the school		15	33	23	3
4	School finance is effectively and efficiently used to attain its intended goals.		25	34	13	2
5	School finance officers/accountants have experience on executing the financial system	2		8	49	15
6	There are revenue collection and payment voucher used in school	8	51	8	7	
7	School uses financial management guide lines effectively	1	1	31	40	1
8	The proclamation, regulations and directives enacted according to GAAP		2	57	15	
9	School is regularly carrying out keeping in the financial procedures.		4	21	45	4
10	School display the financial report to the school community and stakeholders		2	40	29	3
11	Capacity building mechanisms are taking place in the school for financial resource administration		2	38	30	4
12	Financial resources are utilized efficiently		29	31	12	2
13	School use all planned budgets without any return back			2	34	38
14	Financial resource executed timely with time frame set	12	46	16		
	Grand total	25	217	384	338	72
	Percentage	2.41	20.95	37.07	32.63	6.95
	Percentage of positive, neutral and negative responses	23.36	37.07	39.58		

To present the data collected from the respondents based on table 4, I prefer from general or summary of the table to the specificity of each items reaction. Accordingly, the overall result obtained from the respondents for items practices of financial execution at primary school 25 (2.41%) strongly agree, 217 (20.95%) agree, 384(37.7%) undecided, 338(32.63%) disagree and 72(6.95%) strongly disagree. It indicates that about 23.36% of respondents have positive reaction for the successful practices of financial execution with strongly agree and agree response; whereas about 39.58% of respondents react about the negative responses for the successful practices of financial execution at primary schools. And the remaining 37.07% of them were not deciding about the issue that is they may neither know about the practices or challenging to decide it. Therefore, majority of the respondents have negative reaction with 39.58%. It implies the financial execution practices regarding planning, participation, approval, experience, enactment of regulation, and directives, keeping financial procedures, capacity building and effective and efficient utilization status were weak.

To the specificity, I categorize the fourteen items into three groups based on their majority responses reacted from the respondents from the appendix v. These are the one with positive reaction i.e. strongly agree and agree majority group, undecided majority group and negative reaction i.e. disagree and strongly disagree group. As a result, item1 financial plan preparation (54.05%), item number 6 voucher preparations (79.73%), and item number 14 financial resource executions with time frame (78.38%) have positive majority responses. On the other side, item number 2 stakeholders participation (51.35%), item number 3 financial budget approval (44.59%), item number 4 efficiency and effectiveness of finance with goals (45.95%), item number 8 enactment of regulation, directives (77.03%), item number 10 financial report display or transparency (54.05%), item number 11 capacity building for officers (51.35%), and item number 12 efficiency of financial resources have neutral with undecided responses from respondents. Finally, the third categories with negative responses (strongly disagree and disagree) are item number 5 experience of finance officers or accountants (86.49%), item number 7 financial management guideline (55.41%), item number 9 carrying out financial procedures (66.22%) and item number 13 utilization of all planned budget (97.30%).

Therefore, about three items such as item number 1,6, and 14 have positive responses, seven items such as item number 2,3,4,8,10,11, and 12 have neutral reaction, and four items such as

item number 5,7,9, and 13 have negative reactions from the respondents. A study conducted by (Lera 2014) also revealed that the critical challenges of financial execution practices were lack of skilled manpower, lack of stakeholder's participation and transparency to them, and lack of capacity building for practitioners on financial resource management.

Most developing countries have the basics of an accounting system but do not use it effectively. In a number of countries accounting systems are not well integrated with planning, budgeting, cash and debt management, and auditing systems (World Bank, Public Expenditure Management Handbook, 1998). The result complied from the respondents confirm that planning for financial resource has positive responses; whereas the efficiency and effectiveness of financial resource execution contradicts.

4.4. Financial Recording, Book Keeping and Reports

The World Bank confirms that the timely, comprehensive, and reliable financial report helps to identify deviations from the budget (World Bank, Public Expenditure Management Handbook, 1998). Financial reporting is the communication of information regarding a governmental unit's accounting activities (National Center for Education Statistics, 2003). Therefore, the appropriate financial reporting system is mandatory for the effective and efficient utilization of limited financial resource. Considering this issue as important for the financial resource the researcher collected the data from respondents using the following items and presented on the table 5 hereunder.

Table 5: Recording, bookkeeping and reporting financial resources

No	Items	Frequency					
		1	2	3	4	5	Total
		SA	A	UD	D	SD	
1	All the documents prepared for recording and bookkeeping (voucher, ledger,)	10	47	15	2		74
2	Recording of financial revenue and expenditure are taking place as soon as possible		2	13	40	19	74
3	School finance officer has an experience in recording the financial statement		2	14	42	16	74
4	School finance officer prepares the report monthly		31	21	22		74
5	The quarterly and annual approved financial report presented to the school community, education office, and stakeholders timely	2		23	38	11	74
6	Budget summary is posted on bill board quarterly		11	29	32	2	74
7	Internal audit conducted with time frame	2	7	39	26		74
8	External audit conducted with time frame		2	42	30		74
	Grand total	14	102	196	232	48	592
	Percentage	2.36	17.23	33.11	39.19	8.11	100.00

Like execution practices, the researcher presents the data and its interpretation both from the general and specific interpretation of items. For the general interpretation I use table 5 data and for specific item data interpretation I use data presented on appendix vi. Thus, the overall recording, bookkeeping, and reporting practices of primary school at Laga Tafo Laga Dadhi data revealed from table shows that 14 (2.36%) strongly agree, 102(17.23%) agree, 196(33.11%) undecided, 232(39.19%) disagree and 48(8.11%) strongly disagree. It indicates that majority of the respondents disagree (39.19%) for the successful recording, bookkeeping, and reporting financial practices.

To specify the results obtained from respondents majority response based on data of appendix VI, I categorize the items into three groups. Category i with positive responses (strongly agree and agree); category ii neutral (undecided), and category iii (disagree and strongly disagree). As a result, majority of the respondents reacts positively on item number 1 document preparation (77.03%), and item number 4 monthly report preparations (41.89%). Whereas, on item number 2

financial recording as soon as possible (79.73%), item number 3 finance officer experiences on recording (78.38%), item number 5 financial report approval (66.22%), and item number 6 posting budget summary (45.95%), respondents reacted negatively. Finally, the neutral undecided result obtained from the majority of respondents on the items number 7 and 8 with a percentage of 52.70 and 56.76 respectively. Thus, it amplifies that even though the necessary documents were existing in the primary school; the experience, financial transparency and reporting is a problem at the primary schools of Laga Tafo Laga Dadhi town administration.

Regarding the recording, bookkeeping and reporting systems in governments' schools and public sectors other findings were observed as follows. According to Lera (2014) there were problems of not reporting regularly and using the auditing system. He also confirms that the timely internal and external auditing problems observed in the government schools conceived as a problem (Ibid). In addition this study conducted on government secondary school reported that schools did not have clear auditing guidelines (Azmera, 2014). The financial reported has been presented to the higher officials but it lacks quality and timely reporting (Ibid).

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1. Introduction

This chapter includes summary and conclusions of the entire part of the study from the findings. It also highlights and suggests practical and applicable solutions and recommendations for the identified weakness and challenges in the practices of financial resources execution and reporting system at Government primary schools of Laga Tafo Laga Dadhi town administration.

5.2. Summary of Findings

The study conducted on practices of financial resource execution and reporting at government primary schools of Laga Tafo Laga Dadhi town administration provokes issues like financial planning and its synchronization with intended goals, bookkeeping and reporting system, and finally its effectiveness and efficiency of finance. Although financial planning conducted with time frame, and vouchers are prepared by the schools; there is a limitation in accountants/finance officers experience, guideline, proclamation, regulation and directive enactment as well as procedures follow-up.

In addition, the response from data also revealed that the document presence and preparation at the primary school level is good; however the recording, approval of reports and transparency of financial resource execution shows certain limitation from respondents' data.

5.3. Conclusions

The researcher categorize the specific item conclusions into three categories such as positively reacted category (strongly agree and agree) category, neutral (confused) category with undecided response category and negatively reacted with disagree and strongly disagree responses.

Thus, category i where majority of respondent's reacted positively to the items:

- a) Financial plan preparation (54.05%), voucher preparation and availability (79.73%), financial resource execution with time frame (78.38%) replied positively.

- b) Stakeholders participation (51.35%), financial budget approval by authorized body (44.59%), efficiency and effectiveness of financial execution with intended goals (45.95%), enactment of proclamations, regulation, and directives (77.03%), financial report transparency (54.05%) and capacity building for accountants (51.35%) all have undecided majority responses.
- c) Experiences of finance officers/accountants (86.49%), implementation of financial management guideline (55.41%), and carrying out financial procedures (66.22%) were negatively reacting from respondents.

The second focus area of the study concerning the financial recording, bookkeeping and reporting system of government primary schools at Laga Tafo Laga Dadhi town administration, and the researcher concluded results from the findings based on the majority responses as follows:

- a) The financial document preparation (77.03%) and monthly report preparations (41.89%) reacted positively by the majority of respondents.
- b) The internal (52.70%) and external (56.76%) auditing with time frame reacted undecided responses by majority of the respondents. It means (52.7%) they are either confusing or did not know about the issues at the school level.
- c) The third category where the majority of respondents reacted negatively to the items were: financial recording as soon as possible (79.73%), finance officers/accountants experiences on recording (78.38%), financial report approval by authorized by (66.22%), and transparency of budget summary (45.95%).

5.4. Recommendations

To improve the financial execution and reporting practices at Government Primary schools of Laga Tafo Laga Dadhi town administration the researcher forwarded the following recommendations to practitioners, planners, policy makers and researchers.

5.4.1. Recommendations for practitioners and Planners

- i. The practitioners of primary school follow and go through the procedures, proclamations, regulation and directives prepared for financial executing and reporting schema

- ii. The authorized body for budget and report approval better to check and approve the financial planning and reporting timely
- iii. The financial officers/accountants of the primary school should capacitate him/herself that cope up with the GAAP
- iv. Financial transparency and accountability should be exercised at the school level

5.4.2. Recommendations for Policy makers

- i. It is preferable to update the MoE (2002) guideline entitled on “*Directive school administration, public participation and finance*” concerning financial administration and community participation. Because some the issues in the directives did not compatible with time; and also not practiced.
- ii. At the government primary school the financial management wing did not have structure; or else did not assign the expertise. On the other hand the assigned individuals require the capacity building for financial administration. So, policy makers should consider individuals working on the financial management for capacity building.

5.4.3. Suggestions for Further Study

This section discusses to makes suggestion for further research. Even though, this research has been descriptive type, due its scope did not cover the related issues at all. As a result certain points out some related issues researcher open a door to investigate in detail. First, the respondents’ responses confirm that controlling is not the only factors affecting financial performance, policy and program effectiveness. Hence, it is better to investigate other factors hindering the efficiency and effectiveness of the limited financial resource execution at the government primary schools.

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APPENDICES

Appendix: Questionnaire

ADDIS ABABA UNIVERSITY

COLLAGE OF EDUCATION AND BEHAVIORAL STUDIES

Department of Educational Planning and Management

Items to be filled by Education office expertise, school finance officers, vice principals, PTA members and KETB members.

Dear Respondents

The purpose of this questionnaire is to collect data for the MA thesis study which attempts to investigate on the status and challenges of financial management in public general primary school which is required for the partial fulfillment of masters of art in school leadership. The success of this study depends on your genuine response and the result of this study will help to give important recommendation on schools financial management practices to the concerned body. So you are kindly requested to give answers for the given questionnaires carefully and honestly.

General Instruction

- a) No need to write your name.
- b) Please put “X” mark in the space provided for your answers given in a multiple choice form.
- c) Please give short answers in a space provided for questions that requires additional information.

Thank you in advance!

Part I: Back ground information

1.1. Name of your school ____ 1) Lagatafo No.1 2) Dale Dambal 3) Wobari 4) Gawasa 5) Lagatafo No.2 6) Mutenicha

1.2. Your current position _____

1) Education office's head 2) Education office's expertise 3) FEC office's internal auditor 4) School's Principal 5) School's vice principal 6) School's accountant 7) PTSA Member 8) KETB Member

1.3. **Sex : Male** Female
Male Female

1.4. **Age** 20 years and below **Age** 21 – 30 years
Age 31 – 40 years **Age** 41 years and above

1.5. Educational Qualification

1) Grade 10 complete 2) Grade 12 complete 3) Diploma
4) Level graduate 5) BA/BSC/BED 6) MA/MS/MED

If other (please specify) _____

1.6. Field of specialization

1) Management 2) Accounting 3) EdPM 4) Other educational filed 5) other business and management field 6) others

Other (please specify) _____

1.7 How many years you have served in this position (in years)

i) 1 – 5 ii) 6 – 10 iii) 11 – 15 iv) 16-20 more than 20

Part I I: Rating scale items

Please answer the following question by put “X” in box of your choice. **SA:** represent strongly agree. **A:** represents Agree. **UD:** represents undecided **D:** represents disagree. **SD:** represents strongly disagree.

2.1. Financial execution Practices

No	Item	SA	A	UD	D	SD
1	Financial plan prepared timely and appropriately with the limited resource by school principals and finance officers of the school					
2	Stakeholders actively participate in planning school finance.					
3	KETB and PTSA approve the financial budget timely with the long range plan of the school					
4	School finance is effectively and efficiently used to attain its intended goals.					
5	School finance officers/accountants have experience on executing the financial system					
6	There are revenue collection and payment voucher used in school					
7	School uses financial management guide lines effectively					
8	The proclamation, regulations and directives enacted according to GAAP					
9	School is regularly carrying out keeping in the financial procedures.					
10	School display the financial report to the school community and stakeholders					
11	Capacity building mechanisms are taking place in the school for financial resource administration					
12	Financial resources are utilized efficiently					
13	School use all planned budgets without any return back					
14	Financial resource executed timely with time frame set					

What are the problems in financial implementation at your school?

2. Who plan your school budget? Mention it briefly? _____

2.2. Financial recording, book keeping and Reports

No	Item	SA	A	UD	D	SD
1	All the documents prepared for recording and bookkeeping (voucher, ledger,)					
2	Recording of financial revenue and expenditure are taking place as soon as possible					
3	School finance officer has an experience in recording the financial statement					
4	School finance officer prepares the report monthly					
5	The quarterly and annual approved financial report presented to the school community, education office, and stakeholders timely					
6	Budget summary is posted on bill board quarterly					
7	Internal audit conducted with time frame					
8	External audit conducted with time frame					

III. General questions

- How do you measure the overall status of financial budget execution
i) very high ii) high iii) medium iv) low v) very low
- How do you measure the overall status of financial recording, bookkeeping and reporting
i) very high ii) high iii) medium iv) low v) very low
- How do you hear the financial report of the school?

- What are the major problems in financial budget execution in government primary schools?

- Set the recent year/s financial audit report status of the school

Appendix II: Interview Guide for FEC Office internal auditors

ADDIS ABABA UNIVERSITY

COLLAGE OF EDUCATION AND BEHAVIORAL STUDIES

Department of Educational Planning and Management

Interview Guide for City Administration Finance Officers and Auditors.

Dear Informant,

The objective of this interview questions is to assess the status and challenges of financial resources in primary schools of Laga Tafo laga . The information you are going to provide would be very important and valuable for the success of the study. Therefore, you are kindly requested to be honest and frank in responding all the interview questions you have asked. Be sure your responses confidential and used only for research purpose.

Part I. Profile of informants:-

1. Sex of the respondent_____.
2. Age of the respondent in years /_____/_____/yrs old.
3. Educational Level of the respondent: _____ .
4. Job position of respondent _____
5. Work experience (in years) _____
6. Marital Status of the respondent_____
- 7 .Name of the town where the respondent lives: _____

Part II

1. Has your office ever organized and executed training program on financial management for primary schools of the town? If not why?
2. Who is responsible for primary school's budget plan preparation?
3. How do you observe the financial bookkeeping, recording and reports of the government primary schools?
4. Would you give training on financial management issues for primary school finance officers?
5. Is there the practice of internal and external auditing in primary schools of your town? If yes what are problems encountered?
6. Do primary schools use financial management guide lines? If not why?
7. Is there adequate skilled man power to administer financial resources in primary schools? If no, what are the challenges and solution?
8. In your opinion what are the critical challenges of financial management in primary schools of your towns? What are the possible solutions to reduce the problems?
9. Suggest the status of the government primary schools financial audit report by GAAP?

Appendix iv: Instrument prepared for Document Analysis

Questions prepared to investigate documents on the practical financial management in the study school (This completed by the Researcher).

1. Name of school _____

2. Staff type and size in the school:

A. Teachers by sex: Male _____ Female _____ Total _____

B. Supporting Staff: Male _____ Female _____ Total _____

No	Item	Yes	No
1	All expenditures are sufficiently documented		
2	All internal income is sufficiently documented		
3	The financial statement of your school is audited regularly by an independent auditor		
4	Documented of internal auditor check		
5	Budget implementation reports are consistent with plans		
6	Payment is executed always based on full documents and evidences		
7	The models, statement, ledger, vouchers were well organizing in the school		

Appendix v: Financial execution practices response

No	Items						Frequency					Percentage		
		(1)	(2)	(3)	(4)	(5)	Total	SA +A	UND	SDA+DA	SA +A	UND	SDA+DA	
1	Financial plan prepared timely and appropriately with the limited resource by school principals and finance officers of the school	2	38	27	7		74	40	27	7	54.05	36.49	9.46	100
2	Stakeholders actively participate in planning school finance.		2	38	34		74	2	38	34	2.70	51.35	45.95	100
3	KETB and PTSA approve the financial budget timely with the long range plan of the school		15	33	23	3	74	15	33	26	20.27	44.59	35.14	100
4	School finance is effectively and efficiently used to attain its intended goals.		25	34	13	2	74	25	34	15	33.78	45.95	20.27	100
5	School finance officers/accountants have experience on executing the financial system	2		8	49	15	74	2	8	64	2.70	10.81	86.49	100
6	There are revenue collection and payment voucher used in school	8	51	8	7		74	59	8	7	79.73	10.81	9.46	100
7	School uses financial management guide lines effectively	1	1	31	40	1	74	2	31	41	2.70	41.89	55.41	100
8	The proclamation, regulations and directives enacted according to GAAP		2	57	15		74	2	57	15	2.70	77.03	20.27	100
9	School is regularly carrying out keeping in the financial procedures.		4	21	45	4	74	4	21	49	5.41	28.38	66.22	100
10	School display the financial report to the school community and stakeholders		2	40	29	3	74	2	40	32	2.70	54.05	43.24	100
11	Capacity building mechanisms are taking place in the school for financial resource administration		2	38	30	4	74	2	38	34	2.70	51.35	45.95	100
12	Financial resources are utilized efficiently		29	31	12	2	74	29	31	14	39.19	41.89	18.92	100
13	School use all planned budgets without any return back			2	34	38	74	0	2	72	0.00	2.70	97.30	100
14	Financial resource executed timely with time frame set	12	46	16			74	58	16	0	78.38	21.62	0.00	100
	Grand total	25	217	384	338	72	1036	242	384	410	23.36	37.07	39.58	#REF!

Appendix vi: Financial Recording, book keeping and reporting practices response

No	Item	Frequency						Frequency				Percentage			
		1	2	3	4	5	Total	Categ-1	Categ-2	Categ-3	Total	Categ-1	Categ-2	Categ-3	Total
		SA	A	UD	D	SD		SA+A	UD	SDA+DA		SA+A	UD	SDA+DA	
1	All the documents prepared for recording and bookkeeping (voucher, ledger,)	10	47	15	2		74	57	15	2	74	77.03	20.27	2.70	100
2	Recording of financial revenue and expenditure are taking place as soon as possible		2	13	40	19	74	2	13	59	74	2.70	17.57	79.73	100
3	School finance officer has an experience in recording the financial statement		2	14	42	16	74	2	14	58	74	2.70	18.92	78.38	100
4	School finance officer prepares the report monthly		31	21	22		74	31	21	22	74	41.89	28.38	29.73	100
5	The quarterly and annual approved financial report presented to the school community, education office, and stakeholders timely	2		23	38	11	74	2	23	49	74	2.70	31.08	66.22	100
6	Budget summary is posted on bill board quarterly		11	29	32	2	74	11	29	34	74	14.86	39.19	45.95	100
7	Internal audit conducted with time frame	2	7	39	26		74	9	39	26	74	12.16	52.70	35.14	100
8	External audit conducted with time frame		2	42	30		74	2	42	30	74	2.70	56.76	40.54	100
	Grand total	14	102	196	232	48	592	116	196	280	592	19.59	33.11	47.30	100
	Percentage	2.36	17.23	33.11	39.19	8.11	100.00	19.59	33.11	47.30	100.00				0