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**Addis Ababa University College of Education and Behavioral
Studies Department of Educational Planning and Management**

**Practices and Challenges of financial management in private and
government secondary schools in Dukem town**

MA THESIS

BY: Eshetu Birhanu

**August, 2021
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Practices and Challenges of financial management in private and government secondary schools in Dukem town

**In Partial Fulfillment of the Requirements for the Master's Degree
in Educational Leadership**

BY: Eshetu Birhanu

August, 2021

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Studies Department of Educational Planning and Management**

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LIST OF ABBREVIATIONS

ABE:	Alternative Basic Education
ESDP:	Education Sector Development Program
ETP:	Education and Training policy
GEQIP:	General Education Quality Improvement Program
IMF:	International Monetary Fund
MoE:	Ministry of Education
MOFED:	Ministry of Finance and Economic Development
PSTA:	Parent Student Teacher Association
SDP:	School Development Program
SIP:	School Improvement Program
TVET:	Technical and Vocational Education Training

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ABSTRACT

The main objective of the study was to explore the practices and challenges of financial management in private and government secondary schools in Dukem town. Therefore, this study focuses on find out common sources of finances, find out how the schools manage the finance earned from different sources, to identify the challenges in role in managing the finance and measure taken. Descriptive method were employed to conduct the study and the sampling techniques. Questionnaire, interview, and different financial documents were used as data collecting instruments. Questionnaires for 7 school principal, 68 teachers, 8 financier personnel from four schools and, interviews with 8 PSTA, 1 process owner from education office and 1 finance process owners were conducted. The study discovered that the education budget comes from the government, School internal income and community contribution were the main sources of education budget in study schools. Teachers were selected through stratified random sampling techniques; whereas school PSTA, principals, vice principals and financial personnel were selected trough available sampling techniques. The statics used to analyze the data were frequency, mean and one way Anova test. The study found that the lack of diversification sources of school finance, lack of participation of stakeholder in budget preparation, lack of financially skilled man power finance personnel, lack of relevant training, absence of internal and external auditing activity, delay in releasing budget, engagement of school management on different duties and lack of effective measures taken were the major challenges of financial utilization in Dukem Town Secondary Schools. Based on the finding of the study, it was recommended that all the stakeholders should involve in diversification of school sources of finance, participate actively in financial management system ,fulfill skilled man power of finance personnel, also the finance and economic development office should audit the financial activities performed in accordance with the existing financial guidelines, regulations and principles of ministry of finance to minimize the stated problems and take effective measure up on problem makers of the school finance.

1. INTRODUCTION

The introduction part of this research proposal presented the background of the study, statements of the problem, objectives, significance, delimitation of the study operational definition of key terms and organizational of the study.

1.1 Background of the study

Financial resource management is one of the most important functions in any organization. No organization has succeeded without financial resources (Allis, 2004). Therefore it becomes imperious for institution, organizations, firms, and business entities to consider financial risks. According to Ogbonnaya (2000) the key purpose of financial management is to make sure that funds sourced are utilized in the most efficient and effective manner. The author argues that resources are scarce and therefore it is the duty of educational administrators to optimally and prudently use available resources for the attainment of institutional objectives. Poor management of available funds leads to embezzlement, diversion of funds from prioritized projects and misappropriations. Mgbodile (2000) documented that delay in disbursement of funds to institutions, lack of adequate training of educational heads, negligence of school financial clerks among others are factors that fuel poor management of funds in institutions in Nigeria. On the same range, Buda and Dazing (2014) noted that poor state of school Benue State in Nigeria was as a result of financial management issues such as the inability to generate revenue internally and misuse of available resources. It is observed that the management of school funds has been a challenge in Zimbabwe. Definitely it is noted that school heads in Mashonaland East province have had cases of miss management to funds (Chatiza, 2011) abuse of teacher incentives (Segiovanni, 2012).

In their analysis of basic management and financial skills by school development committees in Zimbabwe, Washes, Ndlovu and Shenje (2014) maintained that concerted efforts by school principals, school development committees and other stakeholders such as community are required for proper decision making and proper use of school resources. The authors noted that administrators in secondary schools in Harare lacked financial skills needed for prudent management of school funds in well manner. Therefore, financial resources

should need carry financial resources management important good in order to use the school resources more effectively efficiently.

Many countries have spread out the management of financial resources to schools in a bid to develop their management. This was eminent in a study carried out in France (Crouch & Winker, 2008). Tight budgetary control affects managerial behavior in municipalities and universities throughout Sweden. This result in managers being less committed to their organizations and institutions. There is great emphasis on accountability in higher education in the United States. Performance funding policies influenced state budgets and resource allocation priorities at public colleges and universities in the country. However, accountability policies had little effect on state budgets and spending priorities of universities and colleges. Improving cost efficiency was stressed to be a major element of accountability efforts in the learning institutions in the U.S. Mgbodile (2000) documented that delay in disbursement funds to institutions lack of adequate training of educational heads, neglect of school financial clerks among others are factors that fuel poor management of funds in institutions in Nigeria. On the same breadth, Bua and Ad zongo (2014) noted that poor state of schools in Benue State in Nigeria was as a result of financial management issues such as the inability to generate revenue internally and misuse of available resource.

In Ethiopia different sponsors finance education from domestic and external sources, the external source includes loans and grants while the domestic source comprises government budget, parent, Community contribution and schools' internal income. The share of government in financing education declines as the level of education increases. General education is free in Ethiopia. Students in public schools from Grade 1-10 are not required to pay for their education. The public primary and general secondary schools are fully supported by government budget. However, students in secondary schools and in higher education are required to share a portion of the total expense made per student (MoE, 1998).

1.2 Statement of The problem

Finance is the money used or required to support an activity or project. It has been called the presence of an organization. Without adequate management of finance all, the activities of

Organizations are restrained (Kennedy, 1983). Financial management involves dealing with problems relating to receiving the maximum revenue available to an education institution. All financial commitments throughout the fiscal period as directed by the budget adopted by the board of education school business administrators are employees of the school district who ,the school system within its financial resources as directed by policies of the board of education (Tidwell,1986).

The amount of finance consumed in education greatly determines different kinds of school services. Educational system needs sufficient financial resources so as to implement educational plan. Insufficient facilities, inadequate manpower training, and overcrowded classrooms are obviously mentioned as some of basic indicators for the low quality of education which are mainly caused by allocating financial resources that are not sufficient to educational institution (ESDP III, 2006).

The Ethiopia education and training policy recommended enough budget distribution and appropriate utilization of the educational budget for the planned purpose. 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; distributing 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 lack 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. It is clearly observed that there are different problems in financial management in education. As showed in ESDP III (2005), there was a problem of low budget utilization in civil works due to weak capacity of financial management implementation. MOE (2006) also shows that there is weak administrative capacity of educational finance management. Specifically, from researcher experience, no well-organized school management in most schools; school leaders have no training, Knowledge and skills for financial management in school. Van Wyk (2004) stated that, the financial administrations in schools are not good due to a lack of financial restraint, inadequate financial training and poor

internal control systems. In addition, allocation of inadequate amount of budget for schools and absence of auditing and monitoring of schools etc.

Even though no studies have been seen on these issues in Dukem Town, there is a study which was done on the practices and challenge of resource management of shashemene town government schools by Indale Ajebew (2010) in Shashemene Town. However, his study was focused on the practices and challenges of all resources for the success of the schools. In addition, his study did not clearly identify the challenges of financial management and practices observed in financial management and beside that he was focused only on government secondary school. Therefore, this study is intended to assess the practices and challenges of financial management in Dukem town private and government secondary schools.

1.3 Research Questions

Based on the above stated problems the researcher formulates the following research questions:

1. What are the sources of income in the schools?
2. How do the schools manage the finance earned from different sources?
3. What are the challenges in managing the finance?

1.4 Objectives of the Study

1.4.1 General Objective

The overall objective of this study is to assess the practices and challenges of financial management in private and government secondary schools in Dukem town, and remedial solutions in order to improve practices of financial management in government and private Secondary schools in Dukem Town .

1.4.2 Specific objective

With this general framework, the study is attempt to focuses on the following specific objectives: -

1. To find out common sources of income in the schools in Dukem Town Secondary schools.
2. To find out how the schools manage the finance earned from different sources.
3. To identify the challenges in role in managing the finance in secondary schools in Dukem Town.

1.5 Scope of the Study

The scope of study is limited geographically to the government and private secondary schools of Dukem town. The researcher chooses the above mentioned research area; because from the researcher long experience there, researcher believe sufficient data can be handled and, to make the study manageable it is delimited to the practices and challenges of financial management in Dukem town government and private secondary schools.

1.6. Significance of the Study

The study is considered to be significant to find out common sources of income, to find out how the schools manage the finance earned from different sources and to identify the challenges in role in managing the finance in secondary schools in Dukem Town. Finally, this study may also be used as a base for those who want to conduct further investigation and people who have the intention to conduct research regarding the practices and challenges of financial management.

1.7 Limitation of the Study

The study was limited to identify financial and material resources. Budget **constraints** has meeting during data collection. However, the researcher tried to overcome these problems as much as possible and produced this research work.

1.8. Definition of Terms

Budget- A financial plan that set out expected revenues and/or estimated expenditure over a forth coming period of time typically one year (Maitland, 1996)

Finance- The management of money; a science which concerns itself with levying and applications of revenue in organization (J.A. Simpson and E.S.C. Winer, 1989)

Decentralization- is the delegation of authority to lower level of governing hierarchy and/or the devolution of power to lower dimensions of the structures of the organization of the state (Gorton et.al., 1988).

Financial management refers to the process of managing school funds according to the regulations and guidelines provided by the education authorities and relevant legislation (Mbama, 1992).

Secondary schools- are schools that offer formal education for grade 9-10.

Principal: the administrative head and professional leader of school division or Unit, such as a high school, junior high school, or secondary school (Good, 1973).

The school fund refers to the money given to the school by the State and/or obtained by the school from sources such as donors, sponsors or the parents.

1.9. Organization of the Study

This study is organized into five chapters. The first chapter encompasses the background of the study, statement of the problem, objectives of the study, scope of the study, significance of the study, operational definition of the key terms and organization of the study.

2. REVIEW OF THE RELATED LITRATURE

This part deals with topic related to financial management in education. It is concerned with the concepts of financial management in education, School Based Management, Review of financial resource management in Ethiopian education and sources of finance for Ethiopian Education, cost and expenditures in education, budget planning, competent personnel for effective financial management in education, and monitoring and evaluation in management of education finance, include.

2.1 The Concept of Financial Management in Education.

According to Ukejeet *al.* (1992) financial management in education is concerned with the cost of education, source of income to meet the educational costs and the spending of the income in an objective manner in order to achieve the educational objectives. Since educational finance is, for the most part, a reflection of educational objectives, the management of financial resources and spending of income must be given a great consideration.

Along with this, Nevev (1995) defines as financial management concerned with two distinctive functions that are: financing and investing. Financing decisions concentrate on the type, size and percentage composition of capital resource. It also explains that management of capital uses as investing.

These days, due to increased school cost and the lack of adequate finance it is difficult to overcome the sky rocketing cost of materials. However, effective and efficient financial management could minimize this problem in educational system.

It is in current years that the Ethiopian government has paid attention to the importance of school management and school level decision-making. Research in the area of school management is almost nonexistent in Ethiopia. However, various reports and policy documents prepared by the Federal Ministry of Education clearly indicate the extent to which the Government has been focusing on improving school management in recent years (MoE 2005).

The idea of decentralized management of finance in education intended to enhance development and local decision making on finance, to increase and improve system of allocation, to build

capacity of financial actors, to improve transparency and financial accountability and to raise efficiency (MoE, 2006)

2.2. School Based Financial Management

Caldwell and Spinks in Mestry (2006) explain school based management as it is the way of managing Public schools to decentralize school level decision related to the allocation of resources with its own accountability.

Marishane and Botha (2000) explains school based management as tools for shifting centrally decision making powers regarding to budget at school. Marishane and Botha argue that school based management is the joint responsibility of both the school governing body and the school management team, which together form a school based financial management structure this structure is accountable to the two main sources of school funding namely the state and the community and is responsible for monitoring and evaluating the financial management performance of the school based management structure.

2.2.1. Financial Management

Momoniati in Erasmus (2008) explains financial management as a requirement of managers to take responsibility for the actions and achievements in exchange for greater managerial discretion over their input. Thus, managers have to take responsibility for their performance.

Van Wyk (2004) states that the objective of financial management in the public sector is to support management in the allocation of limited resources with the purpose of ensuring economy and efficiency (and effectiveness) in the delivery of outputs required to achieve desired outcomes that will serve the needs of the community (school).

Similarly, effective management of school finances means that principals participates all stockholders (parents, community members, staff and learners) in financials decisions. School leaders should understand the stockholders participation in financial decision contributes better in the effectiveness of school financial managements. So that, the elected representatives of parents has to know and trained how they participate in managing the school finances by the school principals (Guthrie, J.et. Al 1998).

According to the MOE (2002), Self-management in schools is based mostly on two sections: Which gives parent teacher association power to administer and control the school's property, buildings and school resources, gives parent teacher association extra allocated functions to control their own finance and extra-curricular activities. Which imply that the community plays an active role in the life of the school, specifically in assisting in the financing of schools.

Van Wyk (2004) concludes that financial administration in the public sector is not a pretty sight due to a lack of up-to-date technology, financial restraint, inadequate financial training and poor internal control systems. Good governance further seeks to ensure that there is adequate control over the strategic, tactical and operational planning of the school, especially the schools finances and resources, to enable it to achieve its overall objectives. The school management team on the one hand needs to demonstrate and put into practice honesty, integrity, accountability, responsibility and transparency and the PTAs on the other hand must apply tests of fairness, accountability, responsibility and transparency and must be accountable to both the school and their community.

2.2.2. School Finances

As cited in Susan, Fuhrman and Morvinlazerson (2014), school finances depending on their ownership. This can be either privately or publically financed. Privately owned schools receive funds from tuition fee, sponsors, contributions, private donations and grants. The government has responsibility to allocate fund directly to public institution. Government financing is especially common in developing countries. Investment on education in turn boosts economic growth and employment and the future prosperity of the nation as the whole.

2.3. Sources of Finance for public school Education in Ethiopia

In Ethiopia different sponsors finance education from domestic and external sources, the external source includes loans and grants while the domestic source comprises government budget, parent, Community contribution and schools' internal income. The share of government in financing education declines as the level of education increases. General education is free in Ethiopia. Students in public schools from Grade 1-10 are not required to pay for their education. The public primary and general secondary schools are fully supported by government budget.

However, students in secondary school (11 & 12) and in higher education are required to share a portion of the total expense made per student (MoE, 1998).

The loan and most of the bilateral/multilateral grants are part of the government budget. The government budget consists of funds from treasury and external loans and assistances. Resources from other sources are not reflected in the education budget and it is difficult to estimate its magnitude as it can be seen from the analysis below; the domestic source is the major source of finance for education in Ethiopia.

2.3.1. Government Source

Education as one of social sectors it needs finance in order to achieve its objectives. The attainment of these objectives an important factor in order to exist as a system and to command scarce resources where it is from public or private resources. Finances for education came from different sources. The major ones are from or government and private sources. So finance gained from government known as Public funds while the private one is private funds. Based on this fact the education system can be fully financed by a single level of government (central, regional or local) or by a combination of two or more of these government level (Melaku, 2000).

2.3.2. Non-Government Source

In addition to government sources of finance there are non government sources of educations finance which is gained from the domestic source; external source also plays an important role in providing resource for education. Those sources may take the form assistance, aid or loan. The term aid is often used to meant not all assistance but certain types of loan both financial and aid in kind. Loans of the conventional type to the poor countries with limited development serving potential are risky revenues, which often in countries massive defaults (Shemelis,2000). This is because the opportunity cost of capital forgone on the part of the leaders in a form of subsidy since most of those loans bear nominal is interest rate. Nevertheless, loans from bilateral and multilateral Banks such as the World Bank, African Development Bank and Private Commercial Banks are non-conventional loans.

2.3.2.1. Aid

Financial or material aid to education particularly for developing countries plays a significant role for expanding education. To maintain the quality of education, minimizing disparities among different geographical areas and gender additional aids are required (Boone, 1994 in Shemelis, 2000).

2.3.2.2. Loans

Loan is another significant source of educational finance mainly in developing countries. “Even though the impact of loan is highly questionable today about some 20 African countries more than two third of all developing countries have taken loan from IMF for foreign exchange requirement”(Sayal,1992 in Shemelis.2000).

The IMF funding programs related to countries stabilization effort, and the World Bank funds program aimed at changing the structure of incentives in the country. Those loans are conditionals and depend on the acceptance and policies to correct financial differences and the base for the renewed growth. However, a number of criticisms directed at those institutions especially the World Bank, the way secure loan(Tefera,2018).

The school grant constituent under GEQIP has been designed to address this constraint through the provision of a minimum amount of funds based on enrolment rates to all schools and ABE centers. The grant given to schools is designed to improve the school through school improvement plan. For the use of school grants the minister of education prepare guide line how the school work on it on the grant and provide guidelines all aspect of implementation at federal, regional, and school level and are cross-reference with the SIP guidelines (Tafera, 2018).

The school grants guidelines are consistent with government’s blue book guidelines, but will be implemented as a standalone document to ensure that key responsibilities and outputs are conveyed and understood at different levels (GEQIP plan November,2008). As showed above, both grants have some clear guidelines commonly described as the blue book/the blue print/ for the block grant (MoE,1994) the school grant support budget guideline (MOE,2009).

2.3.3. Contributions

The community has responsibility in involving in financial, material and labor contributions; and has responsibility exercise leadership, participate in school management in which they reflects

their ownership of the school. In this context, the communities will continue to contribute to financing education, in particular through support to low-cost classroom construction through provision of local materials and labor. The community may also, based on its ability and development level, help out with non-salary recurrent expenditure. Students and parents also participate in the financing of education through fees in TVET and tertiary education. An increase in those contributions can contribute to filling the financing gap. (ESDP IV.P.1).

2.3.4. Internal Income of Schools

Prior to the 1994 Education and Training Policy, schools internal income was one of the major sources for financing education. Schools were charging students registration fee and other contributions at the beginning of the school year. They were also generating income sale of services and products such as products of handcrafts and school farms.

Primary and general secondary schools were not allowed to charge students any form of fee. As result schools' incomes that were derived from student payment were no more available. Moreover, the new financial regulation required all government institutions including schools to report and transfer the amount they collected in a given fiscal to the finance office since the government is allocating budget for them according to their plans. This discouraged schools since they felt that transferring the money to finance office while the school has serious shortage of funds was in appropriate. Latter on the regional education bureaus discussed the issue with their respective regional finance and economic development bureaus and reached at an agreement, which their allowed schools to retain and use their internal income. Although there is no change in the financial regulation, schools are using their internal income. Currently, schools are generating incomes from different activities (MoE,1994).

The major sources for school's internal income were farmlands, Parent's contribution school club activities, evening classes and rent of classrooms for different activities, etc (Oxfam GB and BEA-E.2006). The location of schools determines the type of income. The income from farmland is for rural schools while incomes from evening class and rent of classrooms are for urban schools. The community contribution is for all schools regardless of the location of the

school. In analyzing schools' internal income, however, it is important to exclude the community contribution in order to avoid double counting.

2.3.5 Private Financing of Education

Though the large share of education finance source in many African countries is from the government source, education expenditure could be from the community. A considerable amount of education expenditure depending on the relative importance of education the running of education institutions in particular country obtained based on the interest and desired of the community. Whenever they function, private institutions provide some of the expenditure for the education offered in the country. In light of the wide range of the financing of private institutions, their interest varies from voluntary agencies such as churches and other non-profit making institutions with strong social motivation to pure profit, making bodies or individuals. However, when it viewed purely in terms of finance the yield of private education would be the cost of providing an equivalent amount of public education. Thus private education is substitute for public education that it relays the public sector of financial burden, which can be measured, inters of what cost to cover the private institutions in to public ones and to support entirely the future growth in government schools. The level of funding is necessary to accelerate as the required speed to achieve the objective of expanding the education system and improving the quality of education. "Thus, it is likely to be beyond the financial ability of many governments to increase the quality of education only through budgetary allocation (Baun, 1995:120).

As research of World Bank indicates, the upper income families are likely to benefit from education subsidies to greater extent than the poorer ones particularly at secondary level education. Thus considerable amount of education expenditure attributed to private individuals without considering the equity of objective of financing education one a strategy to achieve this objective the introduction on cost recovery mechanism through a system of fees or charges for service or students loan (Baum,1995:27).

It is also the second types no education of finance service next to public financing. Private sources are differs from public financing in their types and nature. Private source may generate from the society, business firms, or corporations, and also from individuals (UNESCO 2002)

As cited Zena (2016) according to Melaku (2000), the major groups of private contributors are as follows: “Families: pay fee for tuition, registration, examination and other purpose and expenditures of purchase of school uniform, books and instructional supplies are transportation. Local communities : may cover capital expenditure which the government takes the commitment to cover recurrent expenditure, business Corporation of firms: government can enact laws that direct corporation and business firms to participate in financing and provision of 18 educational services. They can also be involved in sponsoring vocational, technical, training programs mainly to satisfy their own human resource needs”.

2.4 Challenges Related to Financial Controls

Cole & Kelly (2011) states that the aim of controlling is to measure the performance against aims, objectives and standards to enabling corrective measure to be taken when it needed. 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. Financial control takes the targets of desired performances its standards, then collates information systematically which relates to actual performance (usually on a monthly or four-weekly period basis and identifies the variances between target and actual performance. The primary aims of financial control are to; establish short-term business plans, determine progress towards the achievement of short-term plans, ensure coordination between key areas of the organization, delegate measurable responsibilities to managers without loss of control and provide a controlled flexibility for meeting change in the short-term.

Boddy (2011) state that financial control process contains 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 one of the role of management planning and is the process of monitoring activities to ensure that the results are in-line with the plan and taking corrective action if required. The one of the way we follow is 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. Boddy (2011) found out that controls discourage wrong behavior

which is not in interest of 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.

2.5 Role for Effective Management in Education

Not only insufficient generation of revenue, but also its proper utilization has a great effect on the performance of educational institutions. This is related to whether there are competent personnel or not.

Ray wind in Botha. M (2004: 95) describes school based management important tools in improving schools by shifting decision-making powers regarding the budget from the central level to the schools. Botha. M argue that school based management is the joint responsibility of both the school governing body and the school management team, which together form a school based financial management structure. This structure is accountable to the two main sources of school funding namely the state and the community and is responsible for monitoring and evaluating the financial management performance of the school based management structure.

2.5.1. The Role of School Principals on Financial Management

According to Early (1999) school principals and PTAS should be empowered to understand and supervise school resources. Early maintains that school principals should work with their PTAs in the financial matters dealing with budgeting, purchasing and in managing school resources. School principals need not necessarily be financial experts or accountants, but it is believed that they should be knowledgeable enough to keep on top of the school's budget and accounting process and knowledgeable enough to speak and understand the relevant language.

One of the biggest changes that have taken place in educational management since 1994 is the local management of the school fund, for example, by the school governing body, financial

committee and the school principal. This has given schools much more freedom in managing their own affairs and opened the door to better ways of managing the school fund(Davies,2004).

2.5.2 The Role of Parent-Teacher-Association Members

The first steps in organizing school finances is to institute the school governing body, which in turn appoints the school financial committee. Both bodies are prescribed by legislation (MOE,2002b). The parent teacher association is organized from student parent, teachers and local community. For example, an expert on financial matters may be co-opted in the finance or fund (MOE, 2002b). The parent teacher association is an important element of democratization in education. Therefore, it is essential that the parent-teacher-association work closely with the school principals as school financial managers.

The parent teacher association has role of assisting principals in managing school finances, in contributing community involvement in fund-raising, in establishing a school account and to administer it in accordance with the guidelines. They prepare the school budget each year that shows the estimated income and expenditure and is presented to the general parent's meeting for approval (Correia, Flynn, Uliana and Wormald 2003).

The parent teacher association should find ways of obtaining enough money for the school by approaching business people to sponsor school activities; asking parents to contribute as they want; and organizing fundraising projects for their schools. MOE, 2002 allows the parent teacher association to use the school hall for fund-raising. The money raised by the school is paid into the school account. The school finances should be is administered in terms of the rules drawn up by MOE, 2002.The guidelines on school financial management indicates that the school principals and parent teacher association should open and maintain a single bank account in the name of the school at a registered bank. Nobody is allowed to keep money or deposit it into a bank account other than the one that exists in the name of the school. The parent teacher association should look after school property. Principals are not free to use the school finances as they please and money donated to the school should be used for educational purposes only.

2.6 Monitoring and Evaluation in Management of Educational Finance

According to Melaku (2010;44) in many educational institutions, one of the most important area of administration that take much of the time and attention of managers and planners is management of finance. Once decision is made by higher authorities, it is the responsibility of the institutional manger and planners to see that the fund allocated is utilized according to the plan. To this effect, good system of financial planning or budgeting , accounting, auditing and reporting should prevail in school management.

2.6.1. Accounting

Accounting involves complete and accurate recording, classifaying and summarizing of all the financial facts or transaction (Colclough and Al-Samarrai 2000). From this it is possible to understand that accounting help in a better analysis of financial facts. Financial accounting is concerned with the recording of transactions for a business or other economic unit and the periodic preparation of various reports from such records. The reports, provide useful information for managers, government agencies and the general public of particular importance to financial accountants are the rules of accounting, termed “Generally Accepted Accounting Principles (GAAPs)” (Mangiest,2008).

2.6.2. Auditing

Auditing focuses on investigation of financial records of the educational organization. It is important in that it enables public confidence, safeguard money, property and employees of the school. It also gives unbiased statistics with respect to the educational system. Thus, the expenditure process should be examined through auditing. Without audit the account may not reveal the true financial acts. Basically, auditing is a formal examination and verification of the accuracy of the accounts maintained in the accounting system of an enterprise Corbally (1997). In addition to this, the function of auditing is to examine the fiscal efficiency. It also protects the system and the personnel form illegalities, losses or improper expenditures.

Accounting can be internal and external auditing. Internal auditing is the pre-auditing done by employees to minimize mistakes to avoid financial trouble, while external auditing is a post

auditing made after a year's work has been completed. External auditing is done by independent auditors and which are not employees of the office (Corbally, 1997).

2.6.3. Reporting

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

3. RESEARCH DESIGN AND METHODOLOGY

This section discuss about research methodology that was employed to achieve the objectives of the study. It contains the setting where the research was conducted, research design, data sources, sampling and sampling techniques, instruments for data collection and methods of data analysis.

3.1 Research Design

In this study, descriptive survey method was employed. This method was chosen for its appropriateness to the nature of the topic, which needs wider description, investigation of facts and information related to it and complement to it. Descriptive method is also important and helpful to show situations, as they currently exist (Anderson, 1990). In order to conduct the study, the quantitative and qualitative data collected.

Quantitative method was selected because it is helpful to show situations as they currently exist. Moreover, it is economical and rapid, and turns around the data collection and identification attributes of the larger population from a small group of individuals (Cresswel, 2003).

Quantitative study also seeks to render the research visible and to remove any influence the researcher might have in the research findings in the interest of the objectivity. Therefore, Principals, Financial personals, PTAs, Teachers and Process Owners were included for the source of data.

Qualitative data also was collected in this study, which helps in understanding of major problems of financial management in schools. Based on this qualitative, researchers study things in their natural settings to make sense or interpret phenomenon in terms of meanings peoples attach to them. In connection to this, more effective in assessing and examine the current situation about the practice and problems of financial management. Moreover, it is also helpful in identifying the challenges that impede to implement it. Thus, although there are personal reflective accounts on the research process, in a study qualitative study included in order to achieve the research objective by interviewing.

3.2 Sources of Data

3.2.1 Primary Source

Questionnaires and interview were used as primary source of data collection from dukem town private and government secondary schools.

3.2.2 Secondary Source

The secondary data is collected from various documents such as school guide lines, files, minutes and reports on the practices and challenges of financial management in schools.

3.3 Sample Size and Sampling Techniques

In Dukem town there are two government and two private secondary schools. Both schools are teaching 9-12 grade level. Regarding the sample size of the respondents; 7 (100%) and 8 (100%) finance personnel of the schools was selected using availability sampling method. Accordingly, 68 (51%) teachers and 8 (34%) SPTA members selected using stratified random sampling to address gender, experience and other variables. Generally, from total of 173 populations, 93 (54%) samples were selected using the above mentioned probability and non-probability sampling techniques.

Table 1: The population and sample frame of administrative staff and teachers

No	Population Category	Sample Category	Total Population	Sample Size	Sampling technique
1	Administrative Staff	Principles	7	7	availability sampling
		Financial personals	8	8	availability sampling
		PTA	24	8	stratified random sampling
2	Teaching Staff	Teacher	132	68	stratified random sampling
3	Process Owner of Budget and plan Education Office	Process Owner	1	1	availability sampling
4	Process Owner of finance	Process Owner	1	1	availability sampling
Total			173	93	

3.4 Instruments of Data Collection

3.4.1 Questionnaire

Questionnaire was among the tools used to collect data. The questionnaire comprises both open ended and close ended questions and it was administered for principals, teachers and financial personnel of selected secondary school of Dukem Town. The questionnaire was constructed by the researcher and reviewed by advisor and experts in order to make essential correction and maintain the validity and reliability of the instrument before the administration. Pilot test of the questionnaire also made on one randomly selected secondary school. The pilot test is conducted on 20 respondents (16 teachers, 2 financial personnel and 2 vice principals’) to check validity of the questionnaire. The researcher used the critics and comments given from his advisor and modifies, restructure and used Cranach alpha Coefficient to check reliability of the questionnaire. He will also receive additional ideas that are given by the experts and then make ready for the administration of the questionnaire. In administering the questionnaire, there was research

assistance. They gave sufficient orientation on how to distribute and collect questionnaires and other related issues.

3.4.2 Interview

The second instrument that will be employed to generate data is interview. To strengthen the information obtained through questionnaire semi-structured interview which has open situation, greater flexibility and with freedom employed through short note taking form. Interview is prepared to obtain further information from school principals, PTA heads and Process Owner of Budget and plan Education Office and Process Owner of finance, who are appropriate to the study. According to John (2007), employing multiple method of data collection helps the researcher to combine the strength and amend some of the inadequacies when only one method used independently.

3.4.3 Document

In order to find the facts in the study area, the researcher will analyze different documents such as school financial practices and experiences of the schools' key documents were reviewed. The overall educational financing practice of sample schools, financial plans, documents of finance, and written reports on financial management and guide lines will be asses.

3.5 Procedure of data collection

After reading the available literature on issues related to practices and challenges of financial management, the investigator established the basic questions. After the pilot test, the questionnaires and interview questions are checked and corrected. After modification is made, questionnaires are distributed to respondents and interview was done through face to face in short not taking form.

3.6 Methods of Data Analysis

Quantitative and qualitative methods were employed to analyze data. The data which was collected from questionnaire are systematically and quantitatively be tailed and counted in frequencies. Then, analyzed by using appropriate statistical tools such as: percentage, frequency,

mean and one-way ANOVA test to determine the significant difference across the groups of respondents (Principals, Financial personnel and teachers) on each item.

Frequency and percentage was employed to analyze various characteristics of the sample population such as: sex, age, educational level and work experience. In addition to this, the information gained from open ended questionnaire, interviews and documents was reported in qualitative, narrative and descriptive forms.

4. PRESENTATION, ANALYSIS AND INTERPRETATION OF DATA

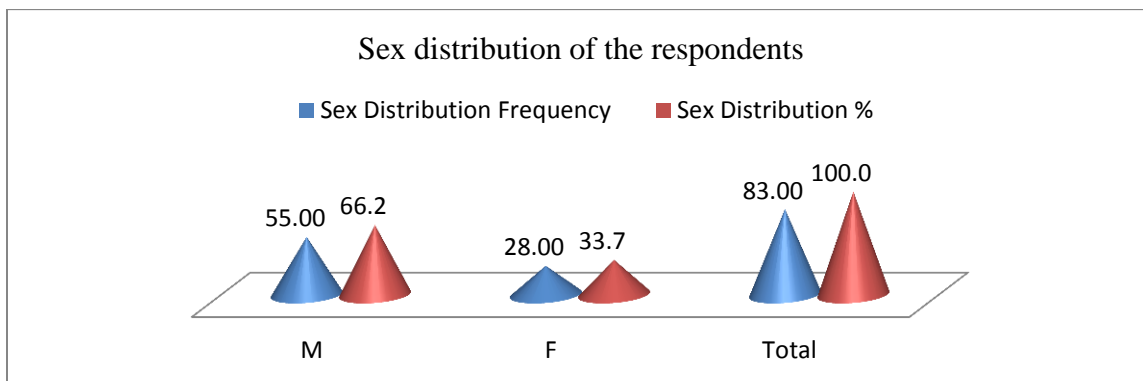
This chapter deals with presentation, analysis and interpretation of the data collected from: Secondary School principal, financial personnel, and teachers through questionnaires. Interview was also conducted with secondary school principals, Process Owner of Budget and plan Education Office, Process Owner of finance Office and PTA heads. Besides, information was gathered through documents. This was made to answer the basic research questions that were set in the study. Data was collected from Questioner were consists of 7 principals, 8 financial personals, and 68 teachers, which categorize in to three groups. Major indicators were presented to respondents to be rated on a five point Likert scale.

The total sample population was successfully participated in responding the questions and returned back the questionnaire and attended for the interview. Finally, the collected data were presented in tables and analyzed using appropriate statistical tools such as, percentage, frequency, mean and one way ANOVA. The information collected through interview and documents were also qualitatively described in words.

4.1 Demographic Characteristics of Respondents

The three groups (principals, financial personnel and teacher) respondents were asked to indicate their background information. The sample respondents were asked to indicate their sex, age, year of experience and level of qualification.

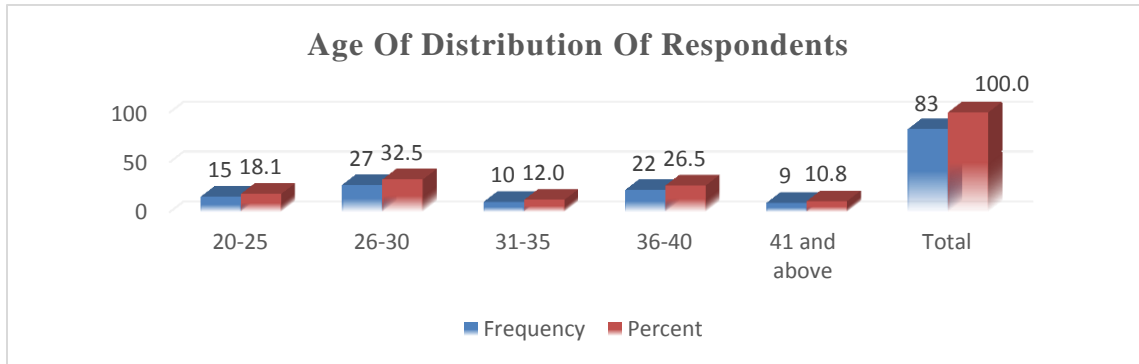
Figure 1. Sex distribution of the respondents



As it can be seen from the figure 4.1 above, 55 (66.2%) of the respondents were males while 28 (33.7%) of the respondents were females. This indicates that majority of the respondents were

males. Hence, the study depicts that the number of women involvement in under the position of principal's, financial personnel and teachers need an improvement in the study area. With regard to principals all private and government school principals are male from this the researcher can conclude that there was no women participation in the school leadership in selected secondary schools.

Figure 2. Age of distribution of Respondents



As it can be seen from figure 4.2 above, 27 (32.5 %) of the respondents were in the category of 26-30, 15(18.1%) of them were in between 20-25, 10 (12.0 %) of the respondents were in between 31-35, 22(26.5%) of the respondents were in between 36-40 age while, 9 (10.8 %) of the respondents were 41 and above age categories. This shows that majority of respondents were between 20 to 30 age category.

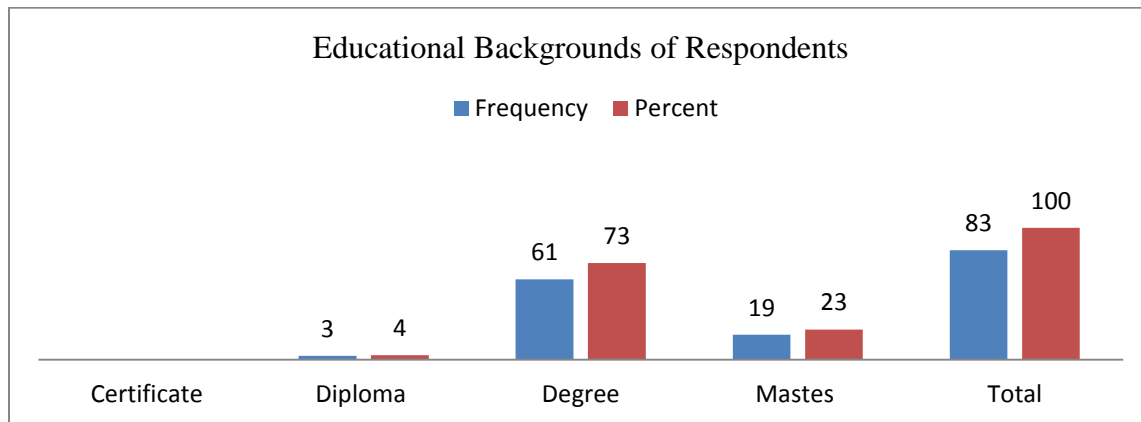
Table 2. Work Experience of Respondents

Items	N	%
1-5	17	20
6-10	32	39
11-15	18	22
16-30	12	14
Above 31	4	4.8
Total	83	100

According table 2 above, 17(20%) of the respondents worked 1-5 years in current position, 32 (39 %) of the respondents worked 6-10 years and 18 (22%) of the respondents worked 11-15 years in current position, while 12 (14 %) of the respondents were 16-30 years in the current

position and 4 (4.8 %) of the respondents worked above 30 years in the current position. This indicates that most of the teachers in selected secondary schools have less experience to transform the institutions.

Figure 3 Educational Backgrounds of Respondents



According to the figure above, 61(73%) of the respondents were degree holders, 19(23 %) of the respondents were master’s holders respectively. This indicates that majority of the respondents were degree holders followed by masters. Respondents’ educational backgrounds also have showed that there is an opportunity for professional development since leadership position requires educational exposure. With this regard, MOE Agency guideline (2008), the qualification of secondary school’s teachers should be minimum “second degree holders”. But, the researcher identify all principals in selected private school are first degree holder need professional development to fulfill the MOE guideline.

4.2 School Principals Financial Management System Practices

School principal has central responsibility of financial management which contains all other functions of school. Practices of Financial management system were assessed below. For this purpose, major indicators were presented to respondents to be rated on a five point Likert scale.

4.2.1 Sources of school finance

The educational system of Ethiopia has financial source either from government or external aid (MOE, 1983). Providing financial resources to the educational purpose is not only the responsibility of the government, but also the joint responsibility of different groups: schools,

parents, and community. An assessment of school-practices was assessed below. For this purpose, major indicators were presented to respondents to be rated on a five point Likert scale below.

Table 3 Sources of school budget

No.	Item	F	%
1	What are the sources of finance for your school?		
	A. Budget allocated by the government	38	46
	B. Student fee	20	24
	C. Internal income	8	9.6
	D. contribution made by the local community	13	16
	E. Donation given by non-governmental	4	4.8
2	Is there any source of internal income to school?		
	A. Yes	45	54
	B. No	16	19
	C. I do not know	22	27
3	Purpose of internal incomes used according to priority		
	For Operational activities	42	51
	For School maintenance	20	24
	For Library service	5	6
	For other school facilities	12	14
	For any other (specify)	4	4.8
4	Who participate in the collection of school finances?		
	A. The school principal	39	47
	B. The school committee	22	27
	C. The school Teacher	12	14
	D. Internal audit	2	2.4
	E. Any other (specify)_____	8	9.6
5	In which activities does the local community participate?		
	In contributing money for maintenance purposes	17	20
	In material provision for building class room	10	12
	In contributing money for Operational activities	49	59
	Labor contribution in building class rooms	4	4.8
	Never Contributes	3	3.6

As indicated in the above table, question number 1, respondents were asked to identify the sources of their schools sources of finances. 38 (46%) of the respondents were respond that Budget allocated by the government, 20(24%) of the respondents were respond that student fee, 13(16) of the respondents were respond that contribution made by the local community and 8(9.6) of the respondents were respond that Internal income are identified as sources of school budget. The researcher tried to know the main sources of budget in the school through interview with School PTA revealed that *'most of the sources of the school finance is the parent contribution as community involvement fee than budget assigned by government'*.

In the same table item2, the respondents were asked is there any source of internal income to school? From the total sample respondents 45 (54%) their school have sources of internal income, 16 (19%) there was no internal sources of and 22(27%) they do not know either there school have internal sources income or not.

In item 3 of the same table the respondents were asked that, Purpose of internal incomes used according to priority they identified as 42(52%)for Operational activities, 20(24%)for School maintenance, 5(6%)for Library service, 12(14)for other school facilities and 4(4.6%)for any other school activities respectively.

As it can be seen from table 3 items 4, who participate in the collection of school finances? The respondents respond that 39(47%) were school principals, 22 (27%) were school committee, 12(14%) were the school teacher, 2(2.4%) were Internal audit and 8 (9.6) were respond others like school accountant and cashers.

In item 5 respondents were asked that in which activities the local community participates. Respondents were identified that 49 (59%) in contributing money for Operational activities, 17(20%) in contributing money for building class room, 10 (12%)in material provision for building class room, 4(4.8%) Labor contribution in building class rooms and from total respondent 3 (3.6) were respond that never contributes.

4.2.2 Financial management Practices of the school

To assessment financial management of school-practices, major indicators were presented to respondents to be rated on a five point Likert scale below.

Table 4: Respondents View on School practice in financial management system

No.	Items	Respondents	N	Mean	F	Sig.
1	PSTA, vice principals, department heads, co-curricular club leaders involvement in the management of school finance.	Principals	7	4.00	24.6	0.00
		F. personnel	8	1.50		
		Teachers	68	1.78		
		Total	83	1.94		
2	School finance is effectively and efficiently used to attain its intended goals.	Principals	7	4.29	17.2	0.00
		F. personnel	8	4.63		
		Teachers	68	3.21		
		Total	83	3.43		
3	School principals are managing school finance effectively.	Principals	7	4.00	8.86	0.00
		F. personnel	8	3.25		
		Teachers	68	2.97		
		Total	83	3.08		
4	School principals and financial officers are carrying out their duties according to the financial guidelines.	Principals	7	4.00	8.86	0.00
		F. personnel	8	3.25		
		Teachers	68	2.97		
		Total	83	3.08		
5	School principals and financial officers are carrying out their duties according to the financial guidelines.	Principals	7	2.00	0.38	0.686
		F. personnel	8	2.00		
		Teachers	68	1.79		
		Total	83	1.83		
6	The auditors are giving feedback to the school regularly.	Principals	7	2.00	0.62	0.543
		F. personnel	8	2.00		
		Teachers	68	1.76		
		Total	83	1.81		

1-1.5=very low, 1.51-2.5= low, 2.51-3.5= medium, 3.51-4.5=high and > 4-5 =very high

Significant at $P < 0.05$

As it can be seen from table 4 item 1, the mean score of Principals(Mean = 4.00), financial personnel (Mean = 1.50) and teachers (mean 1.78) with total mean 1.94 shows respondents were not agree on that, PSTA, vice principals, department heads, co-curricular

club leaders involvement in the management of school finance. The ANOVA result ($F=24.59$ $P < 0.05$) shows that there are significant mean scores difference between the group of respondents. The statistical test indicates that the principals agree that PSTA, vice principals, department heads, co-curricular club leaders involvement in the management of school finance but, both financial personnel and teachers were not agree that PSTA, vice principals, department heads, co-curricular club leaders involvement in the management of school finance. Similarly, the interviewed PTA head responded that; *'school principals says that they are trying to involve the teachers, PTA members department head and co-curricular club leaders but practically it was not observed when they are involved more.'*

As data shown in table 4 item 2, of Principals (Mean = 4.29), financial personnel (Mean = 4.63) and teachers (mean 3.21) with total mean 3.43 show that School finance is effectively and efficiently used to attain its intended goals is moderate. The ANOVA result ($F=17.2$ $P < 0.05$) shows that there are significant mean scores difference between the group of respondents. The statistical test indicates that the principals and financial personnel's believed School finance is effectively and efficiently used to attain its intended goals compared to the teachers.

Item 3 of the same table, respondents were asked that School principals are managing school finance effectively. The mean score result of Principals (Mean = 4.00), financial personnel (Mean = 3.25) and teachers (mean 2.97) with total mean 3.08 show that, School principals are moderately managing school finance effectively. The ANOVA result ($F=8.865$ $P < 0.05$) shows that there are significant mean scores difference between the group of respondents. The statistical test indicates that the principals believed more that School principals are managing school finance effectively than finance personnel and teachers.

Item 4 of the same table, respondents were asked that School principals and financial officers are carrying out their duties according to the financial guidelines. The mean score result of Principals (Mean = 4.00), financial personnel (Mean = 3.25) and teachers (mean 2.97) with total mean 3.08 show that, School principals and financial officers are moderately carrying out their duties according to the financial guidelines. The ANOVA result ($F=8.865$ $P < 0.05$) shows that there are significant mean scores difference between the group of respondents. The statistical test indicates that the principals believed more that School principals and

financial officers are carrying out their duties according to the financial guidelines compared to the teachers and financial personnel. The study tried to know the reason behind this contradiction through interview with process owners of budget and plan revealed that *'principals were not always encouraging financial officers carrying out their duties according to the financial guidelines because it need long processes activities for single deities. Therefore, this may lead them not to follow strictly their duties according to the financial guide lines but when we compare the government and the private school the private school are better in following financial guidelines.*

In the above table, item 5, respondents were asked that their school is carrying out auditing frequently. The mean score result of Principals (Mean = 2.00), financial personnel (Mean = 2.00) and teachers (mean 1.79) with total mean 1.83 show that, their school is not carrying out auditing frequently. The ANOVA result ($F=0.39$ $P > 0.05$) shows that there is no significant mean scores difference between the group of respondents. The statistical test indicates that the all the respondents agree their school is not carrying out auditing frequently. The researcher tried to know the reason through interview with process owners of budget and plan revealed that *'the town administration Auditors are not ready to carry out schools auditing because of shortage of human resource but private schools are better in conducting auditing through internal auditors which is not experienced at government secondary schools'.*

Item 6 of the same table, respondents were also asked that auditors are giving feedback to the school regularly. The mean score result of Principals(Mean = 2.00), financial personnel (Mean = 2.00) and teachers (mean 1.76) with total mean 1.81 show that, all the respondents were disagree auditors are giving feedback to the school regularly. The ANOVA result ($F=0.615$ $P > 0.05$) confirm that there are no significant mean scores difference between the group of respondents. The statistical test indicates that all the respondents agree auditors are not giving feedback to the school regularly since they were not auditing the schools.

Corbally (1997) suggest that, Auditing focuses on investigation of financial records of the educational organization. It is important in that it enables public confidence, safeguard money, property and employees of the school. It also gives unbiased statistics with respect to the educational system.

4.2.3 Practice of accounting system/Management/

The following table 5 describes about the response with three items given below, in relation to practice in accounting system in the schools.

Table 5: Respondents View on practice in accounting system in the schools

No.	Item	Respondents	N	Mean	F	Sig.
1	Supportive staff involvement in the financial accounting tasks.	Principals	7	4.00	23.60	0.00
		F. personnel	8	4.25		
		Teachers	68	2.75		
		Total	83	3.00		
2	Highly qualified personnel are important to run school finance system.	Principals	7	4.14	2.099	0.13
		F. personnel	8	3.88		
		Teachers	68	4.40		
		Total	83	4.33		
3	Short term trainings solve the problems which existed in financial accounting.	Principals	7	4.29	27.13	0.00
		F. personnel	8	4.25		
		Teachers	68	2.75		
		Total	83	3.02		

From table 5, item 1 on the Supportive staff involvement in the financial accounting tasks. The mean score result of Principals (Mean = 4.00), financial personnel (Mean = 4.25) and teachers (mean 2.75) with total mean 3.00 shows that, Supportive staff moderately involvement in the financial accounting tasks. The ANOVA result ($F=0.615$ $P > 0.05$) shows that there are significant mean scores difference between the group of respondents. Principals and Financial personnel believed more on Supportive staff involvement in the financial accounting tasks than teachers. The researcher tried to know the reason behind this contradiction through interview with both government and private school principals revealed that only concerned Supportive staff involvement in the financial accounting tasks which is not include all the supportive staff.

As it can be seen from table 5 item 2, the mean score of Principals (Mean = 4.14), financial personnel (Mean = 3.88) and teachers (mean 4.40) with total mean 4.33 shows respondents were agree on that, Highly qualified personnel are important to run school finance system. The ANOVA result ($F=2.099$ $P > 0.05$) shows that there are no significant mean scores difference between the group of respondents. The statistical test indicates that

all the respondents agree that highly qualified personnel are important to run school finance system.

As data shown in table 5 item 3, of Principals (Mean = 4.29), financial personnel (Mean = 4.25) and teachers (mean 2.75) with total mean 3.02 show that the respondents moderately agree that short term trainings to solve the problems which existed in financial accounting. The ANOVA result ($F=27.13$ $P < 0.05$) shows that there are significant mean scores difference between the group of respondents. The statistical test indicates that the principals and financial personnel's believed more that short term trainings solve the problems which existed in financial accounting compared to the teachers. The study tried to know the reason behind this contradiction through interview with process owners of budget and plan revealed that *'most of the financial personnel were do the task through experiences they develop but they do not qualify well.as an expert we do not believe that short term training will not solve the problem observed in the schools'*.

4.2.4 School Practice in Purchasing Process/Management/

Respondents were requested to give their level of agreement using a five – point rating scale to the School practice in Purchasing Process. Accordingly, the results obtained were following in the table below.

Table 6: Respondents View on School Purchasing Process

No.	Item	Respondents	N	Mean	F	Sig.
1	Purchasing is carried out according to the guidelines.	Principals	7	3.71	23.60	0.00
		Financial personnel	8	3.75		
		Teachers	68	2.44		
		Total	83	2.67		
2	School furniture, lab. Equipment, and other goods purchased on the bases of their quality.	Principals	7	2.43	2.099	0.13
		Financial personnel	8	2.38		
		Teachers	68	1.71		
		Total	83	1.83		

1-1.5=very low, 1.51-2.5=- low, 2.51-3.5= medium, 3.51-4.5=high and > 4-5 =very high

Significant at $P < 0.05$

As indicated the above table item 6, the respondents were asked in the school Purchasing is carried out according to the guidelines. The mean score of Principals (Mean = 3.71), financial personnel (Mean = 3.75) and teachers (mean 2.44) respectively. Total mean 2.67 shows that the respondents were undecided on Purchasing is carried out according to the guidelines. The ANOVA result ($F=31.95$ $P < 0.05$) shows that there are significant mean scores difference between the group of respondents. The statistical test indicates that the Principals and personnel believed more in Purchasing is carried out according to the guidelines compared to the teachers.

Item 2 of the same table respondents were asked on School furniture, lab. Equipment, and other goods purchased on the bases of their quality. The mean score of Principals (Mean = 2.43), financial personnel (Mean = 2.38) and teachers (mean 1.71) respectively. Total mean 1.83 shows that the respondents were disagree on School furniture, lab. Equipment, and other goods purchased on the bases of their quality. The ANOVA result ($F=31.951$ $P < 0.05$) shows that

there are significant mean scores difference between the group of respondents. The statistical test indicates that principals and financial personnel Undecided on School furniture, lab. Equipment, and other goods purchased on the bases of their quality than teachers which was disagree that School furniture, lab. Equipment, and other goods purchased on the bases of their quality. The researcher tried to know the reason behind this contradiction through interview with four principals revealed that *‘most of school furniture and laboratory Equipment were purchased by regional and town finance equipment which does not have quality since it is purchased by list cost bid. While the private school have better materials in purchasing School furniture, lab. Equipment, and other goods purchased’.*

4.2.5 School Practice financial Reporting/Management/

Nieman and Bennett (2002) describe that, Reporting is the process of providing information. Reporting which is made for those responsible bodies in the office and the other is the report made for public or government to describe the financial status of the system relating with the education objectives and it is the final procedure of accounting and auditing.

To assess the School Practice financial Reporting 2 major indicators were selected and presented to respondents to be rated on a five-point rating scale; very high =5 to very low =1.

Table 7: Respondents View on School Purchasing Process

No.	Item	Respondents	N	Mean	F	Sig.
1	Your school is regularly carrying out the financial practices and implementation reports to the staff member and student parent	Principals	7	2.86	10.63	0.00
		F. personnel	8	2.38		
		Teachers	68	1.63		
		Total	83	1.81		
2	Your school regularly report financial expenditure to the concerned body; monthly, quarterly semi-annually and annually.	Principals	7	2.71	11.066	0.00
		F. personnel	8	2.50		
		Teachers	68	1.62		
		Total	83	1.80		

1-1.5=very low, 1.51-2.5=- low, 2.51-3.5= medium, 3.51-4.5=high and > 4-5 =very high

Significant at $P < 0.05$

As indicated the above table 7 item 1, the respondents were asked their school is regularly carrying out the financial practices and implementation reports to the staff member and student parent.. The mean score of Principals (Mean = 2.86), financial personnel (Mean = 2.38) and teachers (mean 1.63) respectively. Total mean 1.81 shows that the respondents were disagreeing on their school is regularly carrying out the financial practices and implementation reports to the staff member and student. The ANOVA result ($F=10.635$ $P < 0.05$) shows that there are significant mean scores difference between the group of respondents. The statistical test indicates that the Principals and financial personnel undecided on school is regularly carrying out the financial practices and implementation reports to the staff member and student parent compared to the teachers.

Item 2 of the same table respondents were asked on their school regularly report financial expenditure to the concerned body; monthly, quarterly semi-annually and annually. The mean score of Principals (Mean = 2.71), financial personnel (Mean = 2.50) and teachers (mean 1.62) respectively. Total mean 1.80 shows that the respondents were disagree their school regularly report financial expenditure to the concerned body; monthly, quarterly semi-annually and annually. The ANOVA result ($F=11.065$ $P < 0.05$) shows that there are significant mean scores difference between the group of respondents. The statistical test indicates that principals and financial personnel Undecided on their school regularly report financial expenditure to the concerned body; monthly, quarterly semi-annually and annually than teachers which was disagree. The study tried to know the reason behind this contradiction through interview with principals revealed that *'the concerned body most of time were not give attention for financial reporting in both government and private school.'*

4.2.6 School major challenges in managing school finance

To assess the School major challenges in managing school finance 8 major indicators were selected and presented to respondent to be rated on a five-point rating scale; very high =5 to very low =1.

Table 8: Respondents View on School major challenges in managing school finance

No.	Item	Respondents	N	Mean	F	Sig.
1	Financial personnel's activities are complicated.	Principals	7	3.71	7.01	0.002
		F. personnel	8	3.63		
		Teachers	68	4.40		
		Total	83	4.27		
2	Lack of training for financially responsible bodies.	Principals	7	4.29	20.5159	0.00
		F. Personnel	8	4.63		
		Teachers	68	3.19		
		Total	83	3.42		
3.	Lack of timely auditing practices.	Principals	7	4.29	19.6546	0.00
		F. Personnel	8	4.63		
		Teachers	68	3.43		
		Total	83	3.61		
4.	Violation of school grants rules and regulations.	Principals	7	1.71	0.69072	0.50418
		F. Personnel	8	1.75		
		Teachers	68	1.53		
		Total	83	1.57		
5.	Inadequacy and Incompetence of accountants.	Principals	7	4.29	15.8969	0.00
		F. Personnel	8	4.63		
		Teachers	68	3.53		
		Total	83	3.70		
6.	Delays of school grant budget from town to the schools.	Principals	7	4.71	31.0107	0.00
		F. Personnel	8	5.00		
		Teachers	68	3.60		
		Total	83	3.83		
7.	Lack of professional support and follow up from the town.	Principals	7	5.00	50.9886	0.00
		F. Personnel	8	5.00		
		Teachers	68	3.69		
		Total	83	3.93		
8.	Lack of stake holder's participation on budget preparation and execution.	Principals	7	4.57	6.52069	0.00
		F. Personnel	8	4.50		
		Teachers	68	3.87		
		Total	83	3.99		
9.	Unbalanced finance supply.	Principals	7	5.00	139.625	0.00
		F. personnel	8	4.50		
		Teachers	68	2.44		
		Total	83	2.86		

1-1.5=very low, 1.51-2.5=- low, 2.51-3.5= medium, 3.51-4.5=high and > 4-5 =very high

Significant at $P < 0.05$

In the above table, item 1, the mean score of leaders (Mean = 3.71), financial personnel (Mean = 3.63) and teachers (mean 4.40) with total mean 4.27 shows that, all respondents agree on the Financial personnel's activities are complicated. The ANOVA result ($F=7.01$ $P < 0.05$) shows that there is significant mean scores difference between the group of respondents. The statistical test indicates that the teachers believed that Financial personnel's activities are complicated than principals and financial personnel's. On this regard, the interviewed teachers responded that; *'It is difficult task what the Financial personnel's activities are doing because of the nature of the task has need strict follow up but not observed better'*. So, far the interviewed PTA of private school responded that *'as we have seen in different task it is difficult what the financial personnel's do'*.

In the same table, item 2 respondents were asked Lack of training for financially responsible bodies .The mean score result of Principals(Mean = 4.29), financial personnel (Mean = 4.63) and teachers (mean 3.19) with total mean 3.42 show that, agreed on Lack of training for financially responsible bodies. The ANOVA result ($F=20.515$ $P < 0.05$) shows that there are significant mean scores difference between the group of respondents. Principals and Financial personnel believed more on Lack of training for financially responsible bodies than teachers. The researcher tried to know the reason behind this contradiction through interview with both government and private school principals revealed that, *'Most of the time financial administration training was not given by the woreda, Zone and Regional education office '*.

In the same table item 3 the mean score of Principals (Mean = 4.29), financial personnel (Mean = 4.63) and teachers (mean 3.43) with total mean 3.61 respond agree on that Lack of timely auditing practices. The ANOVA result ($F=19.6545$ $P < 0.05$) shows that there are significant mean scores difference between the group of respondents. Principals and Financial personnel believed more on Lack of timely auditing practices than teachers. The researcher tried to know the reason behind this contradiction through interview with principals revealed that, *'since there was no auditing experiences from town administration concerned office it is difficult to talk about timely auditing practices. '*

In the same table item 4 the respondents were asked is their Violation of school grants rules and regulations. The mean score of 1.71, 1.75 and 1.53 of Principals, financial personnel and teachers respectively. The total mean 1.57 shows that respond disagree on Violation of school

grants rules and regulations. The ANOVA result ($F=0.690$ $P > 0.05$) shows that there no significant mean scores difference between the group of respondents. All the respondents were dis agree on Violation of school grants rules and regulations.

Item 5, of the same table indicate that respondents were asked Inadequacy and Incompetence of accountants in their school. The mean score of Principals (Mean = 4.29), financial personnel (Mean = 4.63) and teachers (mean 3.53) with total mean 3.70 respond agree on that asked Inadequacy and Incompetence of accountants in their school. The ANOVA result ($F=15.896$ $P < 0.05$) shows that there are significant mean scores difference between the group of respondents. Principals and Financial personnel believed more on asked Inadequacy and Incompetence of accountants in their school practices than teachers.

On item 6 of the same table, respondents were asked delays of school grant budget from town to the schools. The mean score of Principals (Mean = 4.71), financial personnel (Mean = 5.00) and teachers (mean 3.60) with total mean 3.83 respond agree on delays of school grant budget from town to the schools. The ANOVA result ($F=31.01$ $P < 0.05$) shows that there are significant mean scores difference between the group of respondents. Principals and Financial personnel believed more on delays of school grant budget from town to the schools. The researcher also to know the reason behind this contradiction through interview with principals revealed that, *'all time it was not assigned on the right time for the school on the other side private school principals revel that their school could not get any school grant budget from town'*.

On item 7 of the same table, respondents were asked Lack of professional support and follow up from the town. The mean score of Principals (Mean = 5.00), financial personnel (Mean = 5.00) and teachers (mean 3.69) with total mean 3.93 respond agree on Lack of professional support and follow up from the town. The ANOVA result ($F=50.988$ $P < 0.05$) shows that there are significant mean scores difference between the group of respondents. Principals and Financial personnel strongly agree Lack of professional support and follow up from the town than teachers.

On item 8 of the same table, The mean value of Principals (Mean = 4.57), financial personnel (Mean = 4.50) and teachers (mean 3.87) on the Lack of stake holder's participation on budget

preparation and execution shows total mean score 3.99. the total mean score indicate that the respondents were agree on Lack of stake holder's participation on budget preparation and execution. The calculated ANOVA result ($F=6.520$, $P<0.05$) indicated that there is statistically significant mean score difference between the group of respondents. The statistical variation of groups of respondent's shows that, principals and financial personnel highly believed Lack of stake holder's participation on budget preparation and execution than teachers.

On the same table item 9 the respondents were asked if there was unbalanced finance supply. The mean score result of principals (Mean =5.00), financial personnel (4.50) and teachers (Mean = 2.44) with total mean 3.2.86 shows that, the respondents undecided the Unbalanced finance supply. The ANOVA result ($F=139.62$ $P < 0.05$) shows that there are significant mean scores difference between the group of respondents. The statistical test indicates that the financial personnel strongly agree unbalanced finance supply than teachers. The researcher tried to know the reason behind this contradiction through interview with principals revealed that 'government school who have financial supply were not given by the rule stated in the school blue print that is why most of the time it was observed unbalance finance supply . On this regard the researcher conducted document analysis which is identified from school blue prints page 75-90 that, any *school finance supply should conduct in according to the number of student in the school. It is also clearly set that finance supply is different according to student cycle of education.*

4.2.7 Effective measures taken to improve the management of the school finance.

To assess effective measures taken to improve the management of the school 4 major indicators were selected and presented to respondent to be rated on a five-point rating scale; very high =5 to very low =1.

Table 9: Respondents View on effective measures taken to improve the management of the school finance.

No.	Item	Respondents	N	Mean	F	Sig.
1	Effective measure taken.	Principals	7	2.43	5.078	0.008
		F. personnel	8	2.83		
		Teachers	68	1.74		
		Total	83	1.90		
2	There is improvement after the measure.	Principals	7	2.86	13.35	0.00
		F. personnel	8	2.88		
		Teachers	68	1.84		
		Total	83	2.02		
3	All the stakeholders participated in school improving measure.	Principals	7	1.71	0.691	0.50
		F. personnel	8	1.75		
		Teachers	68	1.53		
		Total	83	1.57		
4	Measure taken can bring change in school finance.	Principals	7	1.86	2.271	0.109
		F. personnel	8	2.00		
		Teachers	68	1.62		
		Total	83	1.67		

1-1.5=very low, 1.51-2.5= low, 2.51-3.5= medium, 3.51-4.5=high and > 4-5 =very high

Significant at $P < 0.05$

On table 9, item one respondents were asked effective measure taken to improve the management of the school finance. The mean score result of Principals (Mean = 2.43), financial personnel (Mean = 2.83) and teachers (mean 1.74) with total mean 1.90 show that, effective measure taken to improve the management of the school finance were not taken. The ANOVA result ($F=5.078$ $P < 0.05$) shows that there are significant mean scores difference between the group of respondents. Teachers strongly disagree on effective measure taken to improve the management of the school finance were not taken than principals and financial personnel. The researcher tried to know the reason behind this contradiction through interview with town finance process owners revealed that, *‘Most of the time schools were not audited so that, it makes difficult to take measure on where the financial correction is needed ‘.*

In the same table item 2 the mean score of Principals (Mean = 2.86), financial personnel (Mean = 2.88) and teachers (mean 1.84) with total mean 2.02 respond disagree on there is improvement after the measure. The ANOVA result ($F=13.349$ $P < 0.05$) shows that there are significant mean scores difference between the group of respondents. Teachers disagreed

more on there is improvement after the measure than principals and financial personnel. The researcher tried to know the reason behind this contradiction through interview with principals revealed that, *'since there was no auditing experiences from town administration concerned office it is difficult to talk about there is improvement after the measure'*.

In the same table item 3 the respondents were asked all the stakeholders participated in school improving measure. The mean score of 1.71, 1.75 and 1.53 of Principals, financial personnel and teachers respectively. The total mean 1.57 shows that respond disagree on all the stakeholders participated in school improving measure. The ANOVA result ($F=0.690$ $P > 0.05$) shows that there no significant mean scores difference between the group of respondents. All the respondents were disagreeing on all the stakeholders participated in school improving measure. The researcher tried to know the reason why not all stakeholders participated in school improving measure through interview with principals revealed that, *'all stakeholders were not participated in school improving measure because they were not effectively support on their concerned responsibility like auditing school finance and taking measure, on the other the town education office assigned process owner does not have concerned knowledge how school finance is operated because of this they could not give attention and not all stakeholders participated in school improving measure'*.

Item 4, of the same table indicate that respondents were asked Measure taken can bring change in school finance. The mean score of Principals (Mean = 1.86), financial personnel (Mean = 2.00) and teachers (mean 1.62) with total mean 1.67 respond disagree on that measure taken can bring change in school finance. The ANOVA result ($F=2.270$ $P > 0.05$) shows that there are no significant mean scores difference between the group of respondents. All the respondents were disagreeing on measure taken can bring change in school finance.

5. SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

In this chapter the summary of the major findings of the study, conclusions and recommendations have been presented.

5.1 Summary

The purpose of this study was to investigate the practices and challenges of financial management in Private and government secondary schools in Dukem town and to come up with remedial solutions in order to improve the current practices. In an attempt to examine these problems, the following specific questions were raised in the study.

1. What are the common sources of income in the schools?
2. How do the schools manage the finance earned from different sources?
3. What are the challenges in role in managing the finance?

The data were gathered mainly through questionnaire, interview and document analysis. The data obtained were analyzed using mean scores, one way ANOVAs test, frequency and percentage. Based on the analysis of the data, the following findings were obtained from the study.

Regarding the required educational qualification of respondents, 73% of respondents were degree holders and 23% of respondents assigned in the school are Second Degree Holders .secondary school principals who were assigned in private secondary schools of the town did not graduate in educational leadership or management which is essential for school principals and were not fulfilled the standards.

1. Sources of Finance /income/ in the schools identified were:

Budget allocated by the government, Student fee and Contribution made by the local community

As shown in the finding finances gained were used mainly for operational and maintenance purposes and school principals and school committee were major role players in collection and control of the school finances.

2.Management of Finance in the Schools

- A. Lack of carrying out auditing frequently.
- B. Lack of timely auditing practices.
- C. Lack of regularly report financial expenditure to the concerned body
- D. Auditors are not giving feedback to the school regularly

- E. Lack of purchasing carried out according to the guidelines
- F. Lack of qualified personnel

3. Challenge in Managing the Finance of Schools:

- A. Lack of stakeholder involvement
- B. Financial personnel's activities are complicated
- C. Short term trainings which solve the problems which existed in financial accounting
- D. Absences of regularly report of financial expenditure are major problems identified from the findings.
- E. Lack of training for financially responsible bodies.
- F. Inadequacy and Incompetence of accountants.
- G. Delays of school grant budget from town to the schools
- H. Lack of professional support and follow up from the town
- I. Lack of stake holder's participation on budget preparation and execution.

4. Utilization

- A. For Operational activities,
- B. For School maintenance
- C. For Library service
- D. For other school facilities
- E. For any other school activities respectively.

5.2 Conclusions

Based on the major findings, the following conclusions were drawn. Financial resources management is the most important functions in any organization. No organization has succeeded without financial resources. Therefore it becomes imperative for institution, firms, organizations and business entities to consider financial management in order to enhance their performance and more mitigate exposure to financial risks.

The result of the study indicated that the practice of the school in finding sources of finance is limited to government budget and community involvement beside private school which is student fee as sources of school finances. So that Both private and Government secondary school

in finding other sources finances like working with NGO, different investors and Other stockholders was unsatisfactory.

The participation of stockholders was not as such and this could create difficulty in the improvement of managements of school finances. The participation of all stockholders planning, financial decision-making, implementation and evaluation of school financial performance mainly in government school was low.

The practice of the school finances managements have different challenges mainly, lack of training for financially responsible bodies, lack of timely auditing practices and lack of professional support and follow up from the town and lack of proper coordination and involvement of stakeholders. Therefore, there should be proper coordination and involvement of stakeholders, financial management training and proper and timely auditing and professional support and follow up needed in the practice of school financial managements of the selected secondary schools of the town.

5.3 Recommendations

In view of the findings of the study, and conclusions drawn, the following recommendations are forwarded.

- Through training should be provided to school principals, accountants, procurement division recruits, PSTAs, school board by town Education Office and regional education bureau in collaboration with partner training providers in the pre-service and in-service program.
- All school principals shall facilitate transparency in school finance for participation of teachers through consultation, stimulation and affection so that they can use their potential for the mutual benefits of the school and staff.
- The management of the school should facilitates positive means like motivation and ways to increase the staff participation in financial decision-making activities, positive work relationship between staff and principals for the success of the objectives of the secondary schools.

- To solve their financial resource problems, the schools should design income-generating mechanisms by taking in to account the available school facilities and technical experts for which participatory school finance decision is very important to make involvement of all the school stakeholders.
- Purchasing activities of educational materials should be implemented based on action plan, pro-forma and bidding policies.
- Financial Decisions should be based on sufficient and tangible information and creating favorable environment with adequate evaluation is necessary. Competent and committed staff in planning, decision-making, policy formulation, budget and income generation should be maintained in order to attain the objectives of the secondary school. And principals should be creating conducive environment for staff, developing participatory role and create favorable situation by motivating staff, in secondary school.
- Internal and external auditing practices should improve to reduce the .problems related to revenue and expenditure in financial resources management. Concerned bodies such as principals, Town education office, Town finance and development office and concerned donors as much as possible through ensuring that the finances are available for the planned projects, that money is appropriately used for the intended purposes, and that the income and expenditure is effectively managed should be identified through internal and external audits and to take corrective measures for improvements.

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7.APPENDIX

7.1 Appendix A Sample questionnaire for Principals, Teachers and financial personnel

ADDIS ABABA UNIVERSITY

COLLEGE OF EDUCATION AND BEHAVIORAL STUDIES

DEPARTMENT OF EDUCATIONAL PLANNING AND MANAGEMENT

Questionnaire to be filled by the School Principals, financial personnel and Teachers.

Dear respondents,

The purpose of this questionnaire is to collect relevant data for the study entitled “The practices and challenges of financial management in government and private secondary schools in Dukem town”. Hence, your responses have vital contribution for the study and success of the study as well. So you are kindly requested to read all questions and fill the questionnaire with genuine responses. Be sure that your responses will not be used for other purposes other than academic purpose.

Please note the following points before you start filling the questionnaire: You do not need to write your name on questionnaire paper. Read all the instructions before attempting to answer the questions. There is no need to consult others to fill the questionnaire. Please provide appropriate responses by putting (x) mark on your choice from one of the suggested alternatives. Please do not leave the questions not answered. Thank you in advance!!

Part I: General Information and Personal Data

Indicate your choice by encircling from the suggested alternatives.

1. Name of the school_____

2. Your current position_____

3. Sex: A. Male B. Female

4. Age: A.20- 25 B.26-30 C.31-36 D.36-40 E. 41and above

5. Work experience: A.1-5 years B.6-10years C.11-15years D.16-30 years G. 31and above years

6. Educational background: A. Certificate B. Diploma C.B.A or B. Ed Degree D. M.A& above
E. Other (please specify)_____

7. Current work positions: a/ as a teacher b/ as a principal c/ as a vice principal d/as a PSTA

Part II. Information and knowledge about financial resources practices and challenges in schools of the Dukem Town

1. What are the sources of finance for your school? (You can choose more than one response).

- A. Budget allocated by the government B. Student fee C. Internal income
D. contribution made by the local community E. Donation given by non-governmental organizations F. Other (specify)

2. Is there any source of internal income to school?

- A. Yes B. No C. I do not know

3. Purpose of internal incomes used according to priority

- A. For Operational activities B. For School maintenance C. For Library service
D. For other school facilities E. For any other (specify)_____

4. Who participate in the collection of school finances?

- A. The school principal B. The school committee C. The school Teacher
D. Internal audit E. Any other (specify) _____

5. In your school, in which activities does the local community participate? (You can choose more than one response).

- A. In contributing money for building class room
B. In material provision for building class room
C. In contributing money for Operational activities
D. Labor contribution in building class rooms
E. Never Contributes

Part III: How secondary schools finance personnel accomplishing financial management tasks such as accounting, auditing, purchasing and reporting?

Please answer the following question by put “X” in box of your choice.

Direction: 1= strongly disagree 2= disagree 3= undecided 4= agree 5= strongly agree

No.	Item	1	2	3	4	5
	Financial management system					
1	PSTA, principals, department heads, co-curricular club leader’s involvement in the management of school finance.					
2	School finance is effectively and efficiently used to attain its intended goals.					
3	School principals are managing school finance effectively.					
4	School principals, financial officers are carrying out their duties according to the financial guidelines.					
5	You school is carrying out auditing frequently.					
6	The auditors are giving feedback to the school regularly.					
	Accounting system complicate					
7	Supportive staff involvement in the financial accounting tasks.					
8	Highly qualified personnel are important to run school finance system.					
9	Short term trainings solve the problems which existed in financial accounting.					
	Purchasing					
10	Purchasing is carried out according to the guidelines.					
11	School furniture, lab. Equipment, and other goods purchased on the bases of their quality.					
	Reporting					
12	Your school is regularly carrying out the financial practices and implementation reports to the staff member and student parent					
13	Your school regularly report financial expenditure to the concerned body; monthly, quarterly semi-annually and annually.					

Part IV The following challenging factors may affect the financial management system in schools, please rate to what extent the factors that affect the financial resource management practices in your school by putting „X“ mark(x)in one of the boxes against each statement.

Direction: 1= strongly disagree 2= disagree 3= undecided 4= agree 5= strongly agree

No.	Challenge	1	2	3	4	5
	What are the major challenges in managing school finance?					
1	Financial personnel’s activities are complicated.					
2	There is lack of training for financially responsible bodies.					
3	There is lack of timely auditing practices.					
4	There is violation of school grants rules and regulations.					
5	There is inadequacy and Incompetence of accountants.					
6	There is delays of school grant budget from town to the schools.					
7	There is lack of professional support and follow up from the town.					
8	There is lack of stake holder’s participation on budget preparation and execution.					
9	There is unbalanced finance supply.					

Part V The following challenging factors may affect the financial management system in schools, please rate to what extent the factors that affect the financial resource management practices in your school by putting „X“ mark(x)in one of the boxes against each statement.

Direction: 1= strongly disagree 2= disagree 3= undecided 4= agree 5= strongly agree

No.	Item	1	2	3	4	5
	Effective measures taken to improve the management of the school finance?					
1	Effective measure taken.					
2	There is improvement after the measure.					
3	All the stakeholders participated in school improving measure.					
4	Measure taken can bring change in school finance.					

7.2 Interview Questions for PSTA, school principals and Process Owners.
ADDIS ABABA UNIVERSITY

SCHOOL OF GRAGUATE STUDIES

COLLEGE OF EDUCATION AND BEHAVIORAL STUDIES

DEPARTMENT OF EDUCATIONAL PLANNING AND MANAGEMENT

Interview Questions for PSTA, school principals and Process Owners.

Dear Respondents the purpose of this Interview is to collect data for the study which attempts to investigate on the practices and challenges of financial management in government and private secondary schools in Dukem town which is required for the partial fulfillment of masters of art in educational 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.

Thank you in advance!

Part1: Personal Information

1.1. Your position in the school _____

1.2. Age _____

1.3. Sex _____

1.4. Level of educations _____

1.5. Field of specialization _____

1.6. Job title _____

1.7. Service year in current position _____

1.8. Total service year _____

Part 2: - Interview Questions related with Financial Management Practice in your schools.

2.1. Sources of budget for your school?

2.2. Do you have qualified and enough finance officers?

If your answer is no; what is the solution to alleviate the problem?

2.3. What problems of financial management practices are observed in your school?

2.4. Is there the practice of auditing in your school?

2.5. Are finance officers competent to carry out financial managements of the school?

2.6. Have you taken training in the proper utilization of budget and running the school finance?

2.7. Do you have comments or suggestions on the Practice of Financial Management in your School?

Thank you in advance for your cooperation!!