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**THE PRACTISES AND CHALLENGES OF FINANCIAL  
MANAGEMENT IN PRIMARY SCHOOLS OF MINJAR  
SHENKORA WOREDA OF AMHARA NATIONAL  
REGIONAL STATE.**

**ADDIS ABABA UNIVERSITY  
COLLEGE OF EDUCATION AND BEHAVIORAL  
STUDIES  
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MANAGEMENT**

**A THESIS TO THE SCHOOL OF GRADUATE STUDIES IN  
PARTIALFULFILMENT OF THE REQUIREMENT FOR MASTER  
OF ARTS IN EDUCATIONAL LEADERSHIP.**

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This is to Certify that the Thesis Prepared by Girma Worku Haile ; Entitled “The Practices and Challenges of Financial Management in Primary Schools of Minjar Shenkora Woreda of Amhara Regional State.” Submitted in Partial Fulfillment of the Requirements for the Degree of Master with the Regulations of the University and Meets the Accepted Standards.

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## **Acronyms / Abbreviation**

ANRS: Amhara National Regional State

BOFED: Bureau of Finance and Economic Development

ETP: Education and Training Policy

FDRE: Federal Democratic Republic of Ethiopia

FEDO: Finance and Economic Development Office

KETP: Kebele Education and Training Board

MOE: Ministry of Education

NGO: Non Government Organization

PTA: Parent Teachers Association

PTR: Pupil Teach Ratio

REB: Regional Education Bureau

SGB: School Governing Body

SP: School Principal

WEO: Woreda Education Office

WETEL: Wereda Education Teachers and Education Leaders

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## **Abstract**

*The purpose of the study was to assess the practices and challenges of financial management in schools of Minjar Shenkora Woreda. Fourteen schools and concerned offices in the Woreda were considered for the study. In order to relate the finding of the study with reality, related literature and documents were reviewed. The design employed was descriptive survey. A total of 56 respondents from education and finance and economic development, and schools were used as sources of data. Questionnaire and interview were the data gathering instruments employed. Documents were also used for collection of data for the study. Percentage and frequency were dominantly used as a method of data analysis. The study revealed that dominant share of education budget come from the government source. School internal income, community contribution and NGOS support were the main sources of additional education budget. The budget preparation, allocation and management process lacked transparency and participation. In Minjar Shonkora Woreda the allocated education budget was increasing in share and in amount from year to year, yet it was not enough to address the educational demand. Even though clarity lacked about the criteria, the major criteria used to allocate budget for schools were the number of students and the standard unit cost per student for each level of education set by education bureau. Generally, the research was assessed about the preparation, allocation and utilization of schools financial management process. Training the committee members and decision making bodies, clarity of directives about financial management, searching means to increase the source of education budget and other commendable recommendations were forwarded, which the researcher has assumed valuable to improve the financial management of the schools in the Woreda.*

**Key word:** Budget preparation, allocation and utilization, sources of education finance, budget preparation and participation of stakeholders, competence of financial personnel and compatibility of financial rules and regulations.

## **CHAPTER ONE**

### **1. Introduction**

This part deals with the practice and challenges of schools financial management and its approach. It consist of introduction, statement of the problem, objectives of the study, significance of the study, delimitation of the study, limitation of the study, definition of terms and organization of the study.

#### **1.1. Background of the Study**

There is no doubt that Education is a fundamental instrument in the sustainable economic development process of any country. Now a day's national as well as international effort are being exerted to achieve sustainable development goal. Education as a decisive means for developing human resources and proper utilization of natural resource is becoming critical for the social and economic development and poverty reduction. Education helps man to improve, change as well as develop and conserve his environment for the purpose of an all-rounded development of by defusing science and technology into the society (ETP, 1994:1). It has great significance to understand and respect democratic and human rights. It is also perceived as prerequisite for personal development of individual and economic development of the society. To attain these goals the need arises both from social and pedagogical demands the expansion of secondary has never gained such a series attention. Recognition this pivotal role of education in modernization economic growth and national development, educational planners and decision makers have paid special attention to expand education. In order to solve problems and satisfy societal needs this endeavor requires an appropriate direction and policy.

Kallaway (1997;165) describes policy as a statement of intent, decisions, course of action and/or resource allocation designed to achieve a particular goal or resolve a particular problem. As Ryan in Mestry (2006; 35) indicates that a good policy identifies and articulates the values and the basic principles to be applied to (the)

specific needs of the organization. It should not only set direction but should also give direction.

As far as modern education is concerned Ethiopia has been experiencing different policies and strategies at different times to expand education. For example, the pre-1991 educational practice of our country has been criticized for its improper teaching-learning processes and achievements of the stated targets. Basically, it was not oriented for problem solving and concentrated more on theoretical aspects than practices related to day-to-day life. The education system was poorly equipped, congested, badly managed, having no clearly defined objectives, and responding poorly to the societal and pedagogical demands lacking, lacking coordination and relevance in curriculum (MoE, 1994 b: 2-3). Hence, it had little contribution to the economic and social development of the country.

To avoid the above mentioned problems and generate the essential skilled and semi-skilled man power, and in order to enhance the economic and social development of the country, the Federal Government of Ethiopia has formulated the new education and training policy in 1994. The long term goal of the current education and training policy is to improve the quality and relevance of education as well as to expand access and quality (MoE, 1994:2). The implementation of this policy has brought remarkable progress concerning access and coverage. However there have been many persisting challenges to education system. During the implementation process equity, quality, efficiency organizational capacity, community and private sector participation, and financing of education were facing challenges.

One of the most important aspects of the current development challenges in Ethiopia is the practice of political and administrative decentralization. The 1995 constitution of Federal Democratic Republic of Ethiopia indicates that, federal arrangement should be implemented in the country, as Federal Government and Regional states. The transformation from a highly centralized to decentralized

system was a turning point in Ethiopia. This gives a chance to exercise school based financial management. Raywind in Marishane and Botha (2004;95) explains school based management as a mechanism aimed at improving schools by shifting decision making powers regarding the budget from the central level to the schools. As Marishane and Botha(2004;95) explains 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 source 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. Within this decentralized system, fiscal federalism emerged through new practice cannot claim that it is free from any shortcomings. Through time and experiences encouraging improvements are being manifested in planning, mobilizing and utilizing local resources in order to improve the social services, especially to increase access and quality to education. In many developing countries, including Ethiopia, education systems are almost dependent on a single source of funding that is the government source.

According to the Ethiopia education sector strategy, the financing of educational system shall be improved by increasing the governmental budget allocation particularly for infrastructure, building and provision of education materials. Financing for higher education will be to prioritized and essential areas encouraged (MoE, 1994: 18). On the top of the effort of the government, it is also believed that the participation of private sector and the community in financing the education system should be encouraged. There are certain complaints concerning on the fairness and criteria considered in deciding the subsidy for each Woreda, which is determined based on indices such as population size, amount of revenue generated and developmental status of each Woreda. At Woreda level, there are also complaints heard from school management and kebele education and training board that the budget allocation for the education program is not reasonable and satisfactory to implement their educational plans.

Ethiopia is organized into Federal States. Amhara National Regional State is one of the federal states with high population which is organized in 11 Zone administrations and two city administration Zones with 165 Woreda administrations. The population of Amhara region is estimated to be above 23 million out of which 51% were females in 2009 E. C. The Minjar Shenkora Woreda share of the population is 161,352 out of which 83,123 (51.5%) male and 78229 (48.5%) are females. About 28224 students were enrolled for education in the Woreda (85.52% gross enrolment), and 4948 students enrolled for secondary education and 23,276 students enrolled for primary education. The economic ground of Minjar shenkora woreda people are agriculture 89.25%, trade 3.31%, handcraft 0.9%, civil servant 1.04%, daily laborers 0.64% and others 1.21%. The languages dominantly speaking are Amharic 94.6%, Oromifa 5%, and Argoba 0.4%. Most of the people at about 91% are orthodox, 7% Muslim, and 2% protestant believers (Minjar Shenkora Woreda Vital events registration agents, (2018).

Amhara National Regional State Bureau of finance and economic cooperative allocated for the woreda basically focused on the population number, number of workers and the capacity to collect tax etc. Likewise, the woreda officials distribute the budget for the sectors based on the criteria, like number of workers, work type, poverty alleviation focused areas- Education, Health, Agriculture, Water, Small enterprise. Based on the above criteria the share of the allocated budget for the education sector has possessed 68,959,009 (46.6%) birr from the total expenditure in 2018. The Woreda education office distributes the budget for the schools based on the number of pupils the school have. It is obvious that allocation of more finance and getting greater share of government resource alone do not produce quality education. Burke, (1997) defines management` ...as judicious mobilization and utilization of available recourses in a skillful control of all factors to secure maximum intended results with a minimum expenditure. This definition highlights that managing finance, as a resource to education systems, requires managers to be competent enough to mobilize financial resources of

institutions. It is, therefore, an acceptable assertion that the success of an educational system in attaining its objectives heavily depends on the quality of its financial management. Generally, the most important factor that influences the attainment of educational goals is effective and wise management of available scarce resources, particularly finance. The mobilized financial resources from different sources should be allocated and utilized for the predetermined purposes and priorities. However, the researcher believed that, little attention has been given to the way and procedures of how school budget allocation and utilization for education carried out. The practices and problems on the education budget preparation and allocation for educational program at school level will be assessed and analyzed.

## **1.2 Statement of the Problem**

Due to the decentralization process continuing in Ethiopia, likewise in Amhara region, the public budget allocation for education sector at Woreda level, including other sector, is being transferred to Woreda administration level and at school level as well. In doing so, however, there are some problems which hinder implementing the desired change. These problems are likely to come from lack of participation of concerned personnel in budget making, lack of experience, identify mismatch between the budget and developmental priorities, lack of clear and consistence procedures in using the allocated budget, etc. This is happen in schools of Minjar Shenkora Woreda.

Therefore, the main purposes of this research was to examine the current practice in public education budget allocation and utilization, to identify problems and challenges in financial management of schools, and to suggest possible and feasible solutions for prevailing problems in the schools. Generally, this paper was tried to assess whether the schools are financially and operationally sound or not.

Some researchers have undertaken studies on how schools generate finance for their organization, how far NGOs support to address the school problems, and the like. Concerning on financial policy issue research undertaken by Parmasivan and Subramania (2010), have found out, there is no required financial policy but would, as a matter of urgency, develop one in consultation with all relevant stakeholders. So, the principals, and the school governing body run the schools finances, but the stakeholders, are never consulted. In other words, the study have undertaken on public education finance management, have found out, in most cases, the budget preparation processes were not participatory in the school as well as in Woreda level and money did not available on time of request (Alebachew, 2005:82-84). This research is different from others, as it tries to investigate the criteria considered in budget allocation, the school governing bodies efficient utilization of school finance and the competence levels of principal's and school governing bodies. The base of this research is the schools themselves not the top levels of the education sector and will touch the real problems of schools financial management.

Having these limitations as a reference, the study will focuses to answer the following basic questions.

1. What are the source of budget and criteria considered in allocating finance in the education sector?
2. Are the existing rules, regulation and procedures on budgeting and budget utilization conductive and helpful for effective implementations of finances?
3. To what extent schools of Minjar Shenkora Woreda efficient in utilizing the allocated budget?
4. What are the main problems encountered in financing management in Schools?
5. What measures need to be taken to improve financial management?

### **1.3. Objectives of the Study**

#### **1.3.1.General Objectives**

The study aims at assessing on the practices of financial management in Minjar Shenkora Woreda schools and making recommendations.

#### **1.3.2.Specific Objectives**

- To examine the current practice in school budget allocation.
- To examine the current practice in school budget utilization.
- To identify practises and challenges in education budget allocation
- To examines problems in schools budget management.
- To suggest possible and feasible solutions for the prevailing problems in the education sector at school level in Minjar Shenkora Woreda.

### **1.4 Significance of the Study.**

This research is important to examine the current practice of schools financial management, to provide some possible solution to the problem identified and help to create attentiveness in the mind of school leader, planners and decision-makers requiring the current problems and possible solutions. It provides relevant information regarding budget practices and challenges on its implementation. It presents information about how corrective action can be made during budget practices. Moreover, the research indicates various opportunities which improve the budget transparency and participations.

Finally, the study can be used as reference for future research on the topic to provide input for further researchers in relation to effective budget preparation, to give input to the concerned institution to re-examine previous procedures and investigate a new procedure, to provide some insight about the strong sides and weak sides of schools budget management, to serve as a reference material for both

academician and practitioners and it will also be useful for policy makers in making amendment of responsible body in school financial management.

### **1.5 Delimitation/Scope of the Study.**

The study was conducted at Minjar Shenkora Woreda schools. It does not involve in other Woreda because the researcher restricted to that area, for the sake of best finding. It focuses on assessing the practice of school budget management at schools of Minjar Shenkora Woreda. Minjar Shenkora Woreda is selected as an area of study because the researcher has been working for a long period of time in the area, so has experience about the problem under study. Conducting the research at some selected schools of the Woreda can reflect the general trends, which can be generalized for schools of the Woreda. The study was delimited on the practice of school financial management and their procedural issues. In doing this, Education Office, Finance and Economy Cooperative Office, Schools and Woreda Administration Offices were taken as major stakeholders. This was because they are active actors in preparing, allocating, and the public budget for education sector. The research study covers mainly the fiscal years of 2006 to 2010E.C.

### **1.6. Limitations of the Study**

The study would more comprehensive if it include other Woreda schools financial system but difficulty of getting data about the internal income of schools, the expenditure of schools, issued receipts, the allocated public budget (block grant and school grant) in terms of sub components such as furniture, equipment and stationary materials that influenced the research not to include more detailed data analysis.

Inconsistency of data released by different offices for the same issue and lack of adequate secondary data forced the researcher to take more time to investigate.

## 1.7. Operational Definition of Terms

The following key terms and phrases are operationally defined as follows.

**Primary Education:** eight years duration from grade 1 to 8, offering basic and general education to prepare students for further education and training.

**Budget:** The budget is a critically important document in insuring transparency, accountability, comprehensiveness and good governance, Hameed, (2005).

**Budget Allocation:** dividing the sum of money in various ways for different offices such as education, health, agriculture etc based on some criteria for a certain period of time.

**Enrolment:** the entering of one's name as a student in the official register of a school, or educational program.

**Finance:** a dynamic subject due to change in the economy, globalization, regulations, politics, technology, and other factors (Benton, 2017).

**Financial resource management:** an effective and efficient allocation and utilization of financial resources corresponding to the achievement of educational goals.

**Wereda:** a division or area marked off developed for administrative purpose, with definite authority and responsibility. It coordinates and administers different Woreda offices and Kebele administrations.

## 1.8. Organization of the study

The study is divided into five chapters. For the sake of convenience, the sequences of the study are divided in to five chapters. Accordingly; the first chapter is introductory which consists background of the study, statement of the problem, objectives of the study, significance of the study, delimitation/scope of the study, limitation of the study, definition of terms, organization of the study. The second chapter presents review the related literature on schools financial management. Chapter three focused on the research design and methods. The fourth chapter is discussed on presentation and analyses of the data. Finally, chapter five concluded

the result of the study and forward relevant recommendations based on the finding.

## **CHAPTER TWO**

### **2 Review of Related Literature**

The review of related literature section contains introduction concerning resource management and public budget, the nature and concepts of budgeting, overview of the budget practice, concepts of finance, sources of finance, common mechanisms of distributing funds, the budget process and comparison of budget share of education.

#### **2.1. Resources**

Resources are the financial and non-financial supplies that help to fulfill organizational needs. They include money, technical assistance, human resources, material goods and free service and facilities. Resources are necessary assets that any organization, educational or otherwise, needs to acquire for the purpose of accomplishing designed tasks and ultimately achieved desired goals. They are indispensable input that activates organizations to make their aspirations a reality. Resources may also be understood as "... tools, talents, and possessions used to create a lifestyle, solve everyday problems and reach goals for better living" (Olson and Defrain, 2000, 284). They are generally, understood as aspects of an organization that, if used efficiently, help in the realization of goals. Therefore, resources management involves considering what resource- financial and non-financial are needed for organizational performance and how they will be used to deliver desired service (Cabinet Implementation Unit, Australian Government, 2013).

Similarly, educational resources are those assets that an educational institutions needs to accomplish tasks of all type that contribute to the effective operation of the teaching learning process and to ultimately attain its objective-changing the behavior of the learner. As educational resources are key components of educational institutions, the success of the teaching learning process and the realization of educational objectives heavily depend on the effectiveness and

efficiency of management of these resources. So, resource management is the allocation of resources from resource providers to resource consumers and according to definition of Armstrong (2001) it is people working in an organization who individually and collectively contribute to the achievement of its objectives. The management of school finances can be one of the most challenging of principals responsibilities, because for many it is an area in which they have little or no training or experience. It is also likely that the elected members of the school governing body may be equally ill equipped for the task (Clark, 2008, 278).

Now a day's countries has been characterized by a shift from a highly centralized, top-down approach to education provisioning higher officials to the provincial educational departments and down to the level of the schools. Most countries policies has shifted the emphasis from redistributive policies to less directly interventionist state policies which emphasis education growth in context of fiscal constraints, a focus on decentralization and cost saving, a shift of financial responsibility from public to private sources, and a growth in the notion of partnerships and voluntarism (Kallaway, 2002, 188). In the light of the current global economic recession the National Treasury has reduced its budgetary allocation to provinces.

## **2.2. The Nature and Concepts of Budgeting**

Budget is the most prevalent planning and control techniques in resources management in an organization. It is a statement, in dollars, birr or whatever, showing the revenue and expenditure that an organization plans to receive or to expend in the next fiscal year. The national budget is the most important policy statement made by the Executive in the course of the year ( Wildavsky, 1975). It reflects the fundamental values underlying national policy. It outlines the governments' views of the socio-economic state of the nation. It is a declaration of the government's fiscal, financial and economic objectives and reflects its social

and economic priorities. In manufacturing firms organized along functional lines, the budget will state how much money each of the functional areas are to receive for the next year. In manufacturing firm organized along product lines, budgets are typically developed for each product. In service organization like educational organizations and schools, budget indicates how much each faculty, school or division will receive to deliver its educational programs.

The budget is a critically important document in insuring transparency, accountability, comprehensiveness and good governance, Hameed, (2005). By providing a detailed description of proposed expenditure, it allows Parliament and the general public to "know where the money goes" and thus increases transparency. In addition, the budget requires approval by Parliament before the government can spend money or raise revenue, making ministers accountable to Parliament and its committees. The following are among the major purposes of budgeting in education. First, it forces the school governing body at all levels to plan the activities of their unit. This means, before a budget can be drawn up, managers should identify the key activities that need to be performed and the resources that are necessary to perform them. Second, the budgeting process requires top level management to make decisions on how resources will be allocated among the various units in the organization. Third, it helps lead carry out the controlling function by indicating whether costs are in line with projections and signaling when costs need to be amendments. In the top-down budgeting, top management develops the budget for the organization and imposes it on lower-level managers. Basically, top level management has a great deal of information about the organization and its external environment. This type of budgeting can be very efficient and it is not inferior by itself. However, lower-level managers may not be committed to a budget that is simply imposed on them.

The bottom up budgeting process attempts to overcome this problem. In the bottom-up budgeting lower level managers and all the other stakeholders are commonly involved in the process of deciding how resources will be allocated to the

various units in the organization. Individual managers suggest to their managers what the budget for their area should be. More or less this approach is exercised in Ethiopian schools. Actually, it provides a regulating and disciplining framework within which government schools must be managed and must perform their functions (Folscher, 2002).

Obviously, it is difficult to conceive of any public policy that can be carried out without money and the way money is allocated to policies is through budgets. Therefore budget is important to the implementation of all policies. To monitor or track a budget and to assess its impacts on policy implementation it is important to understand the budget process. As far as the structure overview is concerned, this review of related literature is assessed about resource management in general. After the introduction, the second part will be dedicated to general presentation of overview of budget practices. In this section basic budget principles, stages of budget process and how budget is linked with policies and priorities will be presented.

### **2.3. Overview of Budget Practices**

In this division, factors determine the total budget surround, essential budget principles like participation, transparency, accountability, and equity and inclusiveness and four stages in the budget process at any level of jurisdiction these are budget preparation, budget approval and appropriation (legislative process), budget execution (implementation process), and budget control (performance monitoring audit and evaluation process) will be presented.

#### **2.3.1 Factors Determine Budget**

There are various factors that determine the total budget envelope that is how much money is available to spend (Wildavsky, 1975). These are base line figures

from previous year, need (as reported by offices), cost of programs, cost effectiveness research, equity, and capacity to spend. Policy priorities (political), constitutional obligations (legal framework), and rights may determine how the envelope is going to be spent (sectoral allocation).

### **2.3.2 Concerns on Government Budgets**

Government budget decisions affect everyday lives and the future of every citizen. To put it simply budget decisions influence where we work, what transport we use, what health care is available to use, education our children have, whether we have clean water and sanitation, electricity, and many others. It determines what services the government provides and what taxes we have to pay. The Government (be it federal, regional or Woreda) is also a powerful actor in the economy. Thus, how it spends the money is a large determinant of economic development with redistributive impact. This gives it the power to influence the level and direction of economic activity. It is the most important economic policy instrument of government, and as such can be a powerful tool in transforming the economy to meet the needs of the poorest.

### **2.3.3 Budget Principles**

A budget process needs to be governed by principles like transparency, accountability, and equity and inclusiveness. These are the ideals but not all budgets follow them. Each budget system should be considered in terms of these standards.

#### **A. Participation**

This is the level of involvement of all stakeholders/actors in the budget process directly or through legitimate intermediaries. The process in a budget preparation, approval, implementation, and review stages needs participation of various

stakeholders. It is through participation of people that one can bring people's perspectives to the policy makers. It also allows citizens to hold the government accountable, to identify weaknesses in a budget, to build consensus, and to mobilize the community effectively to meet a budget target. Participation in a budget process is not a luxury; it is rather a basic right of all citizens. It allows members of the community to raise what is important for them and, hence, influence budget allocations. It also allows different layers of government to know the most and unmet demands of the community. By doing so, the government and the community can mobilize resources, provide more equitable distribution of budgetary allocations (without discrimination based on gender, ethnicity, region, rural/urban, and vulnerable groups) and effectively spend the resources. Thus, participation is an essential ingredient in the budget process to ensure efficient provision and more equitable distribution of budgetary allocations. Through, active participation in the budget process, people could stop money or resources being allocated to activities that would threaten their economic rights or ensure they receive compensation for rights they have been denied (Zender, 1996).

### ➤ **Conditions for Effective Participation in the Budgeting Process**

The differences in the research findings and the limitations identified with the effects of budgetary participation on performance led to a number of studies that attempted to specify the conditions under which participation appears to be effective. For example, Bruns and Waterhouse (1975) found the managers in decentralized organizations perceived themselves as having more influence, as participating more in budget planning and as appearing more Satisfied with budget related activities than their counterparts in centralized organizations, where the relative lack of emphasis on participation in the budget process was viewed as being appropriate. This suggests that organizational structure may be an important factor influencing the effectiveness of participation.

Brownell (1981) examined the role of the personality variable, locus of control (i.e. the degree to which individuals feel they have control over their own destiny), and its effect on participation-performance relationship. Budgetary participation was found to have a positive effect on those individuals who felt they had a large degree of control over their destiny, but a negative effect on those who felt that their destinies were controlled by luck, chance or fate. Brownell suggests that when an organization has discretion over the level of budgetary participation afforded to its members, role descriptions should be modified (specifically in regard to participation) to suit the individual characteristics of the role occupants. For example, participation appears to have a positive motivational effect only upon managers who are confident in their ability to cope with the many factors influencing job performance. Conversely, managers who lack confidence are likely to find that participation only serves to increase their feelings of stress and tension due to uncertainty.

Mai (1989) examined how job difficulty interacts with participation to influence managerial performance. Performance was found to be high when the amount of participation was proportionate to the level of job difficulty. Mai's findings suggest that participation in budgeting as a tool for improving performance should be used selectively. Studies related to the topic of budget participation can be in general divided into two major groups. One set of researches tried to investigate and determine the optimal condition of budget participation, while others were more interested in depicting the link between participation and variables like, performance and job satisfaction. Burns and Waterhouse (1975) discovered in their studies that the manager in highly structured organizations tend to perceive themselves as having more influence and therefore participate in budget planning and appear more satisfied with budget related activities.

The most important findings of Burns and Waterhouse imply that, organizations structure influences the level of participation, size of organization and technology are positively correlated with structuring activities, structuring implies distribution of authority and increase in the level of participation.

Hofstede (1968) observed that those who do not usually participate in budget setting mostly do not desire it and the participation usually becomes attractive only after it has been experienced. Milani (1997) showed that, participation leads to higher motivation to attain and it is found more at higher management level. In other hands, Brownell, (1981), found that the link between participation and was dependent up on the personality of the manager involved. There is significant interaction between participation and locus of control affecting performance. Participation has positive effect on performance with individuals who feel they have a large degree of control over their destiny. Participation has a negative effect on performance with individuals who feel that their destinies are controlled by luck, chance or fate. Chong (2002) found that budget participation facilitates job relevant information acquisition by managers and the job relevant information, in turn associated by improved performance. Similarly, the finding of Wentzel (2002) showed more participation fosters a higher sense of fairness, which in turn increases management commitment to budgeting goals and subsequently enhances performance.

## **B. Transparency**

This refers to the provision of comprehensive, accurate, timely and frequent information in useful formats on a country's economic conditions and its budget policies. It is also related with the existence of clearly spelt out rules, procedures, and forums on the basis of which budget decisions are made. The principle of transparency is crucial to the budget process, mandating that information affecting budget decisions (budgetary and fiscal information, information on development thrusts and programs, etc.) should be accurate, true and portray the genuine state of the economy. In addition, this information should be made available and accessible to the general public, open to public scrutiny, and written clearly and be readily understood by the public.

Availability of information on budget policies, expenditures, and outcomes allows the public to hold the government accountable, motivate citizens and civil society to Participate, and helps to mobilize the community effectively to meet budget targets. The principle of transparency is important in the budget process. Transparency is a prerequisite for public debate; if budget information is not available, it is difficult to discuss. Transparency allows the analysis of state policies and facilitates the identification of weaknesses leading to the adoption of needed reforms. Transparency can increase faith in the state, and can contribute to consensus building and commitment. Transparency enables citizens and civil society to hold the government accountable, which they can only do if they have information on budget policies, practices, expenditures and outcomes, (IMF; 2007, A)

### **C. Accountability**

This refers to answerability of decision makers and implementers with regard to budgetary processes at the formulation, approval, implementation and performance review stages to those whose interests are affected by their actions or inactions. Accountability in the state budget has several dimensions: accountability for objects of expenditure (what the state spends on), state performance and results (achieving results or meeting objectives for which public funds are spent), and budget processes that result in best value, quality and service for public money. In general accountability requires robust financial management system, robust financial management legislation, independent auditor general and strong parliament, active civil society, strong media, and aware electorate, IMF (2007, B).

### **D. Equity and Inclusiveness**

This refers to ensuring opportunities that will maintain and improve the well being of diverse groups in any given social or political setting in terms of budgetary

allocations. Budgets should also be governed by the principles of equity and inclusiveness without discrimination. Budget allocations should be fair and just, and should redound to all citizens equally, without discrimination based on gender, ethnicity, social class, age, geography, etc. In particular, vulnerable sectors of society should not be discriminated against in a budget, IMF (2007, B).

#### **2.4. Budgeting**

Clark (2008; 286) argues that preparing the annual budget is probably the biggest challenge of the school governing bodies. Mestry (2006; 28) states that the school governing body full responsibility for the managing of the school finances including preparing the budget annually. According to Knight (1993; 126-136) the budget process is cyclical and consists of four phases:

The first phase, Preliminary Analysis-is part of the schools strategic planning and takes place in the previous year. It involves prioritizing the school's key activities and funding required bringing these activities to fruition. Second phase, Budget construction- is part of the schools operational planning and takes place in the previous year. It involves constructions of a draft budget which will be presented to general parent body for consideration and approval. Third phase, Budgetary control – is part of school's operational planning and takes place during the current year. It forms part of PTA oversight function. Finally, Evaluation of the budget – is part of the school's strategic planning and takes place in the following year. It forms the bases of the following years' budgetary process. "It is not surprising that schools find the budget process troublesome. Most seem to cop reasonably well with the operational aspects but less effectively with strategic budget planning and final evaluation" (ibid, 126).

A budget is an estimate of the schools expected income and expenditure for the following academic year. A budget may also be seen as a functional management tool for planning, implementing and evaluating and may be defined as "a plan for

the allocation of resources and expenditure to achieve the objectives of the school” (Ibid; 128)-this implies two starting points: on the one hand the schools’ current objectives based on the school development plan (SDP) and school improvement plan (SIP) and on the other hand the levels of funding and financial commitment for forthcoming financial year.

### **Strategies to Construct the Budget**

**Incremental budgeting** – is a method of budgeting where in the previous year’s budget is adjusted with increments for any anticipated increases in income and expenditure items (or in the case of decreases, decrements), that is affixed percentage is added to each and every income and expense item in the previous year’s statement of receipts and payment Income statement).

**Pragmatic budgeting** – is method of budgeting that bases the following years budget on the previous year’s one but attempts to improve the previous year’s one via savings and redeployment.

**Base budgeting** – is a method of budgeting which advocates the schools planed priorities. Any managers can feel deflated when a proposed budget is returned covered in red pen. As the starting point however it accepts that the major part of most school’s budgets will be “irrevocably committed to core activities and therefore not available to alternative uses”[Knight (1993; 134)]. This ideology is advocated in the Norms and Standards for school funding where the budget allocation has been “ring fenced”- in this type of budgeting the resources available to a school are matched to the school’s priorities and “finalized” via a reconciliation process.

## **2.5. Stages of Budget Process/Cycle**

There are four stages in the budget process/Cycle at any level of jurisdiction. These are Preparation, Collation, Authorization, and Implementation.

### **Preparation**

The first stage should involve all the budget holders giving thought to their targets and associated resourcing for the coming year within the context.

### **Collation**

With all budget holders following the preparation process outlined above, there is a need for a process of collation and checking to ensure that the aggregate of the individual budget submissions is consistent with the overall organizational needs. There is rarely a match first time around for all sorts of reasons. The claims of individual budget holders, for example, may add up to more than the total resources available to the organization and must obviously be revised.

### **Authorization**

Given that the proposed budgets received at the collation stage may conflict with one another, some negotiation needs to take place between senior managers and individual budget holders. The objective here is to ensure that targets are right and the resourcing appropriate, negotiation leads to the allocation of available resources. If it is not properly managed by senior management, negotiations will be seen by budget holders as the process of imposing budgetary restraint. Many managers can feel deflated when a proposed budget is returned covered in red ink. If the approach which combines top-down with bottom-up is adopted and an emphasis placed on communication, the managers will perhaps be more understanding.

## **Implementation**

Implementation needs a great care. It is one thing to set targets but it is another to ensure that a reporting system is in place. Reporting system provides managers with the information they need to monitor progress and make decisions about what to do next. Organizations recognize the significance of the planning process for all concerned and treat it very seriously indeed. Planning for next year may take place many months in advance and be managed by a widely experienced member of the senior management team.

### **2.6. Concepts of Finance**

Finance is a dynamic subject due to change in the economy, globalization, regulations, politics, technology, and other factors (Benton, 2017). Financial resources management refers to an effective and efficient allocation and utilization of financial resources corresponding to the achievement of educational goals. It is a process which includes the major activities that are related to identifying the sources of educational finance and the how of generating them. It is the most sensitive asset School system has limited resources with which to pursue their objectives. Finance is a field that is concerned with the allocation of assets and liabilities over space and time, often under conditions of risk or uncertainty. As Baumol (2012) point out, the long term pattern of education spending largely reflects a continuous increase in the cost of human resources. It is the most sensitive asset that needs serious attention by all stakeholders in general and educational managers in particular. In general, financial resources management refers to the process of planning, organizing, directing, allocating, distributing, utilizing and controlling of funds in achieving educational goals.

## **2.7. Financial Resources**

### **2.7.1. The Context under which Financial Resources Managed.**

The financing of educational institutions in general and the schools in particular are usually managed under various conditions and contexts. They do not operate in a vacuum. Rather they are greatly influenced by their own context. In a system which is strongly centralized, those who are responsible for managing schools do not really know what their school costs and they do not have the actual power in managing and controlling them. Frequently they tend to finance their school by financial resources that come from some external source by taking as it is. It is more magical for them as they do not go beyond complaining. This implies that all educational finance and other related issues are totally planned, managed and controlled by the central echelons. Hence, the roles that can be played by the school principals and the specific communities are extremely limited under highly centralized system. Centralized financial management is not a sign of inferiority as some school systems (the case of Japan, and Germany) do appear very effective through centralized administration. Therefore, the result of the above management approach depends on the specific economic, political, social as well as the over directions and the contexts of each countries or localities.

During the Imperial and Derg Regimes of Ethiopia the financing of education was exceedingly centralized. The roles played by the school principals and the local communities in planning, managing and controlling financial resources were more or less totally unlikely. As opposed to this, however, educational planning, management and controlling have been considerable devolved to the local level echelons since 1994. Basically, under decentralized system substantial governments responsibilities are commonly devolved to the local levels. The role played by the school principals and the local communities become significant. Under such system the sources of educational finance, the rights to allocate and utilize them are mainly determined by the local level echelons. This is what we say fiscal decentralization. This is also true for the purchase, allocation and proper

utilization of physical resources. Hence, educational organizations and schools do have the right to own, allocate, utilize and control their durable and non durable physical resources (Ayene, 2006).

Government devolves the management of educational finance for a number of factors. Just to mention few ,creating flexibility and thereby to respond to the local level needs, to build up the participation of any involvement of the local communities and to create efficiency of financial planning and its implementation are among the major ones. In practice, however, this might be challenged by a number of factors. The following are among the major and daunting challenges in managing both financial and physical resources at the local officials. These factors include: inadequate budget, weak sources of finance, limited capacity and insufficient experience in allocating, utilizing and controlling financial and physical resources effectively and efficiently. These challenges become usually broaden by unequal potential that the local levels consist in terms of resource as well as the level of corruption by the local level authorities. Global experiences have shown that, educational financing in many of the developing countries become at a moment of truth. The contemporary crises in the economies of most countries, with high rate of inflation and falling revenues, and the threat of famine in a number of African countries have pushed the issue of finance for education to the forefront of any discussions of educational organization and development. In line with this, questions that are related to who should pay for education and school fee abolition become a major concern in a number of countries all over the world (Rama, 1983).

Parental contribution towards the education of their children in the form of fees and other charges has, on the whole, always formed a tiny fraction of the actual cost of total education expenditure. Even the alleged independent schools that are found in the capital cities and other large urban centers under voluntary/private management today are in fact heavily subsidized by the government. It seems that despite the differences in policies the contribution parents and government budget

seems to be complementary in financing education. The main justification for the assumption by government of complete responsibility for the financing of education is on the grounds of ensuring, as far as possible, equality of educational opportunity amongst all its citizens. In practice, however, insufficient revenues and the escalating costs of financing the system place most government in a real dilemma. Under such conditions, attempts to shift some of the costs of education on to the parents may jeopardize the existing levels of equality of educational opportunity. In this regard, the people who have financial and physical resources capacity in society will further increase their present advantages over the underprivileged groups in society and this could endanger the future development of an egalitarian society.

There are a number of environmental factors that can affect the management (availability, allocation and utilization) of financial and physical resources in education. The major environmental factors that influence the management of financial and physical resources in education include economic environment, political environment, the social environment and technological environment.

### **2.7.2. The Major Sources of Finances and Concepts of Budgeting**

Developing countries like Ethiopian are now facing a big demand for more and better education. To produce greater quality and equality within the education system it requires the provision of adequate finance from different sources. Policy makers and implementing agencies are paying more attention to increase the sources of funding. There could be a number of sources for finance in education. It comes from various sources. The following are among the major sources of finance for educational institutions in general and the schools in particular. These sources incorporate the government budget (public funding), private funding, the support given by the communities (community contribution) and internal income of educational organizations (schools)NGOs.

## **A. Government (public) Funding.**

In most African Countries, including Ethiopia, public resource for education is raised through taxation, foreign loans and grants. The role of government in the provision of education is used for equalizing access to education and considering educational benefits that cannot enter into a private firm' calculations. Government role is always high when there is a need for investment in nonprofit making programs and projects, such as school and road contraction, teacher training, school feeding program (Peano, 2000:48). In Ethiopia financial support for the education sector from the government will be up to the completion of general secondary education and related training with increased cost sharing at high levels of education and training (MoE, 1994:31). The dominant source of fund for education is the government. It is dangerous for the education sector to depend on the revenue that comes from the central government which has weak tax system (Forojalla, 1993:171). The up to now experience in Ethiopia shows that the resource that comes from the government source was not adequate enough to address the educational demand. Thus, the government source should be supported by other source to increase the access and improve quality of education (REB, 2004:91-93). Government (public) funding of any education system depends on the policy of the country. This implies that the public funding itself relies on the government structure. In other words, it depends on the degree of centralization and decentralization. In line with this, the allocation and management of financial resources can be made fully from the central, regional or local levels or through combination of two or more of these echelons.

### **Highly Central Funding**

All the financial activities are planned and controlled by the central level. The budget of educational institutions and schools are allocated by the central level. It is totally managed by centralized funding system with considerable control over the local level educational institutions. Even the sources of finance are controlled and

managed by the central level. Some centralized governments, however, do not significantly influence the autonomy of the local levels though the funding is highly centralized. In such a system of government administration, central authorities generate all revenues and allocate educational funds to regions, exercising control only in determining the total regional education budget (Knight, 1993). This practice of financing education may allow the local levels to identify and set priority to their particular educational problems.

### **Regional Funding**

In regional funding the centre become the region than the national level. Basically, it is a centralized system of funding but from the regional level. Under such funding systems, regional states may generate all educational revenues. Like the central government, they can either control all actual expenditures, or simply determine the local educational budgets and allow local authorities complete authority in spending.

### **Local Funding**

In local funding system, local authorities should have the power of collecting taxes and manage to generate sufficient financial base in order to satisfy the local level educational needs. Certainly rich or economically rich areas will have an excellent and well performing schools while poor areas may not even have minimally capacity to run the school activities. This implies that capacities of various localities vary from country to country, region to region and district to district depending on their socio-economic conditions and hence its practice remained challenging in a number of countries as it mounts the gap between the poor and reach localities unless properly handled (Zemelman, 1973).

In general, local funding has the capacity to satisfy the specific educational needs of the local need. However, it might also widen the gap between and among

regions, districts and schools unless followed by some kind of arrangements in terms of the budget allocated from the national level. We can find an immense difference among various localities in terms of their socio-economic background and capacity. For instance cash crop areas in Ethiopia do have better capacity in supporting school. On top of this, some regions or districts had a much accumulated advantage as compared to disadvantaged regions and districts. Therefore, the solutions to such practical problems urge the creation of some kind of balance towards the disadvantaged areas in allocating financial and physical resources.

### **Combined Source of Funding (central, regional and local funding)**

It is a matter of degree concerning what percentage of educational budget is covered by what level. Otherwise, there are always both physical and financial resources that come from various levels to educational organizations and schools. As a result there are always possible combinations of public funding in education: the central and regional; central and local; regional and local; or a mixture of the three. Basically, in a combined funding plan, each government level might fund certain segments of the educational system. For instance, central sources might fund capital costs while the regional and local levels might fund recurrent costs. On the other hand, educational revenues generated that have been at two or three levels might go into a general fund for redistribution to spending units by either central or regional bodies.

### **B. Private Funding**

Education and training policies in number of countries encourage and promote private funding to education as the government alone cannot shoulder the burden of financing education. Hence, besides government funding to the private sector, there has always been private initiative in financing education. As a result, a number of private school systems are entirely financed by families, foundations, corporations, individuals, and other groups in the private sector. There are also

cases whereby public education systems also receive considerable private financial supports. Basically, the forms private contributions to education differ from country to country, region to region, district to district and etc. Such contributions cover up a major aspect of financing education. The contributions are may be direct, indirect, voluntary or obligatory.

There should be scope for private providers of education at all levels of education system. It would be fair to require certain standards from these private providers. However, if public facilities cannot obtain the required standards, private providers in the same area should not be punished for failing to live up to these standards either. Local private or NGO initiatives aiming to provide good quality education suiting the local circumstances should also be further encouraged (MoF, 1997:2). Indirect way of reducing government expenditure for education is to encourage non-government schools. The rich households can self-target themselves by sending their children to expensive private schools where available. This enables the government to make access for the poor who cannot afford to send their children to private schools. (Kumas, 1996:12).

Most African governments depend on bilateral loan grants. This source is not permanent and it is unreliable means of financing. There is an economic burden on developing countries when they try to repay the loans in foreign exchange. It needs political decision to the loan and grants for the education sector, because government would be using up its limited borrowing capacity on education at the expense of other sectors. There are some arguments that non-profit producing projects or social services such as education should not be financed through borrowing.

Depending on the policy of the country education may be freely provided up to a given level, for instance, primary level or secondary level. In essence there is no free education and someone has to cover the cost of providing education for a child. Provisions of free education imply that the government will cover the costs of

education. If not covered by the government, families pay tuition fees, registration, examinations, and other educational costs. In some cases, education is claimed to be free in a policy though parents cover educational costs and expenditures through purchase of school uniforms, books, instructional supplies and materials, and transportation. These fees are "hidden" costs for families in educating their children. On top of these obligatory expenses, some families do contribute resources to school in different forms in the forms of cash, kind, labor, and ideas

### **C. The Local Communities**

In principle public schools are social institutions and they belong to the community. Schools are to serve the community and the communities are expected to support their respective schools. The primary responsibility for child education must remain with parents; on the other hand society has legitimate interest in children's educations and socialization (Forojalla, 1993:174). The fund rising of schools and local communities are reactive rather than anticipatory. Communities give response to finance education when there is a severe shortfall in the resources provided by the national or local government. Parents as whole do not seem very excited by the financial management of their children school expects in crisis situations (Knight, 1999:50).

Currently the increased financial devolution expands community involvement in the school. Community representatives are being found on school coordinating committees. Schools are making more efforts to raise funds from their communities and in return they build additional blocks of the school to provide more services to that area. The local communities may cover capital expenditures when the government takes the commitment to cover recurrent expenditures. For instance, communities can contribute land, labor and materials to build or maintain school buildings. In some countries the local communities contribute by constructing house for teacher.

Generally, there is a wide variety of ways financing education. Governments devise mechanisms for shifting parts of the financial burden of education to individual students and their families to employers or to local communities. In addition, some governments devise new tax earmarked for education. Now much more attention is given to such questions that central or local government funding is not the only or necessary the most desirable way to finance all educational investment (Psacharopoulos, 1999: 62).

#### **D. Internal Incomes of the Schools**

In some countries educational institutions and schools are allowed to generate their own income and utilize finance based on the rules and regulations of the country. School systems can also be encouraged to generate income to self-finance some of their educational activities.

Educational institutions and schools do have some source of internal income in our education system. Basically, the practices as well as the rights to generate and utilize resources differ from one region to the other region. Some schools do have better potential to generate and utilize internal income whereby the others do not. The capacities of schools in generating and managing internal income differ from one location to the other location. The major sources of internal income could be generated from farming activities (using school land for cultivation of cash crops, selling grass, trees, renting buildings for meetings and ceremonies when free, inviting alumni, preparing festivals and the like). Contributions gained from community are better used for school constructions and expansion instead of non-salary recurrent budgets (REB, 2004: 91-99). Currently almost all schools in Amhara region have internal income from different items.

**NGOs:** It is evident that both the national and international NGOs encourage and support schools by providing financial and physical resources to the school and educational institutions. Some NGOs provide their support to the schools

themselves and monitor them through reporting system. Others provide their support by directly involving into the job done with the school and the local communities. Others support schools through the Ministry of Education, Regional Education Bureaus and the District Education Offices. In addition to the above mechanisms it is also possible to generate educational funds through loans grants and the local government taxes. This is also happens in the case of Ethiopia.

### **2.7.3. Loans and Grants**

During the first decade of independence most African governments tended to rely heavily on bilateral (largely from the donor colonial power) and multi-lateral loan grants. But it soon became clear that this source was rather a marginal and unreliable means of financing. Besides the economic burden arising from the need to repay the loans in foreign exchange, there were usually distasteful political conditions attached to the loans and grants. Moreover, by borrowing abroad for education, the government would be using up its limited borrowing capacity on education at the expense of other public sectors. Similar arguments apply to borrowing from domestic sources such as banks (private or public) and insurance companies. It is, in fact, argued that non-revenue producing projects or social services such as education should not be financed through borrowing. Basically, grants of foreign aid, it is nowadays largely confined to the offer of scholarships for specialized training, particularly at the graduate level outside the country. It may also take the form of technical assistance (Ayene, 2006).

As mentioned by Ray and Lillis (1988), the huge expenditures on education have resulted in the users of education being more and more required to meet a part of the expenses of their education, foremost through the payment of fees. These may be levied in respect of tuition (full or partial depending on whether the schools government or private). Besides this basic tuition, fees may be charged in a number of ways: for those parts of the curriculum involving student use of

materials or for using expensive equipment (sport, music domestic science); and travel on school expeditions. It is also not uncommon for schools to demand deposits against the possibility of damage to school property. Fixed contributions may also be demanded towards the school development fund. Even if all such additional contributions do not represent income to the institution, they nevertheless represent a cost to parents and students which is tantamount to fee payment.

Basically, the experiences of a number of countries clearly indicate that, tuition fees at primary and secondary levels would prevent the children of disadvantaged or low-income families from attending school (Jalade, 1974). The intention of government taxation and spending is to reduce inequalities in income distributions by shifting resources from those fairly well off to low-income segments of the population. However, unsystematic and poor tax collection system in most African countries have been leading to lower rate tax pay by traders, businessmen and businesses that earn more, than civil servants with fixed incomes.

One way to cope with the inequitable effects of uniform school fees is for a structure of fees to be worked out in accordance with the family's ability to pay. However, it is generally difficult to determine the financial capacity of most families because of the difficulty of ascertaining their income, which is often in kind and unstable. Moreover, the financial obligations of the head of the family are often unclear, because of the extended family system. Consequently, it is hard to design a fee structure that would both produce enough money and meet the conditions of equity. To sum up, a number of countries are increasingly moving to and implementing school fee abolition policies particularly at primary school level.

#### **2.7.4. Local Government**

In almost all-African countries the great bulk of public expenditure for education is financed directly out of the central government budget. Even in cases such as

Nigeria, where state and local government exercise a good deal of financial administration power, most of the funds for education ultimately emanate from the central government revenue. In a number of African countries where central governments predominate in the financing and administration of public education, governments are moving towards decentralization for three reasons.

Many authors, such as Wilson, J, (1998), have witnessed that, relieving the heavy financial pressures on budget, improving educational administration and making the educational system more responsible to the needs and desires of different segments of the population are among the major reasons. Basically, some of these reasons have prompted the introduction of administrative decentralization in Tanzania, and regional governments in Sudan and Ethiopia. It is believed that decentralization of educational administration provides a great deal of financial relief to the central government if state or local governments are required to finance an increasing share of education costs out of their own budgets. The traditional sources of revenue for these lower tiers of government are taxes on property (residential and commercial) and sale taxes. The amount of revenue produced (financial yield) is therefore dependent on the tax base (amount of property and sale available for taxing) and the taxes. But the tax base and rates and the financial yields of state and local taxes tend to vary rather widely between the state or local jurisdiction, especially in such large sized countries like Sudan, Algeria, Egypt, Nigeria, Tanzania, Ethiopia and DRC, leading to regional disparities in income and wealth. Moreover, the tendency to concentrate industries in certain localities, which is a common feature of African industrial location practices, would tend to exacerbate these differences in the earning power of some few localities, over the majority. In Sudan, for example, Khartoum province has the highest concentration of industries in country; Lagos state enjoys a similar advantage in Nigeria (Ayene, 2006).

Consequently, even where state and local taxes could produce substantial revenues for the country as a whole, and thereby make a significant contribution

to education financing, the unequal distribution in terms of the amount and quality of educational inputs (equipment, books learning materials, teachers, etc) resulting from the linkage of these inputs to state and local tax revenues, would tend to accelerate inequalities in the distribution of educational opportunities and quality among different regions of the country (Sirkin, 1979). Nevertheless, greater reliance on local government financing of education could, under appropriate conditions, produce a substantial increase in the total supply of funds for education. This might also provide an incentive to encourage greater community participation in the formulation and implementation of educational policies. Thus, whether state and local government taxation on whether the tax base is big enough to produce an acceptable amount of revenue in regional bodies.

### **2.7.5. The Most Common Mechanisms of Distributing Funds.**

The most commonly used mechanisms of distributing funds include: general grants, categorical grants and aid in kind, respectively (Zymelman, 1973).

#### **A. General Grants**

General grant is the process by which grants made from a tax-collecting authority to a spending authority to be used for any educational purpose. These are 'block grants' or grants without strings' where finance is delegated without any condition for use by the spending body (region, districts, or school) according to its priorities. Categorical grants are grants made to a spending authority to be used for specific educational purposes.

#### **B. Categorical Grants**

Categorical grants are grants made to a spending authority to be used for specific educational purposes. The types of categorical grants are diverse. However, the major categories of grants include: grants with recommendations, grants related

to outcomes, earmarked grant and matching funds/matching grants/. These types of categorical grants are common in a number of countries.

### **Grants with Recommendations**

Basically, grants with recommendations are usually provided to a given entity with stated expectations that it will make possible some improvements in educational services, such as allocations for in-service teacher training programs. Occasionally grants may be provided with stated expectations that it will make possible some improvements in educational services, such as allocations for in-service teacher training programs. This type of grant is called grants with recommendations.

### **Grants with Expected Outcome**

Some grants are strongly related to outcomes. Such grants are more specifically linked to the general and operational objectives and become main criteria by which success may be judged. Basically, the spending body presents project proposals in which objectives and targets are identified, spending mechanisms are clearly specified. Such categories of grants can serve as a criterion by which success may be evaluating.

### **Earmarked Grant.**

Ear marked grant or budget is a direct grant dedicated to specific categories of expenditure with which the changes or transfers to the other budget line is not allowed. Hence, switching of a certain amount of expenditure from one budget heading to another is not possible or scarcely possible.

### **Matching Fund/Matching Grants.**

In such form of grant, the tax-collection authority may agree to provide funds for specific educational purposes to match those raised by the spending authority. The matching could be 10%, 25% or "X|%" and the like depending on the agreement. Not only tax collecting authority, even some donors, NGOs, or governments do require matching funds depending on the purposes that they are going to realize. In this regard, some NGOs allocate their funds to school provided that the local community has contributed to the amount 10% or 20%. Such an approach serves as a mechanism to achieve equity and thereby encourage local initiatives and commitments on top of other benefits. It also serves as a means of encouraging participation, involvement, ownership claim, belongingness and the like (ANRS, 1996).

In spite of its positive contributions such as providing a given degree of control for higher authorities in case of inefficiency in making decisions on the part of authorities at lower levels categorical grants generally introduce rigidity and bias into decision-making as they direct educational expenditures to specific categories.

### **C. Aid in Kinds.**

In addition to the above there is also aid in kinds. Aid in kinds refers to providing staff, special services, or materials to school systems. It includes the provision and financing of human and physical resources such as health personnel, special kinds of teachers, instructional supplies, books and other library facilities.

### **2.7.6. The Budget Process**

The budget process has four main phases. These are planning the budget, implementing the budget, monitoring the budget, and evaluating the budget. As

described in the Ethiopian social sector review summary document (MoF, 1997:1), the education sector budgeting process was found to be flawed in many respects. The process is not systematic, the data base is poor and guidelines are not uniformly followed. Despite the decentralization, the lower level, especially the educational facilities themselves have little incentive or encouragement to provide information and suggestion, let alone their own budget plans. The information used to decide allocation is generally blemished; sometimes it is not of the right kind to assist out-come oriented budgeting in education. There is a need to define exactly the relevant information to be obtained from lower levels of the system to feed in to the actual allocations.

### **Planning the Budget**

During planning the budget involves joint decision making by all stakeholders represented on the school governing body in respect of financial resource allocation, distribution and spending. This planning is goal oriented and thus focuses on the question: How best can we use the available resources to improve the performance of our learners (Marishane and Botha, 2004; 108). The cost allocations must consider efficiency, effectiveness, and economy and the distributions of the budget should consider redress and equity. In this preliminary stage as part of a budget process deal with information about ideas, issues, objectives or needs and requirements for which the budgeting is to be made (ANRS, 2003:40).

### **Implementing the Budget**

Implementing the budget involves the actual spending of the funds allocated to each educational program. It will also involve generating the funds required to fund the programmers and/or committees

## **Monitoring the Budget**

Budgetary monitoring and controlling are often treated as being synonymous. Actually they are distinct: monitoring compares the actual expenditure against estimated, whereas control safeguards funds and insures they are spent as authorized. Monitoring need not be confined to expenditure; it can be used for income, capital or project expenditure and as flows. It is also referred to as budget varies reporting, that is, on a month by month basis the actual expenditure (and income) is compared with budget expenditure (income) and any variance must be identified, investigated and explained in order to avoid over expenditure. Monitoring raises questions about the roles and responsibilities such as: Who should do it? To whom should he or she report? Who has the authority to take corrective actions? Etc. Equity can be analyzed on fair allocation of finance, physical and human resources, time allocation, educational process and outcomes (Knight, 1993: 147).

## **Evaluating the Budget**

Evaluation of the budget in the budgetary process is the most difficult stage in education. Evaluating the budget involves, according to Marishane and Botha (2004;109), a critical examination of the extent to which the money allocated to the various programs and committees managed to achieve the schools objectives. There are three aspects: financial efficiency – comparing the out-turn budget with start of year estimate, resource efficiency – looking at what the money was spent on and effectiveness – assessing whether the expenditure has achieved the outcomes hoped for. The first two can be undertaken immediately after the financial year is completed, where as evaluation of outcomes need a longer timeframe, perhaps several years. Budgetary evaluation needs to be seen into two stages: Functional evaluation, which is carried out annually, and strategic evaluation taken as part of normal evaluation process whenever it occurs (Knight, 1993: 152).

## 2.8. Comparisons of Budget Share of Education in Minjar Shenkora Woreda.

The average utilized share of the Woreda budget out of the total budget of the Woreda, was 44.34% of the allocated budget for the years 2006 E.C. The average utilized share of the education Woredal budget was increased from year to year by 3%, in average. In every year from 2006 E.C to 2010 E.C, additional budget was supplemented by the regional government after the Woredas have approved and started implementing their plans which could show the problems in planning and resource utilization.

**Table 1. Comparisons of Budget Share of Education from the Annual Budget of the Woreda.**

Fiscal Year(E.C.)	Annual Woreda budget	Annual Educational budget (in birr)	Shareof education sector
2006	65,253,868	26,733,602	40.9%
2007	68,931,561	29,958,928	43.4%
2008	91,594,043	44,473,127	48.6%
2008	110,303,868	46,662,220	42.3%
2009	151,586,932	70,205,531	46.5%

## **CHAPTER THREE**

### **3. Research Design and Methodology.**

#### **3.1. Research Design.**

Burns (1997; 19) describes research as a systematic investigation whereby data are collected, analyzed and interpreted in an effort to understand or predict a phenomenon and the research is influenced by the researchers theoretical framework. This theoretical framework is referred to as the paradigm and influences the way in which knowledge is studied and interpreted. The rationale and philosophical assumptions that underline a particular study relative to the scientific method used with a view to explaining the researchers` ontological epistemological views [Patton(2002; 69)]. In conducting the research, the research design employed was basically a descriptive survey. Because; it is an appropriate design to reveal the current practice and challenges of school budget preparation, allocation and utilization (financial management) for the education sector at Woreda level in the study area. Attempt was made to examine and describe the major problems facing the system of education finance administration in the Woreda. In this study both qualitative and quantitative analytical methods were employed to come up with useful findings of the research work. Data collection procedure was designed in such a way as to provide in-depth description of the current practice.

#### **3.2. Source of Data**

Relevant data for the study were collected from both primary and secondary sources. Secondary data were gathered from documents and reports of schools and Woreda Education offices and Finance and Economic Development offices. Primary data were gathered through questioners and interviews. For obtaining the primary data, Woreda education office, Woreda admin, Finance and economic development offices, school principals, Vice principals, Teachers, Parent Teachers Association representatives, Kebele Education Training Board were contacted. To get the

primary data from the selected schools and offices 56 (fifty six) respondents were included in the sample.

### **3.3. Sampling Technique**

The research was conducted in Minjar Shenkora Woreda of North Shoa Zone. In order to investigate the practices and challenges of financial management for education at school level. Selection of sample school, to conduct the study was necessary for the reason that, it would not be manageable to cover all the schools. Budget allocation and utilization at school level in Minjar Shenkora Woreda, questionnaire, interviews, and observation were prepared. Simple random technique was employed to select the fourteen schools among sixty five primary schools of the Woreda. All primary schools were included in the members of the population to have equal and independent chance of being selected in the sample. In doing this, the researcher put the names of the schools in hat and drawing some out of as a sample. Fourteen primary full cycle (grade 1-8) schools in the sample schools were included in the sample population by using simple random sampling from first cycle with formal statistical techniques, since they were directly getting budget from the Woreda.

Offices that were directly involved in the process of finance allocation and management, namely, education and finance and economic development offices at the Woreda. Fourteen Woreda education officials, six Woreda admin, fourteen school principals, six Woreda finance and economic development officials, 7 PTA representative, 7 ETB, fourteen teachers were selected using purposive sampling technique. The officials and school principals are expected to have rich information and experiences on the practice of financial management in the Woreda.

### **3.4. Instruments of Data Gathering.**

To obtain vivid information about the practice of financial management of the education the researcher used, three types of data collection instruments; questioner, interview and document review. The instrument consisted of twenty four questions in total. Open-ended and close-ended questionnaires were used for school principals, personnel of Woreda education office, Finance and economic development office. For each of these items, the respondents put their signs on the given options to indicate the degree to which the statements most closely align with the practices at their school. Questionnaire was used for Woreda education office, school principals, teachers and finance and economic development offices due to relatively the large number of respondents that required participating in the study and it takes short time to collect data from widely dispersed sample schools of the Woreda. Non-structured interview items were employed for PTA, ETB and assigned students in the PTA. This was because they could give more information and clarity about the issue. The purpose of the interview was to assess how PTA and ETB feel about schools financial management and to identify the most practice and challenges. Document review was done to evaluate how schools manage their financial recourses.

### **3.5. Procedures of the Research**

The data collecting instruments were prepared by the researcher and developed by the advisor. After that the researcher gave explanation about the purpose of the study to the respondents and assisted them on how to fill out the questionnaire. Then the questionnaire and interview were pilot-tested in non selected schools for respondents those are similar to the sample population before they sent out to the research respondents. The pilot test helped to improve the language up to translating it in to local language, to look back the steps of budget preparation, and about finance related training. I had two research assistants, in the Minjar and Shenkora areas to make them responsible to distribute questionnaire and

collect the completed questionnaire copies from the schools. The research assistants were took orientation on how to distribute, collect and handle the questionnaires. The interview was administered by the researcher himself.

### **3.6. Method of Data Analysis**

After the data were collected and organized relevant statistical tools, which were believed important for the purpose of analysis of the data were used. Percentage and frequency were dominantly used to measure and analyze the magnitude of the respondents' opinion against each statement. Percentage was also used to compare the budget share and degree of efficient budget utilization.

## **CHAPTER FOUR**

### **ANALYSIS AND INTERPRETATION OF DATA**

This chapter deals with the analysis and interpretation of the data gathered from reports, policy documents, the interview conducted with PTA and KETB, questionnaires administered to Woreda admin, Woreda education office, finance and economic development office, school principals and teachers. Questionnaire and interview were the major instruments used to collect relevant data for the study. Besides, relevant documents were used as secondary source of data. The participants of the study were Woreda admin, education, financial and economic development offices, school principals, teachers, PTA and KETB.

The first part of this chapter deals with the characteristics of the sample population. The profile of the study group was discussed in terms of age, sex, educational qualification and years of service. The second part deals with the analysis of data of the study based on the basic research questions.

#### **4.1. Respondents Profile**

The questionnaires were distributed to four Woreda admin, twelve Woreda education office, six finance and economic development office, fourteen school principals, six vice principals, fourteen teachers. Out of the 56 questionnaires, all were appropriately filled in and returned back. The interview was conducted with parent teacher association and KETB members.

Based on responses obtained, the characteristics of the study groups were examined in terms of sex, age, years of services and education qualification. So as to give a complete picture, the characteristics of the five group's respondents are presented in the Tables as follow.

**Table 2: Respondents by Age and Sex**

No	Item	Respondents							
		WEO&WA		FEDO		SGB		Total	
		No	%	No	%	No	%	No	%
1	Sex								
	a. Male	13	81.3	3	50	28	82	44	78.6
	b. Female	3	18.7	3	50	6	18	12	21.4
	Total	16	100	6	100	34	100	56	100
2	Age								
	A. Below 25 years	8	50	3	50	1	2.9	12	21.4
	B.25-35 years	8	50	2	33.3	19	55.9	29	51.8
	C. 36-45 years	-	-	1	16.7	13	38.3	14	25
	D. 46-55 years	-	-	-	-	1	2.9	1	1.7
	Total	16	100	6	100	34	100	56	100

In Table 2 item 1, the education and finance and economic development office respondents in the Woreda accounted 81.3% and 50% respectively, were male. Out of the school principals, 82% were also male. Female representation in the study was obtained to be 50% for finance and economic development office and 18% for school principals, 18.7% for Woreda education office and Woreda admin were females. This shows that there was low female participation in managerial positions, especially for education sector.

It was expected that females would have been encouraged for such managerial position as it has been clearly stated in the Education and Training Policy (MoE, 1994:30). The reasons could be that fewer numbers of females actually got the opportunity, the cultural and social influences or lack of interest etc.

Table 2 item 2 shows that, 50% of each of the education, Woreda admin and finance offices respondents were of age 25 and above, while 50% of them was of

age below 25 years. About 38.3% of the school principals were of age between 36 and 45 years and 55.9% of them are of age 25 to 35 years. Majority of the respondents were of age 25 and above. It could be taken that they are matured and were believed to give the necessary and relevant information for the study.

**Table 3: Respondents by Educational Qualification**

Current academic qualification	Respondents							
	WEO&WA		FEDO		SGB		Total	
	R	%	R	%	R	%	R	%
Grade 10 complete	-	-	-	-	-	-	-	-
Diploma	8	50	-	-	17	50	25	44.6
First degree	8	50	4	66.7	15	44.1	27	48.2
M.A/M.S.L	-	-	2	33.3	2	5.9	4	7.2
Total	16	100	6	100	34	100	56	100

Table 3 indicates that 50% of the education office and Woreda admin and 50% of school principals, had college diploma, whereas, 50% Of education office and Woreda admin, 66.7% finance and economic development office, and 44.1% school governing body-principals, vice principals and teachers who serves as accountant and PTA representative and had first degree and above educational qualification respectively. The majority of finance and economic development were expected to be run by having first degree and above educational qualifications. So all of the respondents were first degree and above educational qualification showing good implication to the minimum requirement. As can be seen from the Table 50% of school governing bodies had college diploma, 44.1% have first degree and 5.9% of them have second degree.

When we come to KETB and PTA, 50% of KETB were grade 10 and below grade 10 and 50% were college diploma and above. Likewise, all of the members of PTA

completed grade 10. This implies, members of PTA may have no relevant information about school financial management.

**Table 4: Respondent by Years of Services**

No	Total years of services	Respondents							
		WEO&WA		FEDO		SGB		Total	
		No	%	No	%	No	%	No	%
1	A. 5 years & below	1	6.2	1	16.6	6	17.6	8	23.5
	B. 6-10 years	9	56.3	1	16.6	14	41.2	22	39.3
	C.11-15 years	5	31.3	2	33.3	10	29.4	17	30.4
	D.16-20 years	–	–	2	33.3	2	5.9	4	7.1
	E. More than 20 years	1	6.2	–	–	2	5.9	3	5.4
	Total	16	100	6	100	34	100	56	100
2	Years of service at current position								
	A.5 years and below	4	25	2	33.3	14	41.2	20	35.7
	B. 6-10 years	10	62.5	3	50	13	38.2	26	46.4
	C. 11-15 years	1	6.25	1	16.6	6	17.6	8	14.3
	D. 16-20 years	1	6.25	–	–	1	2.9	2	3.6
	E. More than 20 years	–	–	–	–	–	–	–	–
	Total	16	100	6	100	34	100	56	100

Table 4 item1 indicates that about 93.8% of education and Woreda admin, 86.4% finance and economic development offices and 57.8% of the school principals had served for more than 5 years.

Only 6.2% of the education and Woreda admin, 16.6% of finance and economic development offices and 17.6% of the school governing bodies had served below 5 years. In average 76.5% of the respondents had total years of service greater than 5 years and 42.9 had total years of service greater than 11 years. Thus, most of the

respondents had the experience and hence believed to give the necessary information for the study. On the other hand, Table 4 item 2 shows that, 75% of the education and Woreda admin, 66.7% of finance and economic development office and 58.8% school governing bodies had served more than 5 years at their current positions. This implies that the majority of the respondents (64.3) had been working at their current position for longer than five years. So it could be believed that they have enough experience to give the necessary and relevant information for the study.

## **4.2. Analysis of Data of the Study**

In this part, the key variables were analyzed based on the responses gathered from the five groups of respondents, and the interview conducted with the school PTA and KETB. This part deals with the analysis and interpretation of the findings.

### **4.2.1.Sources of Educational Finance**

The respondents were asked to identify the main sources of finance for the education sector in their respective areas. The collected data are presented in the following Tables and the analysis is presented below the Tables.

**Table 5: Sources of Education Budget**

No	Item	Respondents							
		WEO&WA		FEDO		SGB		Total	
		No	%	No	%	No	%	No	%
1	Sources of education budget other than government budget								
	a. Yes	15	93.8	5	83.3	33	97.1	53	94.6
	b. No	1	6.2	1	16.7	1	2.94	3	5.4
	Total	16	100	6	100	34	100	56	100
2	Possible sources of education budget in addition to government								
	A. School internal income	12	75	5	83.3	27	79.4	44	78.6
	B. Community/parent contribution	16	100	5	83.3	33	97.1	54	96.4
	C. NGO's support	8	50	4	66.7	14	41.17	26	46.4
	D. Voluntary aids	6	37.5	3	50	2	5.9	11	19.6

As shown in Table 5 items 1, almost all respondents confirmed that there were other sources of budget other than the government sources for educational activities. This indicated that there were other sources of budget for education sector in addition to the government treasury in the woreda.

In Table 5 item 2 it has been shown that the sources of education budget were internal income of the schools, community/parent contribution, non-government organization support. All the three groups of respondents put the community/parent contribution as first and the school internal income as second source of education budget in priority. NGO's ranked third. Voluntary aid serves as the fourth source of income. All respondents of the study confirmed that schools were

using school internal income as sources of education budget. There is consistency of opinion on prioritizing the sources of school internal income among respondents of the three groups. As supported by the literature (REB, 2004:108), the resource bases differ from school to school, those schools located in areas with better resources can generate larger income while others do not. Such schools could have better opportunity to advance quality and increase the access for education. On the other hand, schools that do not have such resources are likely to suffer significantly. As consequence this situation could intricate the problem of fiscal inequity among schools.

#### **4.2.2. Criteria used in Budget Allocation**

Regarding the criteria used to allocate budget for schools and education offices, a question was set and the responses are presented in table.

**Table 6: Criteria for Budget Allocation**

No	Item	Respondents							
		WEO&WA		FEDO		SGB		Total	
		No	%	No	%	No	%	No	%
1	Criteria considered to allocate government budget for schools								
	A. Number of students	13	81.3	4	66.7	28	82.4	45	80.4
	B. Budget utilization of the previous years	1	6.3	2	38.4	4	11.7	7	12.5
	C. Standard cost set by the REB	6	37.5	1	16.7	23	67.6	30	53.6
	D. The amount of budget requested	–	–	4	66.7	4	11.8	8	14.3
	E. Schools internal Income	–	–	–	–	–	–	–	–
	F. No criteria considered	–	–	–	–	–	–	–	–
2	The amount of allocated budget to carry out the annual plan of the school								
	A. Satisfactory	5	31.2	2	33.4	5	14.7	12	21.4
	B. Moderately satisfactory			2	33.3	2	5.9	4	7.1
	C. Not satisfactory	11	68.8	2	33.3	27	79.4	40	71.4
	Total	16	100	6	100	34	100	56	100

Regarding the criteria used to allocate budget for education, in Table 7 item 1, as education office and Woreda admin responded, number of students first and the

standard unit cost set by REB second, budget utilized in the previous year third and the rest were not used as a criteria.

The finance and economic development office set their responses as a number of students first, the amount of budget requested second, budget utilized in the previous year third, standard cost set by the REB as fourth criteria. On the other hand, school governing body responded that, number of student first, standards cost set by the REB second, school internal income and budget utilized in the previous year was third criteria.

Others school's internal income and no clear criteria were not selected by all respondents. This implies all respondents have their own knowledge about the criteria for the budget allocation.

Even though there were opinion differences in prioritizing the criteria among groups of respondents, the respondents put a number of students the first, the standard cost set by the REB second, the amount of budget requested to be third and budget utilized in the previous year as fourth criteria considered in the budget allocation. This finding almost seems to coincide with the interview made with the PTA and KETB.

In Table 6 item 2, 71.4% of the respondents expressed that the amount of allocated budget for schools/WEO was not adequate enough to implement their annual plan. Only 21.4% of respondents suggested that the allocated budget was adequately satisfactory to implement their annual plans. Most of the respondents, including the interviewees, confirmed that the allocated budget was not adequate to implement the annual plans of schools.

**Table 7: Timely Approved and Dispersion of Government Budget**

No	Item	Respondents							
		WEO&WA		FEDO		SGB		Total	
		No	%	No	%	No	%	No	%
1	Timely approved and disperse								
	A. Timely	4	25	2	33.4	17	50	23	41.1
	B. Untimely	12	75	4	66.7	17	50	33	58.9
	Total	16	100	6	100	34	100	56	100
2	Possible reason for untimely approval and dispersion of budget								
	A. Delayed decision by different decision making bodies	5	71.4	2	28.6	8	80	5	83.3
	B. Delayed release of regional subsidy	2	22.6	2	28.6	1	10	0	0.0
	C. Delayed woreda cabinet comment on the draft budget and presenting to the council to authorize	4	57.1	1	14.2	10	100	4	66.7
	D. Untimely congress of the woreda council	6	85.7	1	14.2	7	70	1	16.7
	E. Delay of the WFED on summarizing budget request	0	0.0	1	14.2	3	30	1	16.6
	F. No fixed time for doing it	0	0.0	0	0.0	4	40	2	33.3

Table 7 item 1 shows that 58.9% of the three groups of respondents confirmed correspondingly that budget was not getting approved and dispersed timely.

In item 2, the respondents had ranked the reasons of the delay in budget approval and dispersion. The respondents identified the first reason as “decision-making bodies do not give decisions at the right time”. Here it could be said that the bureaucracy is time taking in facilitating the budgetary process, all over the cabinet and the council also had their contribution for the delay. Time taking procedures of the cabinet, and late hearing of the budget, was taken as the second main reason, while untimely session of the council to be the third reason. Lack of fixed time table for the budget approval had been considered to be the fourth reason. The delay of the regional government in announcing the subsidy to the Woredas and dispersion and the inefficiency of WFEDO to summarize the budget requests were mentioned as fifth and sixth reasons respectively.

#### **4.2.3. The Process and Procedures of Education Budget Preparation**

As indicated in the guideline of the regional education bureau (REB, 2004:115), the budget preparation should start at school level and supported by each hierarchy in the education structure. The respondents were asked to describe their actual experience in doing this.

The budget preparation, process and procedures as stated out in Table 8 item 1, 48.2% of the respondents replied that the schools submit their work plan and financial budget requisitions to the woreda education office.

**Table 8: Process and Procedures of Budget Preparation**

No	Item	Respondents							
		WEO&WA		FEDO		SGB		Total	
		No	%	No	%	No	%	No	%
1	Steps and sequential procedures followed while preparing the annual budget for schools								
	A. school presents to the WEO and then goes to WFEDO	9	56.3	3	50	15	45	27	48.2
	B.WEO presents to WFEDO without consulting the school	-	-	-	-	-	-	-	-
	C. WFEDO presents to cabinet without consulting school	6	37.5	2	33.4	10	29.4	18	32.1
	D. cabinet decides the budget without consulting other bodies	-	-	-	-	-	-	-	-
	E. budget committee process for the woreda cabinet	1	6.3	1	16.7	1	2.9	3	5.4
	F.Nuclearsteps/procedures are set	-	-	-	-	8	23.5	8	14.3
	Total	16	100	6	100	34	100	56	100

According to a little bit less than half of the participants (48.2), the Woreda education office collects comment and summarizes the budget requests from schools. It then presents to the Woreda finance and economic development offices.

The WFEDO collects, summarizes and present to the Woreda cabinet for final approval. On the other hand, 32.1% of the respondents replied that the schools were not involved in the budget preparation process. The respondents made clear that the budget committee had little role or 5.4% in the budget preparation process. Moreover, 14.3% replied that there were no clear steps and procedures on how to prepare and request the annual budget.

**Table 9: Budget Preparation and Participation of Stakeholders**

No	Item	Respondents							
		WEO&WA		FEDO		SGB		Total	
		No	%	No	%	No	%	No	%
1	Discussion of stakeholders on the draft budget cabinet finally approved by Woreda cabinet								
	A. There was discussion	9	56.3	6	100	6	17.6	21	37.5
	B. There was not discussion	6	37.7	–	–	27	79.4	33	58.9
	C. Didn't know	1	6.3	–	–	1	2.9	2	3.6
	Total	16	100	6	100	34	100	56	100
2	Stakeholders that discuss and participate on the draft budget								
	A. KETB members	4	25	–	–	6	17.6	10	17.8
	B. WEOTEL team members	2	12.5	1	16.7	2	5.9	5	8.9
	C. WEO members	6	37.5	4	66.7	6	17.6	16	28.6
	D. School principals	1	6.3	1	16.7	2	5.9	4	7.1
	E. WFEDO personnel	4	25	3	50	3	8.8	10	17.8

Table 9 item 1 shows that, 58.9% of the respondents responded negatively whether there were stakeholders that discussed on the draft budget before it was finally approved by the Woreda cabinet. Whereas 37.5% replied positively, while 3.6% of them responded that they did not know whether the stakeholders participate on the discussion of the draft budget or not. In the interview, PTA and KETB strongly expressed their feeling that there were no opportunities for other stakeholders to discuss the draft budget before the final approval. Among the respondents who suggest that there were some discussions on the draft budget before the final approval, described the major stakeholders were WEO personnel and KETB members. The respondents from FEDO replied that WEO, WFEDO and WEOTEL and SGB participated. Whereas the WEO&WA respondents argued that WEO and KETB personnel were the major ones. Here the participants on discussion of the draft budget were not well defined and understood by the two groups of respondents. Hence, The research showed that the process of budget preparation was not participatory enough to gather opinions of different stakeholders of the sector.

Obviously different parties such as the community, students, teachers and relevant government organizations were expected to participate in the management of education. As OECD (2002: 7); and Kopits and Craig (1998) suggested transparency in government finances implies openness about policy intentions formulation and implementation.

**Table 10. Utilization of the Allocated and Internal Income of Schools Budget**

No	Item	Respondents							
		WEO&WA		FEDO		SGB		Total	
		No	%	No	%	No	%	No	%
1	Fully and efficiently utilization of allocated annual budget								
	A. Utilize	5	31.3	3	50	27	79.4	35	62.5
	B. Not utilized	10	62.5	3	50	6	17.6	19	33.9
	C. Didn't know	1	6.2	-	-	1	2.9	2	3.6
	Total	16	100	6	100	34	100	56	100
2	Possible reasons for not utilizing fully and efficiently the allocated budget								
	A. Money not available on requisite	10	62.5	3	50	5	14.7	18	32.1
	B. Financial guidelines and procedures are not well suited	4	25	1	16.7	1	2.9	6	10.7
	C. Untimely disbursement of the budget	-	-	-	-	2	5.9	2	3.6
	D. The allocated budget do not fit the needs of the school	1	6.3	-	-	2	5.9	3	5.4
	E. Schools not to having support staff	-	-	-	-	1	2.9	1	1.8

Item 1 of Table 10 showed that 62.5% of the study group agreed that schools fully and efficiently utilize their allocated annual budget and about 33.9% of respondents replied negatively. The above figure indicated that there was difference in opinion among the respondents on how fully and efficiently schools utilized their allocated budget. The school governing body confirmed their efficiency, while others complained the inefficiency of schools. The audit report by the WFEDO in 2009 showed, there were unplanned use of money especially with the part of principals.

Table 10 item 2 examined the reason for schools not to fully and efficiently utilize their allocated annual budget. The unavailability of money on the time of request ranked as first, unsuitability of financial guidelines and procedures, selected as second, the allocated budget do not fit the need of the schools ranked third and untimely disbursement of budget to school were problems ranked as fourth by the respondents. Lastly, schools were unable to utilize their budget due to absence of supporting staffs.

**Table 11. Utilization of the Allocated Budget for Schools**

No	Item	Respondent							
		WEO&WA		FEDO		SGB		Total	
		No	%	No	%	No	%	No	%
1	School utilization of their internal income without prior permission of FEDO								
	A. Utilize	15	93.8	5	83.4	27	79.4	47	83.9
	B. Do not utilize	1	6.2	1	16.7	7	20.6	9	16.1
	C. I don't know	-	-	-	-	-	-	-	-
	Total	16	100	6	100	34	100	56	100
2	Reason not to use their internal income without prior permission of FEDO								
	A. No financial guideline	-	-	-	-	-	-	-	-
	B. Not allowed by the WFEDO	1	6.3	1	16.7	-	-	2	3.7
	C. It is the mandate of KETB	-	-	-	-	7	20.6	7	12.7
	D. Inadequate experience	2	12.5	3	50.	4	118	9	16.1
3	Forms of annual allocated school budget								
	A. In cash	11	68.8	4	66.7	29	85.3	44	78.6
	B. In kind	-	-	-	-	-	-	-	-
	C. Both in cash/in kind	5	31.3	2	33.3	5	14.7	12	21.4

Table 11 items 1 examine the possibility of utilizing schools internal income without prior permission of WFEDO. About 93.8% of education and Woreda admin,

83.4% of finance and economic development office, 79.4% of school governing body could utilize their internal income without prior permission of WFEDO. On the other hand, 16.7% of FEDO, 6.2% OF WEO and Woreda admin, and 20.6% of SGB stated that schools could not utilize their internal income without prior permission of FEDO.

Majority of respondents confirmed that schools could utilize their internal income without prior permission of FEDO, but few of the FEDO personnel and SGB replied that schools were not able to use their internal income without prior permission of FEDO.

Table 11 item 2, showed the reason not to use their internal income without prior permission of FEDO. Accordingly, 12.7% of the respondents selected the mandate of KETB as first, not allowed by the WFEDO was ranked second and finally financial guidelines was not the for the schools to utilized their internal income without prier permission of FEDO.

With regard to the third item, 78.6% of respondents expressed that schools received the allocated annual budget in the form of cash, while 21.4% described that schools were receiving the allocated annual government budget both in cash and purchased materials. For instance, education office was directly paying salary for teachers; the money was not given to schools. Even though budget was allocated for the education office schools were not given the allocated non-salary recurrent budget to decide and expand based on their needs and priorities.

This showed that schools were not administering their annual budget allocated from the government instead they were given material support from the education office. The material support may or may not fit to their basic needs but the majority (78.6%) said they receive the budget in cash.

**Table12. Competence of Financial Personnel**

NO	Item	Respondent							
		WEO&WA		FEDO		SGB		Total	
		No	%	NO	%	No	%	No	%
<b>1</b>	The necessary financial personnel in the school								
	A. Were assigned	-	-	-	-	4	11.8	4	7.1
	B. Were not assigned	16	100	6	100	30	88.2	52	92.9
	C. I did not know	-	-	-	-	-	-	-	-
	Total	16	100	6	100	34	100	56	100
<b>2</b>	The existing level of the financial personnel in the WEO								
	A. Very high	-	-	-	-	-	-	-	-
	B. High	3	18.8	1	16.7	-	-	4	7.1
	C. Satisfactory	7	43.7	2	33.4	10	29.4	19	33.9
	D. Unsatisfactory	5	31.3	2	33.4	24	70.6	31	55.4
	E. I can't determine	1	6.2	1	16.7	-	-	2	3.6
	Total	16	100	6	100	34	100	56	100

As indicated in Table 12, 92.9% of the respondents indicated that the necessary personnel were not assigned for the schools. Only 7.1% replied that the necessary finance personnel were assigned for the schools in the Woreda. There were not any respondents expressed that, they did not knew whether the necessary financial personnel were assigned or not. So, financial personnel were not assigned. It needs to give attention to assign the necessary finance personnel for schools in order to utilize fully and efficiently the allocated resource as planned.

With regard to item 2, 55.4% of the respondents confirmed that the professional competence level of many of the existing finance personnel in Woreda education office

was unsatisfactory. On the other hand, 33.9% of the respondents stated the competence of the existing financial personnel in the WEO was satisfactory. So, the data analyses based on considerable proportion of participants showed that level of professional competence of the existing financial personnel in WEO was unsatisfactory.

**Table 13. Financial Training and Internal Transparency**

No	Item	Respondents	
		SGB	
		No	%
1	About finance related short term training		
	There was training	14	41.2
	There was no training	20	58.8
	Total	34	100
2	Reasons for not take finance related short term training		
	Lack of budget	5	14.7
	Not priority	11	32.35
	No responsible body	6	17.64
	Luck of training facilitator	-	-
	Total	34	100
3	Schools issued receipts for all incomes		
	Issued	30	88.2
	Not issued	2	5.9
	I didn't Know	2	5.9

As stated in Table 13 item 2, 41.7% of the respondents indicated that there was financial short term training for school principals, 58.8% of the respondents showed that there was no short term training to school governing bodies. This

may have negative impact on the performance of school principal. The literature review indicates that financial training is one of the areas of professional development requiring special attention. Clark (2008; 278) reads as follows: "... principals have little or no training or expertise (in financial management) and elected SGB members are equally ill-equipped."

On the other hand Table 13 item 2, indicated that 32.4% respondents selected for the reason not to take finance related short term training were not priority for the Woreda as first, 17.6 respondents indicated that no responsible body as second reason, and 14.7% of the respondents indicated that lack of budget put as third reason. No respondents did not select as reason.

According to Table 13 item 3, 88.2% of the respondents confirmed that schools were issued receipts for all incomes.

**Table 14. Competence Level of Financial Management in School**

No	Item	Respondent					
		WEO&WA		FEDO		SGB	
		No	%	No	%	NO	%
1	The school capacity to administer their finance						
	A. Competent	1	6.3	2	33.3	3	33.6
	B. Not competent	15	93.7	4	66.7	19	86.4
	C. I didn't know	-	-	-	-	-	-
2	Reasons for the incompetent to administer their finances						
	A. Low qualification	-	-	-	-	-	-
	B. Lack of training	4	25	1	16.7	5	22.7
	C. Lack of trained financial personnel	8	50	3	50	11	50.5
	D. Work load on principal	3	18.8	1	16.7	4	18.2
	E. Lack of motivation	1	6.3	1	16.7	2	9.1

Table 14 item 1, 13.6% of the respondents confirmed that the capacity to administer their finance were competent, whereas 86.4% of the respondents indicated that, the majority of school governing body were not competent to manage school finance.

Item 2 of Table 14 showed 50.5% of WEO&WA and FEDO respondents indicated, lack of trained financial personnel was the first, 22.7% of the respondents were nominated as second, 18.2% of the respondents were put as third, and 9.1% of the respondents confirmed lack of motivation as fourth alternatives. Low qualification did not selected as a reason for the incompetent financial management of schools.

**Table 15: Compatibility of Financial Rules and Regulations**

Opinion on compatibility of the existing financial rules and regulations with the current budget preparation and utilization	Respondents							
	WEO&WA		FEDO		SGB		Total	
	No	%	No	%	No	%	NO	%
a. Compatible	5	31.3	4	66.6	13	38.2	22	39.3
b. not compatible	7	43.8	1	16.7	13	38.2	21	37.5
c. no comment	4	25	1	16.7	8	23.6	13	23.2
Total	16	100	6	100	34	100	56	100

Regarding on the compatibility of financial rules and regulations, 39.3% of the respondent confirmed that compatible with the current activities of the schools. In contrary, 37.5% of the three groups respondents indicated the incompatibility of the existing rules and regulations, 23.2% of the respondents did not comment the currently working financial rules and regulations on budget preparation and utilization (financial management) of the institutions.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSIONS AND RECCOMENDATIONS**

This chapter deals with the summary of major findings of the study, conclusion and recommendations.

#### **5.1. An Overview**

The general objectives of this study were assessing on the practices of financial management in Minjar Shenkora Woreda schools and making recommendations. In doing so, attempts have been made to reveal the current practices of financial management in Minjar Shenkora Woreda schools. In order to achieve these objectives, the following basic research questions were treated.

1. What are the source of budget and criteria considered in allocating finance in the system?
2. Are the schools of Minjar Shenkora Woreda effective in utilizing the allocated budget?
3. What are the main problems encountered in financial management in schools?
4. Are the existing rules, regulations and procedures on budget and budget utilization conductive and helpful for effective implementation of budget?
5. What measures need to be taken to improve financial management in the Woreda?

In order to answer these research questions, questionnaires and interview were used as data gathering tools. The study was conducted in 14 sample schools of the Woreda. School was selected using the simple random sampling techniques. The subject of the study were used 22(90%) of WEO&WA, 6(50%) WFEDO, 14(20%) school principals, 14(20%) teachers serves as accountant in the sample schools, 6(9%) vice principals, 7(14%) PTA representatives, 7(14%) KETB. Purposive sampling technique was employed to select the respondents. Percentage and frequency were used as statistical tools to analyze the collected data.

## **5.2. Summary of the Findings**

Concerning the gender of the respondents of the school principal 18% of them were females. It indicated that very few females were involved in the managerial positions in the study area. It seemed to challenges the intention of the education and training policy, which emphasizes the encouragement of females for managerial positions. Most school principals had fulfilled the minimum requirement for the positions.

The percentage of the respondents, who have worked for less than 10 years at their current positions accounted 68.8%, they were not stable at current position of work. Most of office personnel's and school principals have fulfilled the minimum requirement for the position.

Regarding the processes and procedures followed for the preparation of the education budget forty eight percent of respondents confirm that the budget preparation starts at schools. Thirty two percent of respondents replied that schools were not participating in the budget preparation process. In most cases, the budget preparation process were not participatory, 58% of the respondents affirmed that no stakeholder discussed on the draft budget before it was finally approved by the Woreda cabinet. On the other hand fourteen percent of the respondents suggested that no clear steps or procedures are set to stakeholders to have discussion on the draft budget.

Regarding the source of financing education, all respondents indicated that the main source of financing education was the government source. On top of this, the study revealed that community contributions, internal income of schools and non-governmental organizations support were additional sources of financing education.

The difference in amount of resource schools could obtain from the internal income would have direct impact on the expansion of access and delivering quality education for students learning in schools located in different potential areas, because this school could generate different amount of income.

Concerning the criteria considered in allocating budget for the education sector at school level, the respondents stated the first criteria was the number of students, the standard unit cost set by the REB second, the amount of money requested for the coming fiscal year to be third and budget utilization of the previous years as fourth criteria.

Regarding the utilization of the allocated budget for schools, about 62.5% of the respondents sighted that the schools had utilized their allocated budget. On the other hand, 33.9% of the respondents replied schools had not utilized their allocated budget respectively. This means almost one-third of schools didn't utilize their financial resources properly. Likewise the audit report by the WFEDO showed that, there were unplanned use of money especially with the part of principals.

The problems faced in the utilization of budget were mentioned as their influencing order as: money was not available on the time of requisite, the financial guidelines and procedures were not available and flexible, and the allocated budget was not fit the needs of the schools and untimely disbursement of the allocated budget and schools not having supporting staff.

Annual budget was not getting approved and disbursed on the right time as confirmed by 41.1% of respondents. The main reason mentioned by the respondents was untimely decision-making by different decision making bodies. As 39.3% of the respondents reported that, the existing rules, regulations and procedures on budgeting and budget utilization were compatible with management of budget: while 37.5% of the respondents cited that some of the rules and regulations were not compatible and 23.2% of the respondents suggested that, the rules and regulations had not clear to perform well and need amendments.

## **5.2 Conclusion**

This section discusses some of the major conclusions that emerged in the study and drawn from the findings which summarizes the most important

recommendation that has been made in the study. So the conclusion part summarized some of the different phases of budget cycle (preparation, allocation and utilization) and crosscutting issues such as fiscal transparency and budget participation.

It has been indicated in the study, the participation of females in the managerial positions of the study area, especially in the education sector (school principals) is still very low, which is against the intention of participatory leadership. The budget preparation and decision making process were not transparent and participatory. The participation of KETB and SGB were not satisfactory. This inhibited the contribution of local community and other stakeholders to increase the school finance. The amount of allocated budget for the education sector was not adequate enough to address demand of the schools. Concerning the criteria for the budget allocation, majority of the respondents from all groups do not know the real practice of financial management in the Woreda.

The study also indicate that, unavailability of the required money on time of request, problem like the inflexibility and in compatibility of financial guidelines and procedures, the allocated budget do not fit the needs of the schools and untimely disbursement of the allocated budget, were major problems encountered in the financial management. So that it limit the efficient use of the allocated budget and resource mobilization.

The necessary financial personnel were not assigned for Woreda education office as well as schools. The level of professional competence of the existing financial personnel in the WEO and at the school level also unsatisfactory. Problems such as lack of well trained financial personnel, shortage of training, work load on principals and lack motivation were hindering the full and efficient utilization of the limited educational budget. Some of the existing rules, regulations and procedures on budgeting and budget utilization were not well-matched with needs of schools. The procurement and purchasing guidelines were not compatible to their specific situations of the areas. So, the above mentioned gaps had their own

negative impact on the practice of schools financial management such as unable to buy on time, high running costs and the like.

### **5.3. Recommendations**

1. Depending on the findings of the study and the conclusions drawn, the following suggestions are recommended:
2. Females still should be encouraged to participate in the managerial positions of the education system especially in school finance management. The educational officials need create favorable conditions to females. Implementing affirmative action's, starting from educating and providing training, conducting fair and rewarding competition during recruitment and promotion should be used to attract and encourage females to take managerial positions.
3. The budget planning process should strictly start at school level. Teachers, different committees, in particular WETEL and KETB, PTA, should participate in the planning and budget preparation processes. The Woreda and regional education office/bureau should set and implement procedures that force the participation of all stakeholders. This develops local initiatives to generate fund raiser, sense of ownership of the educational program.
4. The Woreda finance and economic development office should be given training for committee members and concerned personnel on issues related to their mandates and responsibilities, about guidelines on financial management and budget preparation. Furthermore: training should be given to these stakeholders on how to mobilize resources from different sources in order to increase the education budget.
5. Alternative measures such as creating means to increase school income /providing land, encouraging club and related activities, increasing the involvement of the community. On selected activities for generating fund, participating religious organizations and other associations where it is possible should be taken to increase the source of education finances by school governing bodies.

6. The criteria used for budget allocation should be made clear for office personnel, school principals, committee members and finance personnel. There should be clear directives about how to handle/manage/ budget at Woreda level. Consecutive supervision should provide to schools. The criteria under consideration should be revised so that it helps to mobilize local resource, encourage effective and efficient utilization of the available resources and develop sense of responsibility.
7. Even though the unit standard cost per student for each level of education is better implemented, the regional education bureau need to be revised the amount of money given for each level with the current market value. This can help to increase the access for educational materials and facilities in order to improve quality of education.
8. Time, especially in education process, is most decisive factor in implementing the annual plan. The Woreda administration authorities should approve and disburse the allocated budget on time. The regional government should be committed to fix and implement the budget approval and disbursing time table. The subsidy to Woreda administration should be announced on the right time.
9. The purchasing and procurement guidelines should be revising to suite for the distant rural areas, in such a way that it helps to bring efficiency and effectiveness by minimizing running cost.
10. In order to appropriately utilize the allocated budget, the Woreda education office should assigned the necessary financial personnel. The professional competence of the existing financial personnel should be improved by providing on the job training on their current positions, by upgrading their educational qualification and recruiting qualified personnel for the positions.  
Thus, the REB, BoFED and Regional government should try to amend those rules, regulations and procedures hindering the budgeting and budget utilization processes.
11. The office heads of WEO and school principals are shifting frequently. Furthermore, some of the assigned financial personnel in the office and school were not as of the requirement set for the positions. So facilitating training-

introductory training for the newly elected SGB and continuous training to school principals, creating encouraging factors like reward and improving the working conditions, such as housing and paying incentives for the position, can contribute to retain them.

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**Appendices A**

**ADDIS ABABA UNIVERSITY**

**FACULTY OF EDUCATION AND BEHAVIORAL SCIENCES**

**DEPARTMENT OF EDUCATIONAL PLANNING AND MANAGEMENT**

Questionnaire to be completed by heads of Wereda education office, Wereda finance and economic development office, School principals, vice principals, Teachers and Wereda administrative offices.

Dear respondents, the purpose of this questionnaire is to collect information and opinions about the correct practice of school financial management at Wereda level.

Your participation is strictly voluntary and greatly appreciated. The information you provide helps to realize the objectives of the study. Be sure that your information will be kept confidential and will be used for academic purpose only.

You don't need to write your name.

Thank you in advance for your cooperation!

**General direction**

For questions requiring short answer please write your answer briefly in the space provided and for others indicate your response by putting "X" mark in the boxes provided in front of each alternative.

Name of School you work at: \_\_\_\_\_

Your current position of work: \_\_\_\_\_

**1. Personal data**

- Age
- |                  |       |                  |       |
|------------------|-------|------------------|-------|
| ✓ Below 25 years | _____ | ✓ 46 to 55 years | _____ |
| ✓ 25 to 35 years | _____ | ✓ Above 55 years | _____ |
| ✓ 36 to 45 years | _____ |                  |       |

2. Sex            Male \_\_\_\_\_            Female \_\_\_\_\_

3. Your current educational qualification:

- |                     |       |                                  |       |
|---------------------|-------|----------------------------------|-------|
| ✓ Below grade 10    | _____ | ✓ Ma in school leadership (EDPM) | _____ |
| ✓ Grade 10 complete | _____ | ✓ Others (please specify)        | _____ |
| ✓ Diploma (10 + 3)  | _____ |                                  |       |
| ✓ First Degree      | _____ |                                  |       |

4. Your total years of services:

- |                     |       |                  |       |                  |       |
|---------------------|-------|------------------|-------|------------------|-------|
| ✓ Less than 5 years | _____ | ✓ 11 to 15 years | _____ | ✓ Above 20 years | _____ |
| ✓ 6 to 10 years     | _____ | ✓ 16 to 20 years | _____ |                  |       |

5. Your service years at current position of work:

- |                     |       |                  |       |
|---------------------|-------|------------------|-------|
| ✓ Less than 5 years | _____ | ✓ 16 to 20 years | _____ |
| ✓ 6 to 10 years     | _____ | Above 20 years   | _____ |
| ✓ 11 to 15 years    | _____ |                  |       |

**II. Questions related to financial management; budget preparation, allocation and implementation to be completed by Wereda education office, finance and economic development office personnel Wereda administration offices and SGB.**

1. Is there other source of financing the education sector other than government budget in your Wereda/ school?  
Yes  No
2. Which of the following is/are the possible source/s of financial for education sector other than the government source in your Wereda School? (you can give more than one response)
  - o School internal income
  - o Contribution from the community or parents
  - o Non government organizations support
  - o Voluntary aid
  - o Others (please specify)
3. What factors or criteria are considered for allocating public budget for the schools in your Wereda? (you can give more than one response)
  - Number of students in the schools
  - Previous years expenditure of the schools
  - The amount of unit cost set by the REB for each student at each level of education
  - The amount of budget requested by the schools for the coming years
  - No criteria are used
  - Others (phase specify) \_\_\_\_\_
4. How do you weight the amount of allocated budget to implement the annual plan of school?
  - Very high
  - High
  - Satisfactory
  - Unsatisfactory
  - I can't determine
  - above the school need
5. Does the annual budget get approved and disbursed on appropriate time of the fiscal year?  
Yes  No
6. What are the steps and producers followed when conducting need assessment and requesting budget for education sector at Wereda level?
  - The preparation of budget requisitions starts from school and goes through Wereda education office to wereda finance and economic development office and then to the Wereda cabinet
  - The woreda finance and economic development office a lone assess the need and proposes the budget to the Woreda cabinet
  - The Wereda education assesses and proposes its budget requisition to WFEDO without involving the schools, and then to the Wereda cabinet
  - Without involving other offices and schools the Wereda cabinet approves and Wereda council authorizes the budget for the education sector
  - The Wereda budget committee alone process the draft budget to the cabinet for approval
  - No clear steps and procedures are set to prepare the budget requisition

7. Are there stakeholders that discuss on the draft budget before it is finally approved by the wereda cabinet?  
 Yes  No
8. If your response to question no 7 is 'yes' who do you think was discussing on the draft budget? (you can give more than one response)
- Keble education and Training board members
  - Wereda education and Training board members
  - Wereda education office hands
  - Expenses school principals
  - Wereda finance and economic development office personal
  - Others (please specify) \_\_\_\_\_
9. Do you agree that schools fully and efficiently utilize their allocated annual budget?  
 Yes  No  I don't know
10. If your response to item 9 is 'No', what do you think the possible reason to be?
- Money is not available on requested
  - Financial guidelines and procedures are not well suited
  - Wereda education offices do not disburse the budget to school on time
  - The allocated budget do not fit the need of the schools
11. Do you agree the schools in your Wereda can directly utilize their internal income without prior permission from the finance and development office?  
 Yes  No
12. If your response to item 11 is 'No', what do you think the possible reason to be?
- No financial guideline
  - It is the mandate of KETB
  - Not allowed by the Wereda
  - Others (please specify)
  - The rule permit to do so
13. In what form do the Schools receive the allocated annual government budget from the Wereda education office?
- In cash only
  - Both in cash and in kind
  - In kind/Purchased materials
14. Do the necessary finance personnel assigned for schools in the Wereda?
- Yes
  - I don't know
  - No
15. Did you take any finance related short-term training?(For SGB only)
- .Yes  No
16. If your answer for question number 15 is 'NO', why?(For SGB only)
- Lack of budget
  - Lack of training facilitator
  - Not priority
  - Others\_\_\_\_\_
  - No responsible body

17. Do the school issued receipts for all incomes it receives?(For SGB only)

Yes  No

18. How do you judge, the competency of the majority of existing finance personnel in Wereda education office?(For Wereda officials only)

- Very high
- High
- Satisfactory
- Unsatisfactory
- I can't determine

19. Do the schools have the capacity to administer their finances?(For WO only)

- Yes  No

20. If 'No' for question number 16, what are the possible reasons to be?(For WO only)

- Lack of training
- Lack of trained financial personnel
- Work load on principals
- Shortage of financial guidelines
- Others\_\_\_\_\_

21. Are the existing budgetary rules, goodliness and regulations compatible with the current budget preparation and utilization process and management system?

- Compatible
- Incompatible
- No comment

22. If your response to question no 18 is 'incompatible', please specify some of the existing guidelines and rules that are incompatible with the current budget management system.

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23. In your opinion, what are the major challenges related to financial management in your school?

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24. From your experience and observation, please suggest some measures to be taken to improve financial management of school budget?

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1. What are the sources of finance for the education sector in the school?
2. Do you have any other strategy than government budget for financing education in the school? If so, what are the sources?
3. How do you manage the different kinds of requisitions and decision to be made in financing education in the Wereda/school?
4. What is the degree and level of participation of education sector officials and school management members in budget preparation and decision-making processes?
5. How do you weight the amount of allocated budget and the existing budget allocation system and process for the schools?
6. What are the criteria used for budget allocation decision-making process of the schools?
7. Do you think the allocated budget for the education sector/schools in each fiscal year meet the demand for achieving the education programs?
8. How do you evaluate the efficient and effective utilization of budget allocated for the school?
9. Would you mention the main problems of budgeting education in the school/Wereda?
10. How do you evaluate the existing budgetary rules, guidelines and regulations of the schools?
11. What measures should be taken to improve financial management in the Wereda?

## **Declarations**

This thesis is my original work and has not been submitted for a degree in any other university, and that all sources of the material used for the thesis have duly acknowledged.

**By: Girma Worku**

**Signature** \_\_\_\_\_

**Date** \_\_\_\_\_

This thesis has been submitted for examination with my approval as University advisor.

**Name:** \_\_\_\_\_

**Signature:** \_\_\_\_\_

**Date of approval:** \_\_\_\_\_