



ADDIS ABABA UNIVERSITY
COLLEGE OF EDUCATION AND BEHAVIORAL
STUDIES DEPARTMENT OF EDUCATIONAL
PLANNING AND MANAGEMENT

THE PRACTICE OF MANAGING SCHOOL FINANCE IN
SELECTED SECONDARY SCHOOLS IN ADDIS KETEMA SUB
CITY, ADDIS ABABA

ADAM MEKONNEN BAHTA

JUNE 2020

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**BY
ADAM MEKONNEN BAHTA**

**A THESIS SUBMITTED TO DEPARTMENT OF EDUCATIONAL
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**COLLEGE OF EDUCATION AND BEHAVIORAL STUDIES
DEPARTMENT OF EDUCATIONAL PLANNING AND MANAGEMENT
ADDIS ABABA UNIVERSITY**

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

**The Practice of Managing School Finance in Selected Secondary
Schools in Addis Ketema Sub City, Addis Ababa**

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ACRONYMS AND ABBREVIATION

ESDP	Education Sector Development Program
FDRE	Federal Democratic Republic of Ethiopia
MoE	Ministry of Education
MoFED	Ministry of Finance and Economy Development
NGO	Non -Government Organization
AAEDB	Addis Abeba Education Bureau
PSTA	Parent Student Teacher Association
REB	Regional Education Bureau
SGB	School Governing Bodies
TEOSG	Town Education Office Supervision Groups
WEO	Woreda Education Office

MANAGING SCHOOL FINANCE IN SELECTED SECONDARY SCHOOLS IN ADDIS KETEMA SUB CITY

ABSTRACT

The aim of this study was to assess and examine managing school finance in selected secondary school in Addis ketema sub city. Descriptive survey design was used to investigate the practices of financial management in the secondary schools. Quantitatively and qualitatively data analysis methods were used in order to answer the research questions. The study involved a total sample size of eighty four respondents three principals, nine vice-principals, three accountant, three treasures, thirty six department heads, three school supervisor, one education office head, twenty one PSTA members, one finance office heads, three finance plan and budget experts one finance plan and budget expert were used as main source of data. All participants were selected using available sampling techniques. Questionnaires, interview and document analysis were the data collection tools for the study. Questionnaires were conducted with 72 participants and interview with 12 participants. Data analyses were made using descriptive statistical tools such as frequency; percentages, mean and standard deviations were used. The study results revealed that most respondents were aware of the existence of financial management problems in the school. Such as a lack of skilled and experienced, lack of training; constraint of structured financial guide-line and procedures, inadequate control systems; lack of budget planning, lack of stakeholder participation on financial plan and decision making, lack of adequate rule and regulation in the schools on financial issue and lack of monitoring and evaluation of school finance. Overall, the above problems affected not only the effectiveness and efficiency of financial management of the schools but also the whole process of educational activities. Taking in to consideration the above results, it is recommended that all concerned bodies, such as the Addis Abeba Regional Education Bureau, Addis Ketema Sub city Education Office being together should prepare enough work-shop and training for the school personnel and for the concerned bodies in the field of financial management. Furthermore, it can be encouraged to release the allocated schools budget on time, strengthening internal and external auditing in order to reduce the problems of financial management in the government secondary.

CHAPTER ONE

THE RESEARCH PROBLEM AND ITS APPROACH

1. INTRODUCTION

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

1.1 Background of the Study

Education has the power to transform human life (UNSECO, 2013/14). It is the process of bringing out the potentialities of an individual and developing the natural abilities and interests of the citizens. It brings out the internal capacities of a child and helps also to fulfil the needs of the society by raising the productivity of the population which in turn leads to better living standard. This helps to improve how to think, how to do, what to do, why to do and speed up science and technology.

In developing countries like Ethiopia, the government is the main source of finance for the expansion of education. However, the financial labour and material contribution of the community as well as schools' internal income and the support from non-governmental organizations could have their own contributions.

School system should utilize the financial resources to achieve objectives and fulfil educational needs of students and community. All organizations including schools face the scarcity of finance. Through converting this scarce resource with the help of budgeting mechanism all activities are functioned appropriately.

Decentralization was introduced in Ethiopia in the 1995 constitution, thus giving rise to the federal system of administration. Since then, all the nine regional states and two city administrations have their respective Regional education bureau (REBs), under which woreda education offices (WEOs) are organized.

The success of school can centre on the quality of its financial management sound financial management ensures that schools resources are effectively used to achieve a schools mission, and its school improvement plan (SIP) and school development plan (SDP).

Education plays a great role for economic growth and reduction of poverty (World Bank, 1995). It also broadens peoples' freedom of choices and actions and empowers them to participate in social and political lives of their society, and equipping them with the skills they need to transform their livelihood (UNESCO, 2010). Therefore, education helps as an instrument for achieving human capital and national development. Education can be realized when an important financial input necessary to facilitate the whole instructional processes are available and properly managed (Datta, 1998). Similarly, MoE (2002) stated that schools are inevitably involved in the practice of financial resource management which is concerned with the efficient flow of finance to, through and out of an organization for optimum use of resources to achieve educational goals. If financial resource is not managed and utilized properly in the school, it would affect teaching learning process and students' academic performance (MoE, 2013). Furthermore, the practice of school financial resource management (FRM) comprises the planning and implementation of financial planning, accounting, reporting and the protecting assets from loss. School financial resource includes internal income, block grant, school grant, funds and community participation (MoE, 2002). Therefore, UNESCO (2013/4) notes that financial resource management influences and limits the activities of the schools to achieve their planned objectives unless managed properly. Regarding school principals, Bisschoff (1997) expresses they should have basic knowledge, skill, qualification, interest and experience of financial resource management. Various forms of trainings were given for secondary school principals on financial resource management (MoE, 2007). However, the trainings indicated that the accountability of schools' principals is very high and it did not improve the financial resource management practices in secondary schools as expected. Therefore, it needs hard working and commitment from schools' managers to improve financial resource management in secondary schools. Moreover, MoE (2002) states that school principals, finance personnel and Parent Teacher Associations (PSTA) have great responsibility to manage school financial resources. Besides, the expansion of educational systems and provision of quality education in schools are greatly influenced by the amount of finance allocated for education, and by the extent to which the allocated finance is effectively and efficiently managed and utilized (Melaku, 2000). Financial resource management is a crucial issue for the achievement of educational goals. There is government audit report document which shows a problem in effective and efficient management and utilization of financial resource in secondary schools of Addis KetemaSub city. This initiates the researcher to

conduct this study to assess the problems encountered and the gaps seen, and may try to forward the possible suggestions to improve the existing financial resource management particularly in Addis ketema sub-city at government secondary schools level.

1.2. Statement of the Problem

Educational finance is scarce and thus needs knowledge of how it is properly managed and utilized in the education system. In this connection, Chapman and Arnold (2004) indicated that financial resource management is a balancing task. This means, it is a coordinating function which is responsible for planning, accounting, auditing and reporting. Hence, to maintain the accomplishment of educational objectives, these activities should be put into practices.

In many developing countries, the problems of financing secondary school and its management are sensitive and participation of stakeholders' rate remains low and not grew up in most of the countries. Education costs in secondary school are often high and unsustainable if stakeholders don't participate consistent in school financial resource management practices as owner (MoE, 2002). According to Candoli (1984) states schools' capability of managing and utilizing financial resources obviously contributes much to the success of the teaching-learning processes. This is to mean that effective and efficient management of schools financial possibly will lead to achieve school goals. However, inappropriate or poor management of financial resources are likely lead to failure.

Supporting the above idea, MoE (2002) has remarked that sufficient budget allocation and proper utilization of the educational budget for the intended purpose is critical issue. It is stated that the financing of education must be efficient and appropriately managed to attain equity and quality of education. Some principals and school government bodies' are placed under pressure to manage their schools' financial resources. They are unable to find out practical solutions due to lack of financial knowledge, skills and experience.

The success of any educational program is depends on how schools manage and utilize their financial, material and equipment effectively and efficiently (UNESCO, 2013). However, inappropriate and poor management practices of financial resource management in schools are likely lead to failure of quality education.

Different studies have been conducted on material and financial resources management.

To cite some, the study conducted in Addis Ababa by (Goitom, 2002). Goitom (2002) states that evaluation of resources management stressed the amount of human, material and financial

resources spent in educational institutions and proper management mainly determine the level of economic development of the country. These writers focused on materials and resources management practices in general and not including in their study the financial resource management activities of planning, accounting, auditing and reporting in detail. Endale (2011) conducted on the practices of financial resource management focusing only in government primary schools in the Shashamane town. This study was limited to variables like allocation of budget, utilization and sources of finance. However, the area of financial resource management practices and its problems on planning, accounting, auditing and reporting; effective and efficient management and utilization of financial resource in secondary schools is not well study particularly in Adiss Abeba in Addis ketema sub city.

However, government audit feedback document shows inefficient utilization or implementation of the scarce financial resources tends to be the major problems of the schools, particularly in Addis ketema sub city secondary school. These are the gaps that the researcher may try to fill and initiated to conduct this study on this specific area. As a result, the purpose of this study is to assess the practices of managing school finance in the government secondary schools of Addis ketema sub city and will try to forward the possible suggestion to alleviate the problems. To this effect, the study will be guided by the following Basic questions:

1. government secondary school of Addis Ketema sub-city secondary schools?
2. To what extent do stakeholders participate in the management of financial resource in the government secondary schools of Addis ketema sub city?
3. What are the major challenges that affect the practices of financial resource management in government secondary schools of Addis ketema sub city?
4. What are the possible intervention strategies to be recommended to minimize the critical challenges for effective utilization of financial resource in Addis ketema sub-city secondary schools?

1.3. Objectives of the Study

1.3.1 General Objective

The general objective of this research was to assess the practices of managing school finance in the government secondary schools of Addis ketema sub city in Addis Ababa.

1.3.2 Specific Objectives

The study was guided by the following specific objectives:-

1. To investigate whether appropriate planning, auditing and monitoring system exist regard on the school financial utilization in Addis ketema sub city Government-secondary school.
2. To examine the extent that stakeholders participate in financial resource management practices in government secondary schools of Addis Ketema Sub city.
3. To identify the major challenges that affects the practices of financial resource management in government secondary Schools of Addis Ketema sub city.
4. To suggest possible solution to the critical financial management challenges in school.

1.4. Significance of the Study

There is inseparable relationship between the provision of quality education and managing educational finance. As resources are scarce to address economic and social needs of the society, available limited resources, particularly finance should be used effectively and efficiently. Accordingly, the finding of this study was significant in the following aspects.

- It will provide school principals, higher officials and educational experts who are in charge of making decisions with important information about the status of financial resources management in government secondary school of Addis Ketema subcity and Addis Ababa education Bureau.
- It benefits all stakeholders in education like educational leaders, planners and decision makers etc to consider and look in to problems that exist in educational finance management strategies regarding secondary schools.
- It may help schools and education offices to solve major problems by indicating some intervention mechanisms about the issues under investigation.

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

1.5. Delimitations of the Study

This study would have been more conclusive if it is carried out at a regional level. It do not include all aspects of financial resource management and not involve all preparatory school but all secondary school the numbers are only 3 in the sub city. The study focuses on assessing the practices of financial resource management in the government secondary schools of Addis ketema sub city. The sub city includes 10 woredas. In this woreda there is and only 3secondaryschool to make the research manageable, the study will focus on all three governmental secondary schools found in the sub city. It also delimited to selected government secondary school principals, teachers and students, finance officer, PSTA members in three schools.

This study does also not encompass all individuals within schools compound. Other staff members, such as secretaries, office staff, cafeteria employees and custodians, would exclude. In advance, under the study topic there are variables of financial resources management activities of planning, implementing, accounting, auditing, reporting, budgeting, fundraising, purchasing, monitoring, utilizing and controlling are the financial resources management activities of secondary schools. However, the delimitation made on planning, budgeting, monitoring, utilizing, accounting, auditing, controlling and reporting on major activities of financial resource management. Had it been, very difficult to manage and analysis as a research if I took all resources management activities.

1.6. Limitation of the Study

This study has faced some limitations as the data was collected based on self-report of the responders it may be subjected to certain under or over-reporting of some issues related to topic of the study. There was also unwillingness of some respondents to correctly complete the questionnaires. Besides, the researcher was confronted reluctant among interviewees to give as much information as expected from them during the interview session. Nevertheless, the problems did not have significant impact on the results of the study.

1.7 Definition of Key Terms

This work focuses on government secondary school of Addis Ketema sub city in Addis Ababa. Some words in the study are contextually used. Therefore, operational use of some terms

becomes very important. The words and phrases used in the research are defined in this section to avoid doubts.

- **Audit** refers to the verification of the accuracy and completeness of the financial records of the organization and the appraisal of the legality, efficiency, and effectiveness of the financial management of the organization (Chalam, 2003).
- **Budget** is a plan expressed in money. It is prepared and approved prior to the budget period and may show income, expenditure and capital to be employed (Chadwick, 2002).
- **Expenditure** An actual payment or the creation of an obligation to make a future payment for some benefit or service received (Rosenberg, 1983).
- **Financial Management** refers to the process of managing school funds according to the regulations and guidelines provided by the education authorities and relevant legislation (Mbama, 1992).
- **Financial Administration** According to Van der Westhuizen (1995: 371), financial administration refers to “the execution of financial activities by a person in a position of authority for the purpose of achieving effective education”. Bisschoff (1997: 79) argues that financial administration is an art of obtaining funds needed and making optimal use of these funds once obtained. The school can ensure that this happens by adhering to the policies that deal with management of funds.
- **Financial Management** financial management refers to the financial activities undertaken by stakeholders such as the PSTA and the SMT in order to achieve a common objective for the school (Bisschoff 1997:137).
- **Finance policy** According to Mestry (2006:131), finance policy is a document that spells out how funds/assets of the school are controlled. Mestry (2006:131) further argues that the finance policy outlines rules and regulations of handling assets of the school and the control mechanism of funds. A good policy must spell out the rules and regulations of handling the money/ assets of the school. The procedures for handling school fees, donations, post-dated cheques, authorization for cheque payments, signatories to the bank account and every aspect related to the school’s finances should be included in the school’s finance policy (Mestry: 2004: 131).

- **School Management Team** Christie, Butler and Potterton (2007: 75) describe the School Management Team (SMT) as a body that lead and manage the school. It is made up of the principal and the Head of Departments (HODs).

1.8. Organization of the Study

This study was organized into five chapters. The first chapter contains background of the study, statement of the problem, objectives of the study, significance of the study, delimitation of the study, definition of operation terms, and organization of the study. Chapter two deals with the review of related literature; while the third chapter deals with research methodology and design. Chapter four presents data analysis and interpretation. The final chapter, chapter five contains the summary of findings, conclusion and recommendations of the study.

CHAPTER TWO

2. REVIEW OF RELATED LITERATURE

This section of the paper focuses on the review of the various relevant literatures related with financial school finance in some selected materials. This would help benchmarking the previous studies and use same as input for the present study target on the government secondary schools of Addis ketema sub-city. In Addis Ababa, Scholars like Gillian pointed out that the review of the relevant literature aimed at investigating critical points that make the researcher up-to-date of the current knowledge and the theoretical and the methodological contributions to a particular topic (Gillian, 2003:4). Based on this reality, an attempt is made to discuss in review of the related literature in chapter two of this study to provide the financial resources utilization practice and challenges in some selected government secondary schools. Likewise, the concept of financial resources, decentralization and definition of participation, source of educational finance, concepts, processes and monitoring of the budget and Ethiopia's budget process and perspectives related to the topic are reviewed.

2.1. Concept of Financial Resources

According to International Journal of Scientific Research in Education (IJSRE) resources are the basic tools necessary in the effective performance of tasks and for the growth and development of human organizations. Financial resource is a significant resource often assumed to be a part of physical capital. It is actually the basis for the procurement, utilization and maintenance of all other types of resources. Without a strong financial base, it will be difficult to produce the right types of goods and services in desirable quantity and quality. Since the human economy is a monetary economy, the availability of funds in any organization or institution is vital to its productive process and the quality of its product and service (IJSRE, 2010, p. 99). Resources are assets only to those who can identify and effectively employ them for the purpose of achieving clearly defined objectives. This is because resources alone cannot yield additional wealth. They must be drawn upon and put to judicious use to enable them to increase wealth or productivity. Thus, the prudent management of education funds involves decisions on how to procure, expand, utilize and properly account for funds directed at the achievement of education objectives in general or institutional goals in particular (Ibid, 99). Also it was indicated in the same journal that educational resources have been classified into four groups and include:

- (a) Physical resources such as school plants, classrooms, offices, recreational facilities and the entire school ground;
- (b) Material resource including institutional aids, stationeries, education plans, objectives and prescribed methodology;
- (c) Human resources (both teaching non- teaching staff); and
- (d) Financial resources made up of all monetary input into the education system directed towards the achievement of specified educational objectives (Ibid, 99). Good knowledge and the appropriate utilization of these major classes of resources are vital in the achievement of effectiveness in the resource management in the school system, especially in the present context of global economic crises and a consistent decrease in the federal monetary allocation to education. The school manager must be well informed of the existence of education resources and know when to collect and use such resources (Ibid, 100).

2.2. Decentralization and Participation in Financial Resources Utilization

Regarding the function of financial management in school, Abebaw (2006) indicated by citing Aggrawal (1995:244) that educational finance is needed for the following purposes: (1) Opening of educational service;(2) Maintenance of normal educational service; (3) Expansion of educational service and (4) Expansion of educational facilities.

2.2.1 Financial Resources and Decentralization of Education

As cited in Thomas (2011), according to Mark Robinson (2000) decentralization may be defined as the transfer of education on decision making powers from central government to intermediate authorities, local authorities, and educational institutions. The significance of the transfer varies, ranging from simple administrative decentralization to transfer of regulatory and financial power of greater scope, to the regional and /or local level. Thomas by citing Rondielli, (1989) gave definition of decentralization as the transfer of responsibility and authority for planning, management and raising and allocation of resources from the central government and its agencies to field unit level of government, semi-autonomous public authorities; area wide regional or functional authorities or organizations that are closer to the public to be served and noted that it must be equipped with trained and skilled personal capable of coordinating and integrating their own organizations with other organizations to put decentralization policies in to practice.

According to UNESCO (2003), decentralization is the process of reassigning responsibility and corresponding decision making authority for specific functions from higher to lower levels of government and organizational units. In its basic definition, decentralization is the transfer of power of the central government to regional and local authorities (Tegegne and Kassahun 2004; Meheret, 2006). (As cited in Thomas, 2010) a decentralized educational system, the community finance education either directly through fees, or indirectly, through taxes. Community contribution can take many forms and may go away beyond money rise. For example, building schools, making rallies and preparing ceremonies to raise money, etc (Mitsue, 1999). There also exist mixed systems in which the central level of government is responsible for some expenditure and the community is responsible for the rest, but, in a highly centralized educational system, all financial expenditure for education service is covered by national government without any direct contribution of the communities.

As indicated in Thomas (2011) according to (Winker, 1989) in general, decentralization financing of education is more common in developing countries than in developed countries. This can be as verification that developing countries, which often lack sufficient funding for education, try to decentralize education in order to increase the financial responsibility of education to the community and to the parents. The intensification of decentralization to woreda level has controlled to strengthening of woreda level education institutions. It also provides opportunities to strengthening local governance, increases of sense of accountability, and broadens the participation of communities. Efforts have been made to build the capacity of the woreda offices particularly woreda education office through intensive training organized in the areas of educational planning and management, financial management, auditing and procurement. It is also noted that schools and parent student teachers associations need build their capacity before more responsibility could be given in the area of financial management (MoE, 2005).

2.2.2 Participation of Stakeholder in Financial management in Education

The term “participation” can be interpreted in various ways, depending on the context (Mitsue, 1999). Community participation as a concept focuses on the idea that involving stakeholders in decision making about their communities and broader social issues has important social, economic and political benefits. In the 1980s and 1990s, for a variety of reasons public sector donors, policymakers, as well as both Northern and southern NGOs, emphasized the value and

potential benefits of participatory approaches. Community participation is one of the domains of community capacity building. The role of citizens and communities is expressed through three main ways: direct financial or in kind contributions toward the establishment or maintenance of facility, management of schools through the payment of teachers, and citizen voice in the local kebele and woreda councils, to balance the local executive political leadership and service providers are accountable to the community (Jeilu, 2009).

The goal of any kind of activity that attempts to involve community and family's parents' education is to improve the educational delivery so that more children learn better and are well prepared for the changing world. The following rationales explain about the importance of community participation in education cited in (Mitsue, 1999).

Maximizing Limited Resources: Learning materials as well as human resources are limited everywhere, particularly in developing countries. The focus has shifted to finding efficient and effective ways to utilize existing limited resources. The principles of participation derive from and acceptances that peoples are at the heart of development. They are not only ultimate beneficiaries of development. The rationale behind people participation in development is that participation strengthens as people behind peoples participation in development is that participation strengthens as people's capacities and their efforts to create and sustain the collective growth and development (Ngsussie, 2007).

According to Help Age International (2008) participation is the level of involvement of all stakeholders/ actors in the budget process, directly or through legitimate intermediaries. The process of budget preparation, approval, implementation, and review needs the participation of various stakeholders. It is through participation that people's perspectives can be brought to the attention of 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 all citizen. It allows members of the community to raise issues of importance to them and, hence, influence budget allocations. It also allows different layers of government to know the most urgent 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 to ensure efficient provision and more equitable distribution of budgetary allocations participation is inessential ingredient in the budget process to ensure efficient provision and more equitable distribution of budgetary allocations.

In many countries, however, the general absence of information on budget issues, especially in non-technical formats, has seriously hindered the effort of nationals and local organizations to participate in discussion on the distribution of public resources. However, the ability of civil society to participate in the budget discussion is dissatisfied by legal, intuitional, and political barriers.

As a result, many agencies attempt to define what they mean by participation in their own context. World Bank (1997) defines participation as it is a process through which stakeholders influence and share control over development initiatives and the decision and resources which affect them. It is the process whereby all those with an interest play an active role in decision making, and in consequent activities which affect them, USAID (1997) also defined as it is the active engagement of partners and customers in sharing ideas, committing time and resource, making decisions and taking action to bring about a desired development objective. In all above cases, participation is sharing of activities, make decisions, resources and responsibilities in a certain intervention. Basically, participation is sought to make development intervention successful by using local knowledge, institutions, materials and labor resources and scientific knowledge cited in (Thomas, 2010).

2.2.3 Financial Resource Utilization in Education

According to Help age International (2008) the 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. Resources mobilized for expenditure come basically from three sources: taxes, external aid and external borrowing. Taxes come directly from the people and aid is given to the government on behalf of the people of Ethiopia. Loans are raised in the name of the population and the whole population will be responsible for repaying them. Thus, the money the government is spending is not its own but belongs to everyone. This means the government should be accountable not only for how it use up these resources also for budget outputs and outcome. This makes accountability an important ingredient in a budget process.

Equality and inclusiveness mean ensuring opportunities to maintain and improve the wellbeing 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 (Help Age International, 2008).

2.3 Community Participation and Source of Educational Finance

2.3.1 Community Participation in Education

In Ethiopia, the MoE in its ESDP-II (2002) community participation is one of the strategies that shall be promoted to achieve the set goal. During ESDP-I Conducive situations were created for the community to work in close cooperation with schools. As a result, there are now indications that a significant shift has been observed in this area during the last few years. A sense of ownership is observed and there are strong evidences from current practices that communities are actively participating in the management and administration of schools. As demand for education is increasing, school committees are assuming greater role in the improvement of their schools. Woreda Education and Training Boards will be strengthened and shall be required to provide appropriate decision-making and follow up, and to initiate motivating programs at woreda level. Moreover, community organization like women's associations, youth associations and others, which are operating in the community shall have roles in enhancing the enrollment of girls and quality of education and shall serve as experience sharing forums (ESDP-III, 2005). The success of schooling depends, to a large measure upon the value that communities attach to education. Where education is highly valued and actively sought, the mission and goals of the school are shared and supported by the community. Therefore, schools shall take the lead to involve the community through initiating activities that demonstrate the community's underlying interest in the role and functions of schools.

Hence, community discussions, meetings, parental education and training can result in the community assuming greater responsibility for its own welfare and development. Training parents as to how to assist and encourage their children after school, at home, contributes to the quality of education. Awareness creation activates will, therefore, increase commitment of the

communities that can lead to the desired educational objectives at all levels. Head teachers play a pivotal role in maintaining healthy relationship between the schools and the communities. They are responsible for creating trust between the parents, community and the school. Discharging this responsibility shall require special skills on the parts of the head teachers in school management and human relations. On-the-job training programs shall also be developed and implemented for the head teachers to achieve this goal (ESDP-II,2002).

2.3.2 Managerial Resourcefulness in Education

The primary goal of management is to ensure that system goals are optimally achieved through the clear allocation of roles and resources, and through the monitoring of organizational tasks. The level of efficiency achieved in the performance of managerial tasks is highly dependent on the manager's resource management abilities. Resourcefulness measured in terms of productivity can be defined as the ability to combine various factors of production to achieve a desired level of productive.

Resourcefulness can generally be defined as the ability to act effectively in the achievement of goal that require the use of resources, in defining resourcefulness as the ability to find quick, clever and efficient ways of doing things, Hornby (2000:999), identifies a resourceful person as one who is "clever at finding ways of doing things." These definitions highlight that resourcefulness in management is a combination of effectiveness and efficiency in handling organizational matters. Effectiveness enables the manager to keep the organization's goals in constant view, while efficiency enables the manager to aim at prudence in the achievement of organizational goals.

Akubue (1991:134) describes prudence as "the ability to plan, regulate, and calculate possible causes, effects and results as well as to cover loopholes for fraud, cheating and temptation. Here, prudence is a sensible and careful attitude that averts wastage in the use of resources. A resourceful education manager is sensible and careful attitudes that avoid wastage in the use of resources. A resourceful education manager is therefore prudent in the application of scarce resources to the implementation of education policies and programs.

The achievement of economy in the use of educational resources includes good knowledge of educational resources and the ability to adequately explore the many sources of such resources. The education manager in this case is expected to have good knowledge of various sources of educational resource .However; knowledge of resource is in adequate without an accompanying

knowledge of what constitutes relevant resources for the particular level and type of education being managed. The most common sources of education resources are the government, local communities and International aid. Likewise, knowledge of educational resources and their various sources is not enough if the resources harnessed by the school system, are not effectively manipulated to achieve educational objective. Effective resource manipulation skills are also necessary in the achievement of prudence in resource management. Resource manipulation in this case includes distributing resources into task areas, and ensuring that they are properly utilized in task performance (IJSRE, 2010).

2.3.3 Strengthening Financial Systems and Purchasing Procedure in School

Article 29 of the finance and Economic Development bureaus financial administration proclamation no. 57/1989 that requires schools to submit their internal incomes, which they had not utilized, should be amended to make the financial administration of schools viable and effective. Apart from controlling that schools have properly utilized the budget allocated to them, it is not proper to force them to return revenues, which had not been utilized. In addition, the Woreda should give resource and financial management training to directors, members of the parent student Teacher Association and staff of schools finance section. Regional Finance and Economic Development Bureaus, Regional Education Bureaus, woreda finance offices and Woreda education offices have the responsibility to organize various awareness-raising forums to facilitate the implementation of this guideline for educational financial organization (MoE, 1994 E.C.).

As Admass College (cited in Edpm,2007) Although schools carry out the purchase of equipment and services in accordance with the directive issued by the government, if donors and creditors forward compelling terms, the purchase would be made in pursuant to the agreement made between the government and these parties. When schools, before the actual procurement, make a purchasing requisition, the items to be procured would be classified according to their quantity. The woreda would make major purchases, while the schools would undertake minor procurements. Major purchases would have the opportunity to get price discount as they are made in much quantity. (The purchasing committee would be formed according to the objective reality of the educational institutions accountable to the woreda, the Zone and the region).

2.3.4. Capacity Development for Improved Management

In all regions, many training activities were undertaken, in line with decentralization. These training programs have touched a wide range of people: regional, and woreda expert, SEOFF members, PSTA members and school leaders. The needs however remain high and many staff does not receive training upon appointment. But, many woreda offices of the emerging regions and there schools do not have sufficient experts to perform their tasks efficiently. The training programs should have helped overcome these technical weaknesses (ESDP- IV).

At the woreda level, planners lack competencies in data collection and analysis, projection and simulation. The pool system for the management of financial resources at the woreda level also requires competencies in the preparing a budget and planning ahead of time to ensure the necessary supplies and equipment for schools are delivered before the beginning of the school year. As they are the actors who are the closest to the kebeles and schools –being responsible for training kebele education officers ;recruiting, training and developing teacher and head teachers; and supporting the kebele offices –they need skills in planning data collection ,reporting and supervision (Oulai,D. et al(2011).

2.4 Concepts, Processes and Monitoring of the Budget

Budget is financial plan of total admission money and expenditures. It is based upon a means of implementing a plan created by an enterprise to meet the program of the enterprise in educational finance. A budget can also be considered as a plan of financial operation incorporating an estimate proposed expenditures for a given period (usually one fiscal) year or purpose and the proposed means of financing them (Admas College,2007).

According to Help Age International, (2008) the budget is central to realizing national objectives, goals and programmers linked the role of the government in financial matters. The public budget can be defined as follows:

The public budget is a process by which government sets levels of expenditure, collects revenues and allocates the spending of resources among all sectors to meet national objectives. The financial plan of action for the year, reflecting government priorities on expenditure, revenue, and overall macro-economic.

2.4.1 Importance and Preparing Budget to School

“Budget” is defined as a planned pattern of revenues and expenditures to achieve educational goals over a specified period of time (Jordan, et al, 1985:152).

According to Help Age International (2008) the school needs to prepare a budget since it has to plan the extent of its expenditure and revenue. In most cases, the available revenue for school is limited compared to the demands for funding, although it varies from school, in most circumstances there is a gap between revenue and expenditure. School cannot finance all the activities that need expenditure. They have to decide what they can do within a given time and available revenue, and this is made possible by preparing a budget. No school can afford to make unplanned decisions on expenditure and revenue.

By citing Condoli et al (1984:128) Abebaw (2006) indicated that some of the benefits of budgeting as that it is useful to establish a plan of action for the future; it requires an appraisal of past activities in relation to planned activities; it necessitates the establishment of work plan; it necessitates for seeing expenditure and estimating revenues; it requires orderly planning and coordination throughout the organization; it establishes a system of management control and it serves a public information system.

A budget also has another benefit to the school. It enables the government to analyse its expenditure and revenue in light of its overall objectives. Hence, budget could also indicate whether the school is moving in accordance with its overall economic objectives or not (Help Age International, (2008).

2.4.2 Budget Approval, Implementation and Management

Individual budget managers are responsible for ensuring that financial planning is carried out effectively and efficiently. Outside the Spending Review process budget managers should ensure that all proposals with resource implications (or other financial considerations) are cleared with their finance teams in line with the guidance on finance included in the section on the “Roles and involvement of finance”.

As cited Help Age International (2008) good financial management should ensure that the following conditions are met.

Staff in charge of delegated budgets. Both for administration costs and program expenditure, have clear guidance on the size of the budgets, what they may be used for and how far they can be varied.

Specific authority is obtained for expenditure beyond the approved purposes of the delegated budget (even if the amount can be contained within the budget).

Actual expenditure is monitored against budgetary provision and corrective action taken if necessary.

Managers operating budgets have clear guidance as to whether the delegated budget authority carries with it delegated purchasing authority or whether the actual purchasing will be undertaken elsewhere.

Managers authorizing the taking on the commitments e.g. ordering goods and services, making grant offers, entering into contracts of work purchases, have clear guidance as to the extent of their delegated authority for individual cases Staff is aware that guarantees indemnities and similar arrangements which may lead to public expenditure in the future (no matter how remote that possibility may appear) may not be entered into without specific authority.

Staff involved in authorizing and making payments arising from commitments including pre-payment checks to be made.

All desk instructions are up to date; that they provide for adequate separation of duties; and otherwise contain appropriate prohibitions to combat the possibility of fraud.

The operation of the procedures contained in desk instructions is monitored to ensure compliance and that working effectively.

Why does government expenditure move away from the budget? This may be the result of Poor financial management: lack of effective planning and implementation, dumping of spending on the last quarter.

Corruption: due to weak financial management system public officials can use a host of tricks to siphon off public funds

Fund diversion: the government often diverts funds to other programmers; Unexpected events: the government has contingency reserve to deal with unexpected events (e.g. disasters)

Inadequate funding: sometimes the budget fail to fund a program me adequately Weak oversight: capacity limitation.

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

The same source (Help Age International, 2008) identified that there are four stages in the budget process/Cycle at any level of jurisdiction. These are budget preparation (drafting/design process),

budget approval and appropriation (legislative process), budget execution (implementation process), and budget control (performance monitoring- audit and evaluation process).

In the first stage, the budget preparation is the central agency (usually ministry of finance) circulates a budget call letter and guideline to all public bodies. Every public body is required to prepare their budget requirement and submit it to the central agency. The central agency is responsible for summarizing and consolidating the national budget and finally presenting it before the council of ministers and/ or parliament.

In the second stage, once the recommended budget is reviewed and adjusted by the council's district, it is then presented to the parliament for debate and approval. Annual appropriation of the approved budget will then follow.

The third stage is disbursement of the approved budget to the relevant agencies, implementation of planned activities, and recording expenditure. This is the process of the transfer and spending of the money which ensures that activities can happen to reach the required goals.

The fourth stage budget monitoring is the process that is undertaken to find out if public resources are distributed equitably and efficiently. The objective of budget monitoring is to improve the budget process and the delivery of public services. It helps to find out if the targets are achieved and government is meeting its obligations. In a situation where targets are not met, it helps to design new plan to improve the next budget process.

A well- functioning budget system is vital to the formulation of sustainable fiscal policy and facilitates economic growth and development. A weak budget system and poor budget choices aggravate social problem. Moreover, even where budgets are allocated to reach the poor and vulnerable groups, the funds may not reach the intended beneficiaries due to weak expenditure and programmed/financial management. All these factors justify the need for budget monitoring. Budget monitoring helps to check action plans and development targets; it increases the responsiveness of the government to the needs of citizens; by promoting transparent policy making and budget processes it paves the way for proper scrutiny of expenditure priorities; helps to find out whether the government is meeting their development obligations and informs us of the extent to which budgets have addressed the equity and efficiency issues in the distribution of public resources helps to promote transparency and accountability on the part of the government, and active participation of the community and civil society (Help Age International, 2008).

2.5 Ethiopia's Budget Process

Budget preparation is guided by a document known as the Macro-Economic and Fiscal Framework (MEFF) prepared by MoFED. Regional bureaus formulate regional education policy and strategies. They also administer and manage primary and secondary education, junior colleges, technical and vocational college and teachers training institutes. The zone education office plays the roles of coordination, supervisions and provides technical and professional assistance to lower levels of the education system (Ministry of education service delivery in an efficient, effective and responsive manner, The WEO is structures and organized with its own manpower. The Woreda education service involves the education sector and community representatives like SEOFFs and PTAS members in the woreda and other actors outside the woreda. The main participants in the delivery of education services at woreda level are the communities, regional and zonal bodies, private organizations, sectoral offices and the woreda administration through the provision of general guidelines and technical supports (MoFED, 2008).

The ESDP- I attempted to put into action the 1994 education policy, which included a sector plan, backed by a consortium of donors, designed to enhance enrolment, particularly in primary schools, decentralization, and community empowerment. ESDP II was launched in 2002/3 and will run to 2004/5. An annual joint review process evaluates progress against performance milestones. The ESDP action plan stressed that greater institutional capacity at all levels is the first priority of the program. Regions especially will concentrate on capacity building in the initial period of ESDP, especially in the areas of educational administration, procurement, financial management material. Head teachers and officials at all levels will be given training in education management, and a reporting and monitoring system will be put in place to facilitate their accountability.

2.5.1 Budget Administration by Schools and Allocation of Block Grant

If there had capacity, it would have been better to allocate all the capital and current budget in block grant, school grant and enable schools to be self-reliant and self-supportive. However, currently most of the schools do not have the skilled man power and the necessary experience to administer the capital and recurrent budget. Non salary recurrent expenditure will be managed by schools it would have been better to allocate it in block grant and school grant so that schools could utilize it on the basis of their priority needs. The recurrent expenditure would be used for

the procurement and publication of books purchase of chalk, stationeries, and maintenance of doors, windows laboratory chemicals and other furniture and to cover water, telephone and electric bills and etc. The budget would be allocated to the schools based on the required expenditure per a student and calculating it with the total; number of students in the school (World Bank, 1988).

According to MoE (1994 E.C) there are various requirements to give non salary recurrent budget to schools in a form block grant. However, this guising takes the number of students as the basis for such procedure. This is believed to make the allocation of block grants fair and transparent. A school that accommodates more students would get more whereas the school that enrolls less number of students gets less block grant, but the necessary inspection should be made to control schools not report more than the actual block grant. Stiff measures should be taken against such illegal deeds. The allocation of block grant to the first cycle primary school would be birr 10 times the number of students from grade 1-4, the allocation of block grant to the second cycle primary school would be birr 15 times the number of students from grade 5-8. The allocation of block grant to the first cycle secondary school would be birr 20 times the number of students from grade 9-10 and the share of the second cycle secondary school would be birr 50 times the number of students from grade 11-12 (MoE 1994 E. C, P.59)

2.5.2 Monitoring and Evaluation Strategy

Monitoring

Monitoring is a systematic and continuous process of collecting and using of information for the purpose of management and decision-making. It is an activity, which assesses whether project inputs are being delivered, are being used as intended (to create outputs), and are having the initial effects as planned. It therefore, represents an exhaustive and regular examination of the resources, outputs and results of a project. Monitoring is an internal project activity, an essential part of good management, and therefore, an integral part of day to day activity. So monitoring is a tool to identify strengths and weaknesses and provide the people responsible for the project with sufficient information to make the right decision at the right time to improve its quality (MoFED, PP.14-15, 2008).

Monitoring involves: establishing indicators of efficiency and effectiveness; setting up systems to collect information relating to these indicators; collecting and recording information; analysing information and using information to inform day-to-day management.

Evaluation

According to MoFED, (2008) Evaluation can be defined as a process that attempts to determine, as systematically and objectively as possible, the achievement of results in light of relevance, efficiency effectiveness, impact and sustainability of activities. It is a systematic process of collecting and analysing information in order to determine whether and to what degree the objectives of a project have been, or are being achieved. Evaluation is often more periodic and ask more fundamental questions about the overall progress and direction of a project. It looks at the dynamics of development interventions and identifies the reasons for both success and failure and how one can learn from both. It is an instrument for an in-depth review to assess the degree to which objectives have been achieved and to measure net impact of development interventions. In general, evaluation involves examining the relevancy and the objectives that wanted to be reached; assessing the progress towards what is to be achieved; looking at the strategy of to be implemented; looking at how the plan works (effectiveness and efficiency); assessing sustainability factors, and drawing lessons for the design of future implementation of the plan.

Therefore, the main purpose of monitoring and evaluation system is to ensure a clear basis for decision-making, empowerment, accountability, greater focus on achievement of results and promotion of institution learning and knowledge sharing.

Moreover, detailed information is needed for day-to-day management on utilization of resources, implementation of planned activities according to schedules and production of planned outputs. Generally speaking, a quality review should be adequate, relevant, accurate, timely, and useful.

Problems encountered in the implementation of activates can be resolved through mutual discussions at the Annual education conferences held between the regional Bureaus and federal ministry of Education and through other relevant meetings.

In the Serbia, for instance, the Treasury is responsible for keeping a record of all transactions executed from the treasury single account. In this treasury ledger, there is a full record of all payments according to an organizational, functional, and source of financing classification. In addition to the treasury ledger, first-line budget –users are required to with regard to Ethiopia, the head of each public body keeps financial records for the responsibilities of the public body, in a form directed by MoFED. It is also required to provide monthly reports showing the financial transactions of public body and close its accounts and report to MoFED within three months after the end of the fiscal year (FDRE, 2009).

2.5.3 Auditing School Budget and Reporting

Auditing School Budget

According to Tilahun (2010) Audit in the public sector has the important function of giving the ultimate decision-makers (parliament and government) and or citizens` regular assurance of the quality of reports of how taxpayers` money has been spent, and the management of assets and liabilities under public control (Allen and Tommasi, 2001) Nowhere in the world is the relationship between auditor and auditee an easy one. Within government administrations, those activities which are secret or politically sensitive are most likely to expect exemption from, or special treatment in, the conduct and reporting of outside audits (OECD, 1996).

Small number of highly sensitive data has to be omitted or information has to be generalized before reporting publicly FDRE(2009) states that each public body is required to close and submit its account to the office of federal auditor general (OFAG)within three months from the end of the fiscal year. It also submits to the house of peoples` Representatives the audit report together with its performance report of the period within one month from the receipt of the last year audit inspection report.

Auditing would be carried out in the woreda to make sure that the planned activities and the finance utilization have been carried out in accordance with the finance rules and regulations. Accordingly, the woreda education office auditor would undertake an audit on the utilization of the finance allocated to the woreda educational activities at the end of every quarter of the year. Auditors of the woreda finance and Economic Development office would also carry out auditing twice a year, i.e. during half of the year and at the end of the budget year the regional auditors would also carry out auditing at the end of the budget ear. On the basis of the audit reports, necessary corrective measure would be taken by pertinent government bodies (MoE, 1994 E.C.).

Reporting utilization of School Budget

At every level, quarterly, semi-annual and annual work and financial performance reports; and possible solutions will be given. The reports shall concentrate on: Progress in production of planned outputs, Implementation of activities, Utilization of inputs; and information on actual capital and recurrent expenditure Implementation of recommendations, Weaknesses, strengths and lessons learned in implementing ESDP.

The quarterly report shall mainly serve the day-to-day management purposes at implementation level. The semi and annual reports shall be the main source of information on progress and

achievements of the entire program compared to plans. These shall also serve the sector management at regional and national level as well as the member of the donor community to monitor the progress of the program (ESDP-II, 2002).

According to MOE (1994 E.C) Schools would prepare their reports and get it evaluated along with the kebele Education and Training Management Board and submit the reports to the woreda education office within five days after the end of the quarterly year. The Woreda education office would compile the schools reports along with its report and get them evaluated by the woreda education and training Management Board. The office, then, would present the final draft of the report to the Woreda Council, the Zone Council and the Regional Education Bureau within the first 15 days of each quarterly year. Apart from the quarterly reports, a 6 and 9 months report would also prepare. After receiving the reports from the woreda education office, the regional Education, Bureau Would submits its report on finance utilization to the regional council as well as to regional finance and Economic Development Bureau. The regional finance and economic Bureau, in its turn, submits the report to the Federal Ministry of finance and Economic Development.

2.6. Educational Financial Resource Management in Ethiopia

Decentralization of power and authority in the education system has resulted in the delegation of power and authority from center to regional and the grass root levels are possible for management of resources allocated (MoE, 2002). According to MoE (2007) education sector development program attention was given for financing of education by raising public expenditure and improving its management is current issue. Moreover, the MoE (2002) which focused on educational finance stated as the necessary conditions will be created for education and training institutions to generate their own income and to use it to strengthen the educational process.

On top of this, in decentralization the function of ministry of education has been significantly reduced and it is now dealing with matters pertaining to the setting of fundamental policies, broad educational planning and programming, maintaining standards and setting procedures for program implementation and providing technical assistance. While regional education bureaus, towns and woredas education office are responsible for financing, planning and implementation of educational activities. Accordingly, addis ababa sub city addis ababa sub city towns and woredas Educational office are accountable for management and administration of financial

aspects in schools (MoE, 2002). The current education office is more involved in the administration of recurrent budgets allocated for schools accomplishment activities at woredas and Towns administrative level. To this end the researcher will review how the stakeholders participate in school financial resource management practically in government secondary schools.

2.7. Research on Educational Financial Resource Management in Ethiopia

This section contains the management of educational finance before 1991 and the management of educational finance after 1991 of specific funds. 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 not as such or unlikely. As opposed to this, however, educational planning, management and controlling have been considerable devolved to the local level (MoE, 2013).

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. This is what we call fiscal decentralization. It is also true for purchasing, allocating and proper utilization of physical resources (MoE, 2002).

In connection to this government developed the management of educational finance for a number of factors. For instance, as it indicated in MoE (2002) creating flexibility and thereby responding to the local level needs, to build up the participation and 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 because a number of factors.

The following are among the major and overwhelming challenges in managing financial resource at the local level. These factors include: inadequate budget, weak sources of finance, limited capacity and insufficient experience in allocating, planning, accounting, auditing, reporting, utilizing and controlling financial resources effectively and efficiently. These challenges become usually broaden by unequal potential that the local levels consist in terms of mismanaging financial resource as well as the level of corruption by the local level authorities. As a result, there was a big gap between approved budget and expenditure as indicated in (Endale, 2011; Teshoma, 1997).

2.8. Decision Making in Financial Resource Management in the School

The financial resource management has sequential stages in order to make appropriate decisions on finance to implement (UNESCO, 2006). The first stage in the process of financial resource management is securing or the demand of resources. To do so, it needs assessment need based and preparing participatory plan. So, the major source of school finance is the budget share or the manual appropriation to the school system. The budget amount is directly related to the number of students. The second stage in making financial decision is allocating to the required budget depends on the amount that is expected to spend on each individual budget headings. The budget heading are given on the basis of activities of the education system such as teaching learning materials, maintenance, salary, infrastructures, co-curricular activities, projects and other educational materials. The third stage execution of the implementation of budgets regulation by accounting procedures.

In relation to this, Mbama (1992) indicated that, the financial manager normally has the responsibility of the implementation of management decision as well as the administration of the day to day financial transactions. The financial manager's administrative duties include the supervision of cash flows and involve in the major decisions of school finance. To some up, reviewing the decision making on financial resource management enables the research to see how the decisions are made in the management of financial resources in secondary schools.

2.9 The Role of School Principals' in Financial Resource Management

According to Leithwood and Stainbac (1995), school principals have responsibilities and duties of their positions; they often find it difficult to keep abreast of implementing policies and practices. In the same way Sagor and Barnett (1994) agree that of having knowledge, skill and experience of policies and guidelines are essential to overcome the challenges.

These policies and guidelines become the working norms of the school rather than formal board policies or statements of operating procedures. Typically, they take an action what will not be tolerated in reaching the mission. Murphy and Louis (1999) refer to the popular trend of delegating the management of school funds to school principals and PTAs as an increase in the allocation of decision making. School principals and PTAs should be empowered to lead and supervise school resources in decentralization (MoE, 2002). Early maintain that school principals should work with PTAs in the financial matters like budgeting, purchasing and monitoring

school financial resources. In addition to this, Tsukudu and Taylor (1995) stated that training for school personnel is very essential to manage schools financial resources.

Since 2002 schools much more freedom on managing their own finance and opened the door to better ways of managing the school fund and considerable delegation with in the schools, individuals being responsible for managing school finance MoE (2002). It also means that there must be clear systems for dealing with the school budget and which cover the way money, the way that school accounts are kept and the way spending is monitored . These systems are not only needed by principals but also all the members of staffs. Principals should create awareness for PTAs, teachers and supportive staffs about budget spending and aware of how the school budget is administered. It is clear that the role of principals in financial resource management is many. So, reviewing the role of principals helps the researcher to examine whether principals exercise their role or not at the school level.

2.9.1 The Role of Parent-Teacher-Association on Financial Management

The first step in organizing school finances is to institute the school governing body, which in appoints the school financial committee. The PTA is made up of parents of learners at the school, teachers and local community. People from the community may be assigned as PTA in school committee members. For example, an expert on financial matters in schools may be assigned in the finance (MoE, 2002). The PTA is an important element of decentralization in education.

Therefore, it is essential that the PTA work closely with the school principals as school financial managers with respect to the owner. In advance, MoE (2002), the PTA should assist principals in administering the school finance; with projects to establish a school fund account; and to administer it in accordance with the policy and guidelines. They prepare school budget plan each year that shows the estimated income and presented to the general parent's meeting for approval. The PTA committees should find ways of obtaining budget from stakeholders for the school by approaching business people to sponsor school based on their plan activities ; asking parents' to contribute as they like ; and organizing fundraising projects for their schools; and following the procedure to accomplish school goal as preplanned.

As MoE (2013), the guidelines on school financial management indicate that the school cashier and PTA head should open and maintain a single bank account in the name of the school at a registered bank. Nobody is allowed to keep money or deposit it into a bank account other than the one that exists in the name of the school. The role of Parent Teachers Association should be

placed in the center of the school activity in that they capable to coordinate all students' family for school activity. Hence, reviewing their role gives a researcher to see how the PTA carried out their role in government secondary schools practices of financial resource management as owner in addisketema sub city.

2.10. Strategies Used to Improve Financial Resource Management in the Schools

Principals employ various strategies to cope with the financial resource management problems they encountered in the school. The majority of principals employed more than one strategy to cope with the challenges they faced as financial resource manager and engaged for seeking additional funds to cater for school development from various sources. On the other hand, planning, accounting, auditing, reporting and recording are the financial resource management strategic activities to coping with the challenges encountered (MoE, 2013). To do it needs skillful man power, experience, expertise and commitment.

Despite the existence of various publications to provide guidelines for financial resource management in general and in particular to procurement and utilization procedures in schools, still principals faced challenges related to accounting, auditing, planning and procurement of goods and services. To alleviate these problems preparing short term training and long term training for stakeholders who participate in financial resource management practice and preparing participatory plan on school need based assessments is crucial issue. Depending on preplanned activities the school prepared budget plan according to their priority and weight. Then, schools are preparing controlling mechanisms of accounting, auditing, reporting and monitoring in daily base activities (MoE, 2002). To this end, the researcher will review the theories and application in the school as well as the strategies' that schools use to cope with challenges to solve the practice of financial resource management activities exercised or not. This helps the researcher will try to give alternative possible strategies to improve the practice of financial resource management in government secondary school in addisketema sub city n recommendation while thesis works because of different experiences in the schools.

CHAPTER THREE

3. RESEARCH DESIGN AND METHODOLOGY

This chapter presents the logistical decisions that shaped the thesis and the nature of participants and how they were selected. It also discusses how the instruments of data collection were developed and employed. Finally it outlines the method of analysis followed by the interpretation of data.

3.1 Method of Study

This study employed descriptive design to conduct the study, because descriptive research is a design used to obtain information relating to the existing status of an issue or phenomenon and to describe “what exists” within the variable or conditions of the situation. Hence, a descriptive survey research is used to investigate the practices of financial management in secondary school in Addis ketema sub city. Further, this method help to gather various kinds of data using research tools such Interview questionnaire integrate data and point out their implications. Overall, It can be used to obtain information about the current status of the phenomena and the existing financial management practice in secondary schools (Khan, 2004).

3.2 Source of Data

Both primary and secondary sources of data were employed for this study. Primary and secondary data were collected from the samples and documents, respectively.

3.2.1 Primary Sources

Primary data sources were collected from principals, vice – principals, school accountant, PTAs, school supervisors, addis Ketema sub city finance office head, Addis ketema sub city finance plan and budget experts and school department heads. These people have adequate information because they are directly and indirectly involved in each school financial activities and also provide accurate information for the study. These primary data are collect through questioner and interviews.

3.2.2 Secondary Sources

Secondary data sources were obtained from different documents. This study analyzed relevant document like auditoria feedback document minutes, purchasing procedure. Model19 and 22, financial reports like, expenditure reports, sub – city finance economic development office reports and regional budget proclamation.

3.3 Population Size and Sampling Techniques

Three government secondary school of Addis ketma sub city were selected as area of the study, because the area is not research before with the problem stated and feedback from Addis Ababa city administration education bureau shows a serious financial management failed in the area. The schools are yekatit 23 secondary school, efoyta secondary school, and abyssiniya secondary school. The schools are select using available sampling technique. The reason is that, they are found in one sub city and only 3 secondary schools are found also easy to manage. the study involve a total population size of 84 .from this, three principal, nine vice principals, three accountants, three treasures ,thirty six department heads, one finance office head, one finance plan and budget experts at sub city level also three at school level. The above samples are select because of having connection in the administration of budget that is allocated for government secondary schools. The sampling technique used to select the participants is available sampling. These Participants have been involve in the issue of financial management directly or indirectly and also their number was manageable and they are expect to have detail knowledge of the problems in this study.

Table 1: Sample and Sampling Techniques

No Respondent	Population	Sample size	%	Available sampling
1	Principal	3	100	
2	V/principal	9	100	
3	PSTA member	21	100	
4	School supervisor	3	100	
5	Education office groups	1	100	
6	Sub city finance head	1	100	
7	Sub city finance plan and budget experts	1	100	
8	School accountants	3	100	
9	School treasures	3	100	
10	School department heads	36	100	
11	School finance plan and budget experts	3	100	
		84		

3.4. Instrument of Data Collection

Data for this study were collected on the bases of qualitative and quantitative data types. Data collecting instruments used for this study were questionnaire, interviews, and documents. Quantitative data collected by using questionnaire and qualitative data were collected by using interview and document review. Use of both methods of data collection help the researcher to combined the strength and some of inadequacies of any one of the source of data.

3.4.1. Questionnaire

Questionnaire, close-ended and open-ended items were constructed to collect information from vice- principals, accountants, treasures, department heads and PTA members. This is mainly because questionnaire used as a major instrument to collect information from the data sources of the study. Primary data from the above listed respondents collect from secondary schools to achieve practice of financial management. Questionnaires are prepared in English.

3.4.2. Interview Guide

In addition to the questionnaire, interview was employed as an instrument for data collection to complete and obtain relevant data that was not handled by questionnaire and also to counter check the information already obtained from the open- ended form of the questionnaire which

was prepared to exploit greater depth of response since the participants are encourage to answer in their own words. Based on this the source of data in interview were prepared for, three finance plan and budget experts, one finance officer head, one education office head, three school supervisor and three principals. The interview was aimed at electing information on the practices financial management in the schools all the interviews will be conduct in English language. Interview items will be prepare for cross checking and substantiate the results of the questionnaire. Interview provides detail information for the researcher sets out to collect some fascinating contextual or other information (Wisker, 2001).

3.4.3. Documents

Documents was assessed to secure pertinent information and to know whether there is set of standard of financial management or not. Further, documents assesse helps to evaluate and compare the standards set with actual performance and to triangulate the data collect through the other tools. Overall, documents assessed for this purpose includes, school budget report, feedback from AA education bureau (financial statement), minutes, transactions registers, receipts, and town education office budget report feedback, for validating the research finding. The documents are enabling the researcher to triangulate the data collect through other tools.

3.5. Methods of Data Analysis

In accordance with data type, quantitative and qualitative data analyses were employed. The quantitative data that were collected through closed- ended questionnaire from all respondent were tabulated and analyzed by using the frequency, percentage, mean value and standard deviation. Quantitative data was analyzed using SPSS version 20. The data gathered through open-ended items of the questionnaire and interviews will be analyzed qualitatively. It is ongoing activities that take place during data collection devising of categories and building of theories (Bogdan and Biklen, 1998). Hence the data collect through interview, open ended questionnaires and secondary data will be analyze and interpret in the form of narration. Based on the data analysis, interpretations are made to reach at certain findings.

CHAPTER FOUR

4. RESULTS AND DISCUSSION

In this chapter, the results of quantitative and qualitative analyses that were conducted to address specific objectives of the thesis are discussed. The first section of this chapter provides the actual collected quantitative and qualitative data of the sample distribution and personal characteristics of the respondents. The second part deals with the analysis and interpretation of the data obtained through questionnaire, interview and secondary sources regarding practices of financial management in Addis ketema sub city Government Schools.

Questionnaires were distributed to nine vice-principals, three accountants, three treasures, thirty six department heads, and twenty one PSTA members. Among the seventy two distributed questionnaires, seventy two were filled and returned. In addition to these, an interview was successfully conducted with twelve interviewees: three school principals, three school supervisor, and one sub city education office head and one sub city finance office head and three finance budget and plan expert's one sub city level finance and plan expert. The responses given to each of the questions were analyzed and interpreted. Most of the data gathered were organized using tables. Presentation of the data is followed by discussion and interpretation in line with the basic research questions. For the sake of convenience of interpretation, related questions were treated together.

4.1. Demographic Data

As it was presented in table 2 and 3 demographic data of the respondents includes gender, age, academic qualifications and services.

Table 2: Demographic Information of Respondents

No	items	Categories	VP		AC		TR		DH		PSTA	
			N	%	N	%	N	%	N	%	N	%
1.	sex	Male	7	77.78	2	66.7	3	100	25	69.4	16	76.1
		Female	2	22.2	1	33.3	-	-	11	30.5	5	23.8
		Total	9	100	3	100	3	100	36	100	21	100
2.	Age	Below 25	1	11.1	-	-	-	-	12	33.3	-	-
		25-35	2	22.2	3	100	3	100	10	27.78	5	23.8
		36-45	2	22.2	-	-	-	-	8	22.2	10	47.6
		46-55	2	22.2	-	-	-	-	6	16.67	6	28.57
		Above 56	2	22.2	-	-	-	-	-	-	-	-
		Total	9	100	3	100	3	100	36	100	21	100

Note; VP= Vice-principals, A=Accountants, T=Treasurers, DH= Department heads and PTAs = Parent-Teachers-Associations As indicated in table 2 of item number one, regarding sex, out of the total nine vice principals respondents, 77.8% of them were males. In the same table out of 36, twenty five (69.4%) department heads were male and 16 (76.1%) of PTAs were males. These statistical data showed that, the school management positions were dominated by males. In addition to this, out of 3 accountants 2 (66.7%) and 3 (100%) treasurer respondents were males. This result showed that lower number of females of accountants and treasurers were represented in secondary schools position in Addis Ketema Subcity Addis Ababa Town. As indicated in table 2 of second item, 2 (22.2%) of vice -principals, 100 % of accountants and treasurers, respectively were allocated between 25 and 35 years old. Similarly, 33.3% of department heads, and 23.8% of PTAs were between 25 and 35 years old. On the other hand, 22.2% of vice-principals, 27.78% of department heads, and 47.6 % of PTAs were between 36 and 45 years old. Generally, majority of employee were existed on the position between 25 and 35 years of age and also indicated that most respondents are matured in age.

Table 3: Academic Qualifications and Services of Respondents

No	Items	Categories	VP		AC		TR		DH		PSTA	
			N	%	N	%	N	%	N	%	N	%
1.	Academic status	Certificate	-	-	-	-	-	-	-	-	8	38.1
		Diploma	-	-	2	66.7	-	-	-	-	8	38.1
		First degree	9	100	1	33.3	3	100	36	100	5	23.8
		Second degree	-	-	-	-	-	-	-	-	-	-
2.	Service in current position	1-5	4	44.4	3	100	3	100	30	83.33	12	57.1
		6-10	5	55.5	-	-	-	-	6	16.67	4	19
		11-15	-	-	-	-	-	-	-	-	5	23.8
		16-20	-	-	-	-	-	-	-	-	-	-
		Above 21	-	-	-	-	-	-	-	-	-	-
3.	Total service of year	1-5									4	19
		6-10	4	44.4	2	66.7	2	66.7	20	55.55	13	61.9
		11-15	2	22.2	1	33.3	1	33.3	8	22.22	4	19
		16-20	3	33.3	-	-	-	-	8	22.22	-	-
		Above 21	-									

Note; VP= Vice-principals, A=Accountants, T=Treasures, DH= Department heads and PTAs= Parent-Teachers-Associations As it was presented in table 3 item1, concerning academic status, the qualification distribution of the respondents revealed that 100 % of school vice -principals were first degree holders. This result did not agree with MoE (2002), which stated that the position of principals' and vice -principals' required second degree. On the other hand, 66.7% and 33.3% of accountants were diploma and degree holders, respectively. Concerning years of services on current position, 44.4% of vice-principals, 100% accountants and 100% treasurers served below 5 years. On the other hand, 55.5% vice principals, 16.67% department heads, and 19% PTAs were served 6 to 10 years. Whereas, 23.8% of PTAs were served 11 to 15 years.

According to this study 16 to 20 years of service were not identified. This result showed that the majority of respondent's vice -principals, accountants, treasurers, department heads, PTAs had

less work experience on current position. Regarding the total work experience, 44.4% of vice-principals, 66.7% of accountants and 66.7 % of treasurers had services of years between 6 and 10 years. Similarly, 55.55% of department heads and 61.9% of PTAs total had services of years between 6 and 10 years. On the other hand, 22.22% of vice-principals, 33.3% of accountants, 25% of treasurers and 22.22% of department heads their total services of years were between 11 and 15 years.

Table 4.the practices of budget planning in the school

My school budget plan preparation is participatory							
		Scale	Frequency	Percent	Valid Percent	Cumulative Percent	\bar{x} Mean
Valid	Strongly disagree	5	42	58.3	58.3	58.3	4.45
	Disagree	4	26	36.1	36.1	94.4	
	Undecide	3	1	1.4	1.4	95.8	
	Agree	2	1	1.4	1.4	97.2	
	Strongly agree	1	2	2.8	2.8	100.0	
	Total			72	100.0	100.0	

During the study effort was made to investigate the stakeholders' participation in school management and financial resource utilizations. According to the above table 4. Most of the respondent budget planning and preparation and implementation was not participatory Thomas (2010) pointed out, basically participation is required to make development intervention successful by using local knowledge, institutions, materials and labor resources and scientific knowledge participation is sharing of activities, make decisions, resources and responsibilities in a certain intervention.

According to Help Age International (2008) participation is the level of involvement of all stakeholders/ actors in the budget process, directly or through legitimate intermediaries. The process of budget preparation, approval, implementation, and review needs the participation of various stakeholders. It is through participation that people's perspectives can be brought to the attention of 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

all citizen. It allows members of the community to raise issues of importance to them and, hence, influence budget allocations.

Preparing well organized annual budget for school with the involvement of school management in which there is community involvement and it is a guarantee for school development and effective financial utilization in school by avoiding corruptions. Incidentally, in this study the respondents were asked about who prepares the annual plans in their respective schools?

Little more of respondents (4.2%) indicated that the school management committee prepares the annual budget plans in their school and nearly hundred (94.4%) have reported that the school principals (head principals with vice principals) prepare the annual budget plan for the school. In the in-depth interview conducted with the key informants particularly supervisors, education office head and experts strictly pointed out that the schools principals are not transparent and they are not willing for the participation of responsible stakeholders in budget planning and financial resource utilizations in schools. Therefore, the finding shows that the schools principals abuse their power in schools" financial resource utilizations which is critical challenge identified in this research study.

On the other hand, the respondents were requested to rate the participation of stakeholders (PSTA and SEOFF) in financial management of school. To this end, as presented in Table5 below, about ninety percent (88.9%) of the respondents mentioned that the participation of stakeholders in schools" financial management is low, 4.2% reported the participation of stakeholders in schools" financial management is medium and 7% stated the participation of stakeholders in schools" financial management is high.

During the in-depth interview, the key informants were reported that the school principals mostly carried out the purchasing activities by their own and bring only for approving that open door for abusing the finance used.

In addition, the SEOF chairpersons were reported to have no financial system and expertise to use the system, they were overloaded by other SEOF works and no payment for the position and hence they give no attention for the authority. This also opens door for misuse of finance by the school principals.

According to the in-depth interview and focus group data, the school accountant is also Teacher Association representative who has no know how about accounting and gives no attention and careless to control very seriously the budget utilizations in schools and overcrowded by teaching

profession other than controlling the financial utilization in school. The data confirms the dominant role of the principals in school budget so; the school principals use all these opportunities to misuse the finance of the school as he/she wishes and likes.

Table 5: Percentage Distribution of Stakeholders Participation in Schools Financial Management

The stakeholders effectively participate in financial resource management in your school							
		Scale	Frequency	Percent	Valid Percent	Cumulative Percent	\bar{x} Mean
Valid	Strongly disagree	5	32	44.4	44.4	44.4	4.45
	Disagree	4	32	44.4	44.4	88.9	
	Undecide	3	3	4.2	4.2	93.1	
	Agree	2	3	4.2	4.2	97.2	
	Strongly agree	1	2	2.8	2.8	100.0	
	Total			72	100.0	100.0	

It is obvious that if there had capacity, it would have been better to allocate all the capital and current budget in block grant, school grant and enable schools to be self-dependent. Good knowledge and the appropriate utilization of these major classes of resources are vital in the achievement of effectiveness in the resource management in the school system, especially in the present context of global economic crises and a consistent decrease in the federal monetary allocation to education.

The school manager must be well informed of the existence of education resources and know when to collect and use such resources (IJSRE, 2010: 100). In this study, the respondents were asked who controls the school budget. To this regard 61% of the respondents revealed that the school principals control the school budget, and 29.2% pointed out the school committee controls the school budget and the respondents stated that there is no internal auditors who controls the school budget (Table 6).

Table 6: Controlling of Budget in Schools and skilled manpower that controls effective budget utilization in school.

Respondents views on controlling of budget by skilled man power							
		Scale	Frequency	Percent	Valid Percent	Cumulative Percent	\bar{x} Mean
Valid	Strongly disagree	5	12	16.7	16.7	16.7	3.33
	Disagree	4	32	44.4	44.4	61.1	
	Undecided	3	7	9.7	9.7	70.8	
	Agree	2	10	13.9	13.9	84.7	
	Strongly agree	1	11	15.3	15.3	100.0	
	Total			72	100.0	100.0	

Finance is the major input to achieve the set educational plane and goals. So, skilled manpower is obligatory to attain the plan and objectives of education. However, currently most of the schools do not have the skilled man power and the necessary experience to administer the capital and recurrent budget (Admass Colleges, 2007). In this study, the respondents were asked about that the schools have adequate skilled manpower that controls effective budget utilization. To this end, three fourth (88.8%) of the respondents indicated that the schools have no adequate skilled manpower that controls effective budget utilization. Also the data collected from key informants and focus group discussions participants show that there is no skilled manpower to control the financial utilization in most of the schools budget.

Table 7: To what level lack of experience on financial management affect the school finance?

Respondents views on effect of financial management on school finance							
		Scale	Frequency	Percent	Valid Percent	Cumulative Percent	\bar{x} Mean
Valid	very low	1	3	4.2	4.2	4.2	4.57
	Low	2	2	2.8	2.8	6.9	
	Undecided	3	3	4.2	4.2	11.1	
	High	4	23	31.9	31.9	43.1	
	very high	5	41	56.9	56.9	100.0	
	Total			72	100.0	100.0	

Generally, the findings of the study show that lack of trained, experienced and skilled manpower in schools lead the financial utilizations to be corrupted and abused. This is also another challenge to the financial resource utilizations in schools.

Period of time of depositing the school money in schools bank account after collection

What is the mode of depositing the collecting money in schools bank account? 10% immediately after the daily cash collected. At the end of the week after cash collected 50% At the end of the month after cash collected 30 The money collected not at all deposited in school's bank account 10% Total 100%.It also provides opportunities to strengthening local governance, increases of sense of accountability, and broadens the participation of communities. Efforts have been made to build the capacity of the Sub-city offices particularly Sub-city education office through intensive training organized in the areas of educational planning and management, financial management, auditing and procurement. It is also noted that schools and parent student teachers associations need build their capacity before more responsibility could be given in the area of financial management (MoE, 2005).

To assure the participation of the stakeholders in the financial management of the schools the respondents were asked whether the stakeholder (SEOFF and PSTA) get any relevant training on financial control of the utilization. To this regard, 60.7% stated the stakeholders have no relevant training on financial control of the utilization. In qualitative data collection process, the focus group discussion participants stated that “the half day training is given once a year at the beginning of the budget year to the chairperson (SEOFF), the principal and the accountant (Teacher Association Representative) and Cashier who is member of PSTA” by the Sub-city education office. All these people may leave the position and replaced by the new ones who have no training or orientation towards controlling financial resources utilization and continue the work with the principal. This gap was identified in this study that there is no continuity on training to financial utilization system.

Similarly the respondents were asked about that they believe the school principals and stakeholder give serious attention when they prepare the school budget plan. To this regard, only 5.3 % reported that the stakeholders and principals give serious attention and nearly four fifth (79.3%) of the respondents reflected their beliefs that the stakeholders and school principals give no serious attention when they prepare the school budget plan and about 15.3% reported that

they have no knowledge about giving serious attention by stakeholders and principals when they prepare the school budget plan (Table 7).

Again the key informants used for the study reported that the school principals do not want to have knowledge to stakeholders about budget utilization and the principals abuse the financial systems. As result of many school principals disqualified from the positions. Therefore, the findings indicate that the stakeholders and school principals never plan together and work together in financial resource utilizations in schools. Planning of school budget should be left to the principal alone this is serious challenge in school financial resource utilization (Table 7).

Relevant training to stakeholders and attention given in preparing the school budget plan

In the process of the study the researcher tried to investigate how the school committee (PSTA and SMB) make follow ups to determine proper utilization of the school budget. To this point the table 8 respondents were asked how often the school committee participates in determining proper utilization of the school budget. Table 8 No respondent reported the school committee (PSTA and SMB) make always follow ups to determine proper utilization of the school budget, 19.5 % pointed out the school committee (PSTA and SMB) make follow ups to determine proper utilization of the school budget, 4.2% stated that the school committee (PSTA and SMB) sometimes make follow ups to determine proper utilization of the school budget 76.4% of the respondents responded that the school committee (PSTA and SMB) never make follow ups to determine proper utilization of the school budget

Table 8: The school committee (PSTA , School Management Bodies and SEOH) are follow ups to proper utilization of the school

The school committee are follow ups to proper utilization of the school							
		Scale	Frequency	Percent	Valid Percent	Cumulative Percent	\bar{x} Mean
Valid	Very high	5	4	5.6	5.6	5.6	3.9
	High	4	10	13.9	13.9	19.4	
	Undecided	3	3	4.2	4.2	23.6	
	Low	2	26	36.1	36.1	59.7	
	very low	1	29	40.3	40.3	100.0	
	Total		72	100.0	100.0		

During qualitative study the key informants reported that the committee has no how about financial utilization, overloaded by retinue activities and being careless they left the work to be shoulder by the principals.

Table 9 :The school presents its annual budget request on the dead line

		Scale	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	5	5	6.9	6.9	6.9
	Disagree	4	2	3.5	3.5	3.5
	Undecided	3	9	12.5	12.5	15.5
	Agree	2	17	23.6	23.6	87.5
	Strongly agree	1	39	47.7	47.7	100.0
	Total		72	100.0	100.0	

Presenting budget request on time is very important for effective utilization of financial utilization and to carryout activities as per planned particularly in educational works in schools. To this end in this study the researcher tried to explore how much the schools present their annual budget request on the deadline. About 71.3% stated that the schools present their annual budget request on the deadline, 12.5% responded that they do not present their annual budget request on the deadline and about 12.5 % reported that they do not know either the schools present or not their annual budget request on the deadline.

How often does the school committee make follow ups to determine proper utilization of the school budget?

10 % Always 7% Most of the time 10% Sometimes 15% Never 58% Total 100%

Table 10 : Distribution of respondents' agreement on mismatch between plan and budget

There is a wide mismatch practice between plan and budget in the school							
		Scale	Frequency	Percent	Valid Percent	Cumulative Percent	\bar{x} Mean
Valid	Strongly agree	5	33	45.8	45.8	45.8	4.1
	Agree	4	26	36.1	36.1	81.9	
	Undecide	3	6	8.3	8.3	90.3	
	Disagree	2	2	2.8	2.8	93.1	
	Strongly disagree	1	5	6.9	6.9	100.0	
	Total		72	100.0	100.0		

Regarding their agreement Table 10 towards mismatch practice between the plan and the budget allocated to the schools 81.9% of the respondents stated that there is wide mismatch practice between the plan and the budget; 9.7% reported that there is no wide mismatch practice between the plan and the budget and 8.3 % reported they have no idea regarding the plan and the budget. The finding shows that there is gap or lack transparency among teachers and the school management towards planning and budget utilization in schools that could be a challenge to financial resource utilizations in primary schools of the woreda. The focus group discussion participants and the key informants used for the study indicated that those people have no knowledge and skill in planning the budget that created problem and brought mismatch practice and work without plan sometimes which bring a challenge in financial utilization resources in schools.

Table 11. Budget Implementation Efficiency and Effectiveness in Schools

		Scale	Frequency	Percent	Valid Percent	Cumulative Percent	\bar{x} Mean
Valid	strongly disagree	5	30	41.7	41.7	41.7	4.2
	Disagree	4	34	47.2	47.2	88.9	
	Undecided	3	4	5.6	5.6	94.4	
	Agree	2	1	1.4	1.4	95.8	
	Strongly agree	1	3	4.2	4.2	100.0	
	Total		72	100.0	100.0		

During the study the researcher tried to investigate how much the schools are efficient and effective in the financial utilization. To this regard, Table 11 first the respondents were asked how schools utilize the approved budget as per planned. To this question only 5.6 % of the respondents reported that the schools effectively and efficiently utilize the approved budget as per planned, more than three fourth (88.9%) reported the schools do not utilize the budget as per planned and about 5.6% indicated that they have no idea.

In relation to this, the respondents were also asked about how much the schools submit financial utilization report to the responsible bodies regularly. Less than ten percent (8.0%) of the respondents were stated that the schools submit financial utilization report to the responsible bodies regularly, more over four fifth (85.3%) of the respondents mentioned that the schools do not submit financial utilization report to the responsible bodies regularly and only 6.7% reported

that they have no information about schools submit financial utilization report to the responsible bodies regularly.

Table 12: Efficiency and effectiveness of budget utilizations in schools

In my school, there is a proper budget utilization trained							
		Scale	Frequency	Percent	Valid Percent	Cumulative Percent	\bar{x} Mean
Valid	Strongly disagree	5	36	50.0	50.0	50.0	4.22
	Disagree	4	27	37.5	37.5	87.5	
	Undecided	3	3	4.2	4.2	91.7	
	Agree	2	1	1.4	1.4	93.1	
	strongly agree	1	5	6.9	6.9	100.0	
	Total			72	100.0	100.0	

Still to examine the efficiency and effectiveness of budget utilizations in schools the respondents were asked about underutilization and over utilization trend of budget in schools. To this end, Table 12 only 87.5 stated that there are underutilization trends of budget in schools, (8.3%) of the respondents mentioned that there are no underutilization trends of budget in schools and 4.2% reported that they do not know about the utilization trends of budget in schools. On the other hand, 69.3% of the respondents indicated that there are overutilization trends of budget in schools, 10.7% pointed out there are no overutilization trends of budget in schools and 20% stated that they have no idea about the overutilization trends of budget in schools.

Respondents to schools efficient and effective budget implementation ensured by financial auditing

Again to measure the extents of the internal and external auditors’ efficiency and effectiveness the respondents were asked that how much the internal and external auditors accomplish their duties and responsibilities towards financial resource utilization in schools. With regard to internal auditing activities accomplishments in schools, Table 14 below shows that only 5.6% of the respondents answered that the internal auditor accomplish financial auditing activities in schools, the majority (94.4%) of the respondents assured that no internal auditing activities are carried out in schools and 0% have reported that they have no idea about internal auditing activities in schools.

Table13: Percentage distribution of internal auditing activities accomplishments in schools**How often your school deposit money in the bank?**

Practice of budget auditing						
	Scale	Frequency	Percent	Valid Percent	Cumulative Percent	\bar{x} Mean
Valid	Every month	1	29	40.3	40.3	40.3
	Quarterly	2	6	8.3	8.3	48.6
	Immediate after collection	3	28	38.9	38.9	87.5
	Half of a year	4	5	6.9	6.9	94.4
	Not at all	5	4	5.6	5.6	100.0
	Total		72	100.0	100.0	

Table 14:

The Availability of internal auditing service and its effectiveness						
	Scale	Frequency	Percent	Valid Percent	Cumulative Percent	\bar{x} Mean
Valid	Very high	1	1	1.4	1.4	1.4
	High	2	3	4.2	4.2	5.6
	Poor	4	36	50.0	50.0	55.6
	Very poor	5	32	44.4	44.4	100.0
	Total		72	100.0	100.0	

Table 15:

How many times internal audit your school in a year?						
	Scale	Frequency	Percent	Valid Percent	Cumulative Percent	\bar{x} Mean
Valid	Once in a quarter	2	1	1.4	1.4	1.4
	Once in a year	4	5	6.9	6.9	8.3
	Not at all	5	66	91.7	91.7	100.0
	Total		72	100	100	

On the other hand, the respondents were asked about the external auditing activities accomplishments are carried out in schools. To this end, as presented in Table 15 below, none of the respondents indicated that there are no external auditing activities carried out in schools in quarter and semester of a year; only 6.9 % reported that once a year external auditing activities carried out in schools; the vast majorities (91.7%) assured that no external auditing activities

carried out in schools throughout a year and 0 % have stated that they have no idea about external auditing activities accomplishments that carried out in schools.

Table 16:

Distribution of external auditing activities accomplishments in schools							
		Scale	Frequency	Percent	Valid Percent	Cumulative Percent	\bar{x} Mean
Valid	Once a quarter	2	1	1.4	1.4	1.4	4.9
	Once a year	4	4	5.6	5.6	6.9	
	Not at all	5	67	93.1	93.1	100.0	
	Total		72	100.0	100.0		

How often the external auditing carried out in your school? 0 % Once a semester 1.4 Once a quarter 6.9 Once a year 91.7 None at all Total 100% MoE, (1994 E.C.) Auditing would be carried out in the Sub-city to make sure that the planned activities and the finance utilization have been carried out in accordance with the finance rules and regulations. Accordingly, the Sub-city education office auditor would undertake an audit on the utilization of the finance allocated to the Sub-city educational activities at the end of every quarter of the year. Auditors of the Sub-city finance and Economic Development office would also carry out auditing twice a year, i.e. during half of the year and at the end of the budget year.

4.6 Critical Challenges in Financial Utilization of Budgets in Schools

In this study one of the basic questions to be researched was “What are the critical challenges for ineffective utilization of financial resource in schools”?

Regarding this basic question the respondents were asked about the reasons that might hinder budget utilization in their respective schools. To this end, 40% of the respondents reported that lack of trained human resources to carry out the budget allocated hinders budget utilization in their respective schools; 38% of the respondents mentioned that the budget allocation is not disbursed on time is that hinders budget utilization in their respective schools; about 8% reported the process of budget utilization is not suitable; 7.3% stated unplanned activities and 6.7% claimed that the budget allocation doesn't coincide with the need of the school are factors hindering budget utilization in their respective schools.

Table 17:

Reasons hindering budget utilizations in schools							
		Scale	Frequency	Percent	Valid Percent	Cumulative Percent	\bar{x} Mean
Valid	Very low	1	2	2.8	2.8	2.8	4.08
	Low	2	6	8.3	8.3	11.1	
	Undecided	3	5	6.9	6.9	18.1	
	High	4	29	40.3	40.3	58.3	
	Very high	5	30	41.7	41.7	100.0	
	Total			72	100.0	100.0	

What are the reasons that might hinder budget utilization in your school?

In addition to in-depth interviews with the principals of three schools, document analysis was made on financial performance, reporting practices and the application of auditing system. The study found that there were problems of not reporting regularly and using the auditing system.

As reported by the respondents, key informants, FGD participants and document analysis show the critical challenges of financial utilizations in study schools are: Lack of skilled manpower who training in financial management, Delay of budget to schools on time, Lack of participation and transparency on school budget to stakeholders, Lack of internal and external auditing system timely; Engagement of school management on different duties and poor attention towards financial management; Lack training to stakeholders on financially management system on timely basis and sustainable ways; The working participation of untrained personnel currently in the financial activities; No planning and performing the school activities together with stakeholders; Not submitting the utilized budget report to responsible bodies on timely basis; School principals working by their own without inviting stakeholders; Lack support to members of SEOFF and PSTA from woreda education office on timely bases; Lack of team work approach according to budget utilization among SEOFF, PSTA and school principals; School management committee taking financial works as supplementary work and not priority to it as independent work; Interferences of school principals in all works in multiple tasks here and there.

CHAPTER FIVE

SUMMARY OF FINDINGS CONCLUSION AND RECOMMENDATIONS

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

5.1 Summary of Findings

The success of school can center on the quality of its financial management sound financial management ensures that schools resources are effectively used to achieve a schools mission, and its school improvement plan (SIP) and school development plan (SDP).

In line with this, the study has raised questions related with the objectives of the study. It asked the extent of stakeholders' participation in preparation and implementation of budget in schools, the presence of skilled man power to administer their financial resources, to what extent are the financial rules and regulations including monitoring and evaluation mechanisms applied in schools, critical challenges for ineffective utilization of financial resource in schools and possible solution strategies to be recommended to minimize the critical challenges for effective utilization of financial resource in schools.

With the objective of addressing these and related questions this study has assessed the major challenging factors affecting effective utilization of financial resources at secondary schools in Addis ketema sub-city the participation of stakeholders in school budget preparation and implementation process; the potential of skilled manpower to carry out financial resources in secondary schools; the external and internal factors affecting the application of existing financial rules and regulations in secondary schools, financial performance practice and corresponding utilization gap and possible solutions to the critical financial utilizations challenges in schools.

In this regard, related literature from local and international sources was reviewed, and primary data was collected using interviews, focus group discussion and analysis of documents.

Accordingly, the data from various sources with different data collection methods were critically discussed.

The quantitative data gathered through structured questionnaire reveal the following major findings towards financial utilization challenges in Secondary schools of Addis Ketema Sub city.

- 66.7% mentioned that the participation of stakeholders in schools' financial management is low;
- 73.3% reported that school principals prepare annual budget plan for the school without participation of other stakeholders;
- 75.3% indicated that the schools have no adequate skilled manpower that controls effective budget utilization;
- 79.3% reflected their beliefs that the stakeholders give no serious attention when they prepare the school budget plan;
- 60.7% respondents stated that no relevant training on financial utilization and control for stakeholders in school;
- 60% of the respondents declared that the school committee never make follow ups to determine proper utilization of the school budget;
- 83.3% of the assured that no internal auditing activities are carried out in schools;
- 86.7% assured that no external auditing activities carried out in schools throughout a year;
- 85.3% mentioned that the schools do not submit financial utilization report to the responsible bodies regularly;
- 69.3% indicated that there are overutilization trends of budget in school;
- 78% reported the budget allocated to schools released later than October after most of the school activities started;

In addition, the critical challenges of financial utilizations identified in quantitative data collected by open ended questionnaire from 69 respondent and qualitative data collection in which 8 responsible persons from school financial management bodies were used as key informants and focus group discussion participants and document analysis include:

- Lack of participation and transparency on school budget to stakeholders

- Lack of skilled manpower trained in financial management
- Lack training to stakeholders on financially management system on timely basis and sustainable ways;
- Not submitting the utilized budget report to responsible bodies on timely basis,
- Interferences of school principals in all works here and there
- Lack of internal and external auditing system timely;
- Engagement of school management on different duties and poor attention towards financial management;
- The working participation of untrained personnel currently in the financial activities;
- Delay of budget to schools on time.

5.2 Conclusion

Based on the findings of the study, the following conclusions have been made concerned the practice of managing school finance in selected secondary schools in Addis Ketema subcity.

The study found low participation of stakeholders in preparation and implementation of budget in schools. Abuse of schools principals in preparing annual budget planning for schools, lack of planning and performing the school activities together with stakeholders and absence of reporting the finance utilized in schools to stakeholders regularly and lack of transparency on school budget to stakeholders. The findings of this study also shown that school principals working by their own without inviting others, interferences of school principals in all works here and there and lack of team work approach among, PSTA and school management.

The study has shown that lack of skilled manpower who are trained in financial management and the working participation of untrained personnel currently engaged in the financial activities of schools. No relevant training on financial control and utilization to stakeholders and not giving serious attention by stakeholders and school principals when they prepare the school budget plan;

The study has indicated that absence of internal and external auditing activities carried out in schools throughout a year and lack efficient and effective implementation of financial rule and regulation. Consequently, schools were not submitting financial utilization report to the

responsible bodies regularly and there was overutilization trends of the budget. Overall, there was no practice of monitoring and evaluation of financial resources to ensure proper budget utilization in schools.

It could be learnt from the study that the critical challenges for ineffective utilization of financial resource in the studied schools are a release of budget allocated to schools very lately, lack of adequate skilled manpower who controls effective budget utilization and engagement of school management on different duties.

5.3 Recommendations

The main intention of this paper is to identify financial utilization challenges in Addis ketema sub city schools and suggest possible recommendations to overcome the challenges. Therefore, based on the findings of the study, the following recommendations are suggested to the concerned bodies.

Sub-city education office should pay attention to the school budget preparation, implementation and review needs the participation of relevant stakeholders. So, school financial utilization process should not operate in an isolated manner by school principal, because such practices lead to abuse of financial resource.

Addis ketema sub city secondary schools need a transparent system in school that clearly indicates the sources of budget as well as its allocation and utilization. So, the Sub-city education office recruit appropriate person in schools who have adequate knowledge and skills on the finance, i.e. the right person should be assigned to the right place is obligatory to Addis ketema sub city secondary

Addis ketema sub city should release the budget of schools on time, to promote quality education in schools.

Schools of Addis ketema sub city are expected to utilize the budget properly for the intended purposes and report their performance of budget to sub city finance office regularly.

The financial resource utilization auditing activities of the schools should be carried out regularly by the sub city education office and finance and economy development office in accordance with the financial rule and regulation.

The sub city education office need continues training to build the capacity of Schools, members of woreda education and training board and members of parent student teachers associations in the area of financial management, before more responsibility could be assigned.

In general, woreda education office and other concern bodies should take all possible and remedial actions to correct the observed weaknesses and avoid repetition of the financial utilization challenges in schools; because financial resources are the major-input.

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Addis Abeba University
School of Graduate Student
College of Education & Behavioral studies

Department of Education planning and management

I am currently conducting a study on managing school financial practices in Government secondary schools Addis Ketema sub-city I Addis Abeba.

Dear respondent:

This is M.A research questionnaire. The main objective of this study is to assess information about managing school financial practice in government secondary school of addis ketema sub-city from principals, Department head, education office heads, planning and inspection experts, finance office auditor experts, supervisors, PSTA members and school finance personnel. The information and opinions gathered from the respondents will be used only to assess the information of financial resource management practice and forward recommendations for future progresses at secondary schools level.

To this end, you are given an opportunity to express your opinion pertaining to the current financial resource management in your school. Your genuine response will be great help for this study. Therefore, you are kindly requested to extend your cooperation by honestly responding to the given question. Be sure that your responses will be confidential and will be used for academic purpose only.

Thank You in advance for your cooperation

General Instruction

1. No need of writing your name anywhere.
2. The questions have two parts. Part I, personal information and part II, about financial resource management practices.
3. Please, read the instruction carefully and response to each of the item.
4. For an open – ended question please, given your genuine response on the space provided.

General Information

Instruction: write your answers corresponding to the questions on space provided and complete the following question by (✓) mark in the box. Please, give only one answer to each requested question.

1. Name of your school /office _____

2. Write your current position /Job title _____

Part I: personal information

1. sex male female

2. Age below 25 25-35 36-45 46-55 55 and above

3. Educational background:

Certificate Diploma First Degree Second degree

Any (Other specify) _____

4. Service year in your current position.

1-5 6-10 11-15 16-20 21 and above

5. Total service years:

1-5 6-10 11-15 16-20 21 and above

6. Did you get any training (experience) on financial resource management?

Part II

Instruction 1: Answer the questions in the table below by putting (✓) mark front of statement under (strongly Disagree =1, Disagree = 2, undecided = 3, Agree = 4, and strongly Agree = 5) on space provided.

A. practices of financial resources management

No	Items	Alternatives				
		1	2	3	4	5
1.	The school has implemented finance rules and regulation.					
2.	The qualified finance personnel experts are employed for finance work in your school.					
3.	The stakeholders effectively participate in financial resource management in your school.					
4.	Principal have competency to manage school finance					
5.	Is there a clear guideline for financial resource management in the school?					
6.	Currently your school is effective and efficient in financial resource management that can be ensured by financial auditing					
7.	The source of the school finance income knows by the school community					
8.	The amount of budget approved for your school to implement annual plan is adequate					

B. The practices of budget planning in the schools

No	Items	Alternatives				
		1	2	3	4	5
1.	My school budget plan preparation is participatory.					
2.	My school budget plan is in line with teaching learning activates					
3.	My school budget plan approved by stake holders before implementation.					
4.	My school finance implementation follows the finance guidelines.					
5.	My school allocate the annual budget using the proper code of finance					
6.	In my school, budget utilization is transparent					
7.	In my school, there is a proper budget utilization trained					
8.	There is a wide mismatch practice between plan and budget in the school					
9.	The school present its annual budget request on the dead line					
10.	The school principal and stakeholders give serious attention when they prepare the school budget plan					

C. The practice accounting in the schools

No	Items	Alternatives				
		1	2	3	4	5
1.	My school has well organized accounting system					
2.	My school collects payment by using legalized receipts					
3.	My school uses petty cash properly					
4.	My school properly uses payment voucher to spent money					
5.	My school provides genuine finance report for stakeholders					
6.	My school storekeeper accepts purchased materials by model 19.					
7.	My school finance timely audited through/using right					

Instruction 2: choose the correct answer for the following questions

D. The practices of budget auditing in the schools

1. How often your school deposited money in the bank?

A. Every month

C. immediately after collection

B. quarterly

D. at half of year

E. not at all

2. The existence of internal auditing services and its effectiveness is

A. Very high C. Moderate E. Very poor

B. High D. Poor

3. How many times internal audit your school in a year?

A. Once a semester

C. once a year

B. once a quarter

D. not at all

4. If your answer to question number 2 is D< not at all>. What is the reason? _____

5. How many times external auditors audit your school in a year?

A. once in a semester

C. once in a year

B. once in a quarter

D. not auditing in a year

6. If your answer to question number 4 is D < Not auditing in a year>. What is the reason? _____

7. What do you suggest to build a well-organized auditing system in your school? Explain

Instruction 3: Finance Rule and Regulation in the schools

Each of the following items in this section refers to finance rules and regulations in the schools. For each statement, there are 5 alternatives responses showing whether you very high (5), high (4), Medium (3), Low (2), Very low (1) with the statement. Mark “x” the appropriate number after each statement to indicated the degree of financial management.

No	Indicator	1	2	3	4	5
1	The adequacy of rules of regulations in financing education					
2	The schools capacity directly utilizing their internal income without permission from the MoFED					
3	Necessary staff for finance work assigned in the schools					
4	The extent of finance workers handle the financial activities of the school properly					

Instruction 4: Indicate your response to the following items by making (✓) make in the box which most closely represents your opinion by using the 5 point scale (very low = 1, low = 2, undecided= 3, High=4, and very high=5)

E. problems affect the managing and using of financial resources in the schools

No	Items	Alternatives				
		1	2	3	4	5
1.	The level of school financial personnel incompetency that affects school finance					
2.	To what extent the participation of stakeholders affect school financial resource management decision making					
3.	To what extent lack of appropriate checks and controlling hinders school financial resource management in the school					
4.	To what level inappropriate financial planning inhibits schools financial resource managements?					
5.	To what extent schools not follow finance rules & regulations?					
6.	To what extent illegal purchasing materials practices in your school?					
7.	To what extent lack of proper monitoring and evaluation affect school finance management					
8.	To what level lack of experience on financial management affect school finance					
9.	To what level shortage of adequate financial management document affect school finances					

Instruction 5:

1. Give your suggestion for the space provided below please write down if there is another additional problems that encountered in financial resource management practice in your school? _____

2. What are the factors they affect financial Resource management practice in your school?
3. As you, what are the alternatives you suggest to improve FRM in the school as a solution for those problem raised under '2'

Thank you in advance!

Addis Abeba University

School of Graduate student

College of Education & Behavioral studies

Department of Education planning and management

The aim of this questionnaire is to collect information and opinion about financial Resource management practice in secondary schools of Addis Ketema sub – city. The information gathered will be used only for the study purpose. Hence, you are kindly requested to provide the necessary information and comments.

Interview Questions

1. Is there any activity of needs assessment in your school before planning financial resource?
How do you conduct it?
2. Is there any activity of needs assessment in your school before purchasing process is carried out? How do you conduct it?
3. Is there proper financial planning in your school? Is it participatory?
4. How do you plan for finance resources management in your school?
5. To what extent do teachers, PSTAs committee and non – teaching staff participate in financial resource management?
6. Is your school audited and prepared report for stakeholders on times?
7. What are the strategies (mechanisms) designed to control financial flow in your school?
8. Are there guidelines for finance resource management in your school? How does the school apply them?
9. What are the major factors that affecting financial resource management in your school?
10. What do you suggest to improve financial resource management in your school?