

Influence of Financial Management Practices On the Financial Performance of Public Secondary Schools in Kathiani Subcounty

¹Joseph Muia Kinyanzii: muindijose1971@gmail.com

²Prof. Charles Ombuki: ombuki@yahoo.com

³ Ms. Fides Kalii: fidesmu@gmail.com

^{1, 3} South Eastern Kenya University
² Machakos University

Abstract: *The study sought to establish the influence of financial management practices on the financial performance of public secondary schools in Kathiani sub-county. The study was carried out to primarily examine the influence of financial management practices (budgeting, procurement and financial recording) on the payment of suppliers, completion of school projects, payment of staff salaries and collection of revenues. The study was carried out in Kathiani Sub-county, Machakos County where a total of 30 public secondary schools were targeted. The study applied a descriptive survey design due to the small population in the area of the study. A pilot study was carried out on three out of the thirty schools for the sake of ascertaining the reliability and validity of the research instrument. The data collection tool used was a questionnaire filled by the principals. The quantitative data was analyzed by use of descriptive statistics in form of frequency counts, percentages and weighted averages. The qualitative data was systematically organized and analyzed to achieve logical conclusions and recommendations. The study has established that there exists a strong influence of financial management practices on financial performance of public secondary schools. This study therefore recommends that the ministry of education and the teachers' service commission should carry out continuous training and sensitization of the school principals on the financial management practices. The training should primarily focus on budgeting, procurement and financial recording practices so as to improve the schools financial performance.*

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I. Introduction

1.1 Background to the Study

The Transparency International Kenya (2009) observed that the Kenyan education system is burdened with financial management risks that compromise the quality of education. According to this report, 73% of the Government's national recurrent expenditure is channeled to the education sector. According to the Financial and Accounting Instructions for Educational Institutions (Revised edition, 1991) by the Ministry of Education, the funds include parents' contribution in respect to boarding fees, medical fees, activity funds, personal emoluments and contingencies among others. Additional funds for the schools include hiring of school facilities such as school buses, school halls, school farms, and government donations in form of Free Day Secondary Education (FDSE) and donations from donor organizations.

The government currently channels Kenya shillings 12,780 per student per year for the FSDE programme. Integrity concerns regard the financial management of resources allocated by the Ministry of Education. According to the Public Officers Ethics Act (2003), the government financial regulations stipulate how the funds should be managed and accounted for. It is the sole responsibility of the principal as the authority to incur expenditure and ensure that funds whether from parents, government, donors or from any other source are prudently utilized in accordance to the laid down regulations. The education Act (2012) defines a manager as any person or body of persons responsible for the management of a school.

Although the education Act (2012) confers extensive powers on the minister of education (Cabinet secretary) over the management and regulation of education in Kenya, the day-to-day running of affairs in the school falls squarely on the Principals. Indeed the Act presumes that principals are knowledgeable in educational management. The Ministry of Education plays such roles as policymaking, resource mobilization, quality assurance, auditing how resources are used, field implementation and capacity building. Head teachers who are also referred to as principal's in Kenya are appointed under the Teachers Service Commission (TSC), and run the day-to-day administrative operations. The commission monitors the Principals through quality

assurance officers who conduct regular inspections in schools and reports to the Ministry through the established reporting process and avenues.

In the Kenyan context, a number of researches on Principals training on financial management needs have been conducted and various recommendations have been made for example Okumbe (1999) recommended that for the purposes of effectiveness of school teachers, school managers and curriculum implementers, an effective in-service training be provided to them. This recommendation was made with the understanding that the appointment of Principals has generally been done on the basis of teachers' experience in the work place at the expense of considering whether they have undergone training to prepare them for their new roles before assuming office. Mutai (2003) underscored the need for effective school management and reported that promotion of teachers to a position of responsibility should be pegged on having undergone a pre-service training in his/her new roles. Ogembo (2005) observed that appointment of principals is done on the assumption that the pre-service professional training that they underwent to prepare them for teaching, coupled with the experience that they get as practicing teachers are enough to enable them discharge their roles effectively. It is assumed that when the newly appointed heads assume office they will learn on the job and that they will attend in-service training to equip them with emerging managerial challenges.

Financial management is a key responsibility of every principal. Without effective financial management, organizations such as schools may find it difficult, if not impossible to achieve their goals. Financial Management in education is a process of relating resources to objectives required in organization, which explicitly exist to provide education (Paisley, 1992). This is to ensure that the desired goals or outcomes are achieved. Therefore, financial management means seeing to it that the school has the funds it requires to meet its goals and that such fund are used for the purposes for which they were meant.

It is the responsibility of the school managers/principals to ensure that schools have operational budgets. Once school funds have been budgeted and funds have been allocated to specific expenditures, it is important that a proper accounting system be implemented. The ultimate accountability for the effective management of school finance lies with the office of the manager (Lewy, 1991). As an education manager, the principal should allocate funds to various activities in accordance with the budget, authorize the disbursement of school funds, administer school funds both lawfully and morally, determine a school budget in consultation with other stakeholders such as heads of department, senior teachers and the board of governors and ensure that the school has the funds it needs and that those funds are used effectively and efficiently.

1.1.2 Kathiani Sub County

Kathiani is one of the eight sub-counties that make up the extensive Machakos County. There are currently thirty registered public secondary schools in the sub county. In January 2015, as schools opened for first term, a total of 43 (forty-three) principals were reshuffled with a few being demoted (TSC December 2014/January 2015). Most of these transfers were aimed at improving financial management in schools. Kathiani sub-county had three transfers and one demotion. Among the major reasons cited for the reshuffles/demotions was financial impropriety coupled with accumulation of debts from suppliers of goods and services. The relationship between the schools and suppliers of goods cannot be said to be cordial since goods supplied take long to be paid for in many schools. In some cases, schools have been forced to secure bank overdrafts to pay support staff. It is the realization that principals of public secondary schools face a myriad of financial management challenges that calls for a study to establish the influence of financial management practices on school financial performance. The study seeks to come up with recommendations on how principals' can sharpen their skills in school financial management.

1.2 Problem statement

Financial management is one of the key roles of the principals being the accounting officers of their schools. Most of the principals do not possess adequate financial management skills and hence they rely on the in service training by the ministry of education and other stakeholders. The appointment of principals in Kenya by the TSC does not lay emphasis on the preparedness of the heads on financial management. It is assumed that heads will learn financial management on the job. The Kenya Education Management Institute (KEMI) has from time to time organized in-service training programmes for newly appointed and continuing principals. Through these workshops, principals are taken through basic financial management skills such as budgeting, procurement and maintenance of proper books of accounts.

Efficient utilization of financial resources is key to the attainment of an institution's goals. Four researches related to schools financial management in Kenya have been identified. Koross et al., (2008) conducted a study on the principals' and students' perceptions on parental contribution to financial management in secondary schools in Kenya. Langat (2008), conducted a study on the impact of government instructions on financial management in public secondary schools in Kenya, a case study of Nakuru Municipality. Nyakundi (2011) conducted a research on the effect of accounting practices on the management of funds in public

secondary schools in Kisii Central district; Kenya Magak (2000) conducted a research on challenges facing principals in financial management in Kisumu East District, Kisumu County. However, none of the above researches has addressed the influence of principals' financial management practices on school financial performance. This leaves a knowledge gap which this research sought to fill.

1.3 Objectives

The general objective of this study was to establish the influence of financial management practices on the financial performance of secondary schools in Kathiani Sub-county.

1.3.1 Specific objectives

- i. To establish the influence of budgeting practices on the financial performance of public secondary schools in Kathiani Sub-county
- ii. To assess the influence of procurement practices on the financial performance of public secondary schools in Kathiani Sub-county
- iii. To determine the influence of financial recording practices on the financial performance of public secondary schools in Kathiani Sub-county

1.4 Research questions

- i. What influence does budgeting practices have on the financial performance of public secondary schools in Kathiani Sub-county
- ii. What influence does procurement practices have on the financial performance of public secondary schools in Kathiani Sub-county
- iii. What influence does financial recording practices have on the financial performance of public secondary schools in Kathiani Sub-county

1.5 Justification/Value of the study

The government of Kenya as well as parents of Kathiani public secondary schools invests a lot in schools. It is the duty of principals as the chief accounting officers to ensure that value for money is given utmost consideration when allocating funds. It is hoped that this study will help the Government in determining whether free day secondary education funds are utilized in accordance with laid down accounting regulations. Parents of the various schools will also be able to determine whether the funds, which they pay, are utilized well. The study will also give insight to school auditors on areas in which school Principals need advice. Further researchers who may wish to pursue this line of study will find this research of much benefit in coming up with more recommendations to enhance financial performance in public secondary schools.

1.6 Scope of the study

The study was focusing on the effects of financial management practices including Budgeting practices, procurement practices and financial recording practices on the financial performance of 30 public secondary schools in Kathiani Sub-county. Financial performance was measured in terms of completion of school projects, payment of suppliers, payment of staff salaries and collection of revenue

II. Literature Review

2.1 Theoretical Review

2.1.1 Prudential theory

This theory was propounded by the American economist Arthur B. Laffer (1980) According to this theory everybody including school managers must know how to handle and spend money wisely. According to him, to be prudent simply means to spend money wisely in order to achieve maximum goal. It is essential to note that prudence implies being careful acting only after careful thought, fore thought or planning and exercising sound judgment in the management of practical affairs. In handling financial resources, the school administrator should eliminate wants and reduce unproductive costs in terms of time and money.

2.1.2 Efficiency theory

This theory was propounded by another American economist Havey Leibenstein (1993). According to this theory, the general efficiency of a farm school rests in transforming inputs at minimum costs into maximum profits. Here it is important to note that the achievement of the school using little resources to achieve so much will go a long way to speak about the school administrators' capacity to manger resources and also see him as a manager with good management skills.

2.1.3 Agency theory

Whenever one party (the principal) hires someone else (the agent) to work for him or her, their interaction is called an agent relationship. The agent is always supposed to act in the principals' best interest. For example, an apartment complex manager should ensure that tenants aren't doing willful damage to the property, that fire codes are enforced and that the vacancy rate is kept as low as possible, because these are bets for the apartment owner.

2.2 Empirical Review

2.2.1 Budgeting practices and school financial management

In educational institutions, the realization of desired educational goals and objectives depends largely on the efficient planning and management of school funds by the school administrators. It is one thing to raise funds and totally, another to ensure that the funds so raised are well utilized by the school managers so as to achieve desired objectives. To ensure judicious spending of funds and accountability, school administrators (principals) plan and prepare budgets for their schools. Budgeting according to Olufidiye (2003) is a process of preparing and using budgets to achieve management objectives. A budget on the other hand is a comprehensive and co-ordinated plan, expressed in financial terms, for the future. Anna (2001) regarded a budget as a plan quantified in monetary terms, prepared and approved prior to a defined period usually showing planned income to be generated and expenditure to be incurred during that period. Budgeting has been a very important and useful part of administrative strategy of organizations such as educational institutions right from ages. It has the fundamental importance of controlling the financial behavior of the administrators in the school system. Budgeting prevents wastage or reckless spending of funds provided for various educational services.

2.2.2 Procurement practices and school financial management

As articulated in cap 21 of the education Act (1980), one of the key roles of secondary school heads is the management of financial resources provided by the government, parents well-wishers and development partners (institute of policy analysis and research (IPAR) 2007; World Bank, 2008; Transparency international (TI) 2010). Besides, the secondary school heads manual recognizes school head as financial controllers and accounting officers, responsible for all school revenue and expenditure management (Government of Kenya (GOK), 1987; IPAR, 2007). This responsibility necessitates regular capacity building programmes to improve their knowledge and skills on school accounting and book keeping procedures, supervision of accounts staff, budgeting, expenditure management, resource mobilization, as well as procurement and tendering procedures (IPAR, 2007)

Public procurement is the process of acquiring goods, services and works by public sector institutions using resources from state and local authority budgets. It also entails the disposal of public assets. Procurement is central to expenditure management and is an essential element of good governance. In the year 2002, all secondary schools received circulars, which provided directions on measures to enhance accountability and transparency in expenditure management. In the process, tender committees were established and selected staff inducted on ideal procurement process.

2.2.3 Financial statements and records and school financial management

Financial management involves planning, controlling, implementing and monitoring fiscal policies and activities, including accounting and auditing revenue, expenditure, assets and liabilities. It embraces daily cash management as well as the formulation of short, medium and long-term financial objectives, policies and strategies in support of the organizations business.

Good financial management is critical to the success of any organization, whatever its size and whether or not it is in the public, private or voluntary sector. In the public sector, the rendering of accounts to public scrutiny is key to accountable government. Financial records are produced in every area of financial management. In secondary schools, some of the important financial statements and records that have to be maintained include trial balances (monthly), ledgers for the various categories of items, cash book, Balance sheet and an income statement. Moreover, all these records and statement have to be audited on a yearly basis and a certificate of audit issued.

From the literature reviewed, the relationship between the variables can be conceptualized as shown in figure 2.1

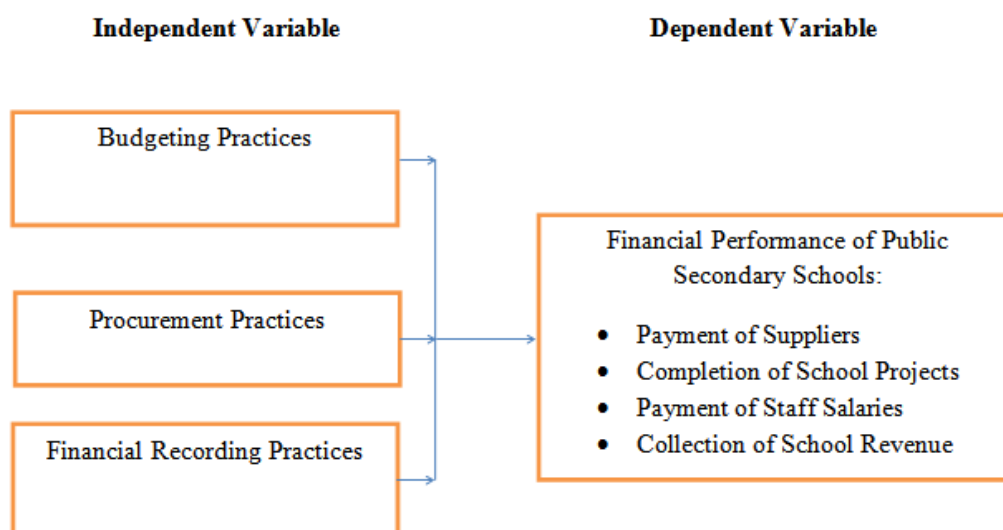


Figure 2.1: Conceptual framework

III. Research Methodology

3.1 Research Design

The study used descriptive survey design to show the effect of financial management practices on schools' financial performance. Descriptive studies are not only restricted to fact finding but may often result in the formulation of important principles of knowledge and solution of significant problems. Descriptive survey is a method of collecting information by interviewing or administering a questionnaire to a sample of individuals (Orodho, 2003). The design was selected for this study because the researcher is not in a position to manipulate variables of the study like budgeting, procurement and financial records.

3.2 Target Population

The population of the study was the thirty public secondary schools in Kathiani sub-county. The respondents were the thirty principals heading the schools.

3.3 Sampling technique/design

Since there are only thirty Secondary Schools in Kathiani sub-county, a census enquiry was the most appropriate. All the thirty Secondary schools were therefore considered for enumeration. This ensured that no chance of bias is left and highest level of accuracy is achieved.

3.4 Research instrument

The study made use of questionnaires to collect information about principal's financial management skills.

3.5 Data collection

Structured questionnaires were used to collect primary data from principals of public secondary schools. These questionnaires mainly consisted of closed and open-ended questions. A pilot study was done in 3 public Secondary Schools from Kathiani Sub County. This pilot study served to establish the weaknesses of the questionnaire before being administered to the target population. Questionnaires were delivered physically by the researcher and respondents allowed ample time to complete and return to the researcher.

3.6 Data processing and analysis

Completed questionnaires were edited for completeness and errors corrected. Collected data was systematically organized for analysis. Since much of the collected data was qualitative, information obtained was analyzed systematically so as to achieve logical conclusions and recommendations. Quantitative data collected through questionnaires was analyzed using descriptive statistics in form of frequency counts, percentages and weighted averages. Qualitative data collected through use of questionnaires was analyzed systematically so as to achieve logical conclusions and recommendations.

IV. Research Findings

4.1 Response Rate

The researcher collected both qualitative and quantitative data from the sampled population by use of questionnaires. Twenty seven questionnaires were distributed to the twenty seven principals in the area of study after three were used for the pilot study. Twenty questionnaires were successfully filled and returned giving a response rate of 74.07%. According to Kothari (2004), a response rate of 66.6% and above is adequate for analysis. Both qualitative and quantitative data were analyzed in themes relevant to the objectives of the study. The findings were presented using the frequency tables in line with the objectives so as to answer the research questions upon which the study was based.

4.2 Sample Characteristics

The first part of the questionnaire dealt with the background information of the respondents because it was assumed that the attributes of the respondents influenced their behavior and attitude in institution management. Some of the attributes considered included; Age, gender, level of education, skills in financial management and experience. School status and student enrollment were also considered.

Table 4.1 Age of the respondents

Age of the respondent	Frequency	Percentage
Below 40	2	10%
Between 41-45	8	40%
Between 46-50	5	25%
Between 51-55	3	15%
Above 55	1	5%
Total	20	100%

As summarized in table 4.1 above, 8(40%) of the 20 principals in the chosen area of study were aged between 41 and 45 years. This showed a large percentage of mature principal in the field. 5 were aged between 46-50 years while 3 were between 51-55 years. 2 were below 40 years while only 1 was above 55 years.

Table 4.2: Gender of the respondents.

Gender of the respondent	Frequency	Percentage
Male	9	45%
Female	11	55%
Total	20	100%

From table 4.2, it can be seen that there is a fair gender balance in the area of study since out of the total respondents, 9 (45%) out of the 20 principals were male while 11 (55%) were female.

Table 4.3 Levels of education

Level of education	Frequency	Percentage
Diploma	2	12.5%
Bachelor's degree	14	62.5%
Master's degree	4	25%
Total	20	100%

From table 4.3 it can be seen that 14(70%) out of the 20 principals involved in the study had at least a bachelor's degree, 4 (20%) had a master's degree while only 2 (10%) had a diploma. This showed that most of the respondents had the appropriate academic qualifications which would enable them to be more competent in handling financial management issues.

Table 4.4 Specialized skills in financial management

Under gone training	Frequency	Percentage
YES	11	55%
NO	9	45%
Total	20	100%

From table 4.4, it is evident that 11 principals in the area of study have financial management skills, accounting for 55% of the total population. 9 (45%) did not have any skills in financial management. This was an indication that more than half of the school heads working in Kathiani sub-county have undergone training in financial management hence have the required professional skills in the area.

Table 4.5 Years of Experience of the principals

No. of years	Frequency	Percentage
Less than 1 year	0	0%
1-3 years	5	25%
3-5 years	5	25%
Above 5 years	10	50%
Total	20	100%

As summarized in table 4.5, 10 principals (50%) out of the 20 principals in the study have an experience of more than 5 years while only 5 (25%) have served between 1-3 years and 3-5 years respectively.

Table 4.6 Status of the school

Status of the school	Frequency	Percentage
National	0	0%
Extra county	0	0%
County	4	20%
Sub county	16	80%
Total	20	100%

As summarized in table 4.6, there was neither a national school nor an extra-county school. 16 (80%) out of the 20 schools in the study were sub-county schools while 4 (20%) were county schools

Table 4.7 Enrollment of school

Number of students	Frequency	Percentage
Less than 100	3	15%
100-200	11	55%
200-300	2	10%
300-400	1	05%
Above 400	3	15%
Total	20	100%

From table 4.7, it can be seen that all the schools in Kathiani Sub County have average numbers of students. Only three (15%) had a population of over 400 students while 1 (5%) had a population of between 300-400 students. 11 schools (55%) had a population of between 100-200 students, 2 schools (10%) had between 200 and 300, while 3 schools (15%) had a population of below 100 students

4.3 Empirical Findings on the Objectives

This section discusses findings on the three research objectives and their influence on financial performance of public secondary schools in the area of study. The researcher sought to understand how budgeting practices, procurement practices and financial recording practices influence the financial performance of the schools.

4.3.1 Influence of Budgeting Practices on financial performance of public secondary schools

The first objective of the study sought to establish the influence of the principals' budgeting practices on the financial performance of public secondary schools in Kathiani sub-county. The findings are as shown in tables 4.8 to 4.12

Table 4.8 Influence of budgeting on payment of school suppliers

Responses	Frequency	Percentage
Strong disagree	0	0%
Disagree	0	0%
Not sure	0	0%
Agree	8	40%
Strongly agree	12	60%
Total	20	100%

From table 4.8, it can be seen that 12(60%) out of the 20 respondents strongly agreed that budgeting practices lead to prompt payments of suppliers while 8 (40%) were in agreement. There were no responses for not sure nor any disagreement.

Table 4.9 Influence of Budgeting on completion of school projects

Responses	Frequency	Percentage
Strong disagree	0	0%
Disagree	1	5%
Not sure	1	5%
Agree	7	35%
Strongly agree	11	55%
Total	20	100%

From table 4.9, it can be seen that only 1 principal (5%) disagreed that preparation of budgets leads to timely completion of school projects while a similar percentage were not sure. 7 respondents (35%) agreed and 11 (55%) strongly agreed that preparation of budgets helps in timely completion of the school projects.

Table 4.10 Influence of budgeting on payment of staff salaries

Responses	Frequency	Percentage
Strongly disagree	0	0%
Disagree	3	15%
Not sure	0	0%
Agree	12	60%
Strongly agree	5	25%
Total	20	100%

From table 4.10 it can be observed that 12 principals (60%) agreed that preparation of budgets leads to prompt payment of staff salaries. 5 of the total respondents (25%) strongly agreed while 3 (15%) disagreed.

Table 4.11 Influence of budgeting on school revenue collection

Responses	Frequency	Percentage
Strong disagree	0	0%
Disagree	4	20%
Not sure	0	0%
Agree	9	45%
Strongly agree	7	35%
Total	20	100%

From table 4.11, it is evident that 9 of the respondents (45%) agreed that budgeting leads to improved revenue collection by the public schools in Kathiani sub-county. 7 principals (35%) strongly agreed while 4 (20%) disagreed

Table 4.12 Overall descriptive statistics for objective one

Aspect	Strongly disagree 1	Disagree 2	Not sure 3	Agree 4	Strongly Agree 5	$\sum f i$	$\sum f i w_i$	$\frac{\sum f i w_i}{\sum f i}$
Payment of suppliers	0	0	0	8	12	20	92	4.6
Completion of projects	0	1	1	7	11	20	88	4.4
Payment of salaries	0	3	0	12	5	20	79	3.95
Revenue collection	0	4	0	9	7	20	79	3.95

$\sum f i$ represents summation of frequencies

w_i represents weights 1-5

$$\text{Average } (\bar{X}) = \frac{\sum f i w_i}{\sum f i}$$

$$(\bar{X}) = \frac{4.6+4.4+3.95+3.95}{4}$$

$$(\bar{X}) = 4.225$$

4.3.2 Influence of Procurement Practices on Financial Performance of Public Secondary Schools

The second objective of the study aimed at assessing the effect of principals’ procurement practices on financial performance of public secondary schools in Kathiani Sub County. The findings are as shown in tables 4.13 to 4.17.

Table 4.13 Responses with regard to whether procurement practices leads to prompt payment of suppliers

Responses	frequency	Percentage
Strongly disagree	3	15%
Disagree	1	5%
Not sure	1	5%
Agree	10	50%
Strongly agree	5	25%
Total	20	100%

From table 4.13, it is evident that 10 (50%) out of the total respondents agreed that adherence to procurement procedures leads to prompt payment of suppliers. 5 (20%) strongly agreed, 3 (15%) strongly disagreed while one respondent (5%) was not sure. A similar number i.e. (5%) disagreed.

Table 4.14 Influence of procurement practices on completion of school projects

Responses	Frequency	Percentage
Strongly disagree	0	0%
Disagree	1	5%
Not sure	0	0%
Agree	6	30%
Strongly agree	13	65%
Total	20	100%

From table 4.14, the following observations can be made.11 of the respondents accounting for 65% strongly agreed that adherence to procurement procedures leads to timely completion of school projects. 6 (30%) agreed while only 1 (5%) disagreed.

Table 4.15 Influence of procurement practices on school revenue collection

Responses	Frequency	Percentage
Strongly disagree	1	5%
Disagree	3	15%
Not sure	0	0%
Agree	12	60%
Strongly agree	4	20%
Total	20	100%

As shown in table 4.15, it is clear that 12 principals (60%) agreed that adherence to procurement procedures leads to improved revenue collection while 4 (20%) strongly agreed. Only 3 principals (15%) disagreed while 1 (5%) strongly disagreed.

Table 4.16 Influence of procurement practices on payment of staff salaries

Responses	Frequency	Percentage
Strongly disagree	1	5%
Disagree	13	65%
Not sure	0	0%
Agree	4	20%
Strongly agree	2	10%
Total	20	100%

From table 4.16, it can be seen that a large percentage of the total respondents accounting for 13 (65%) disagreed that principals who adhere to procurement procedures pay their staff promptly as compared to the ones who do not. 2 respondents (10%) strongly agreed while 4 (20%) agreed. Only 1 (5%) strongly disagreed.

Table 4.17 Overall descriptive statistics for objective two

Aspect	Strongly disagree	Disagree	Not sure	Agree	Strongly agree	$\sum f_i$	$\sum f_i w_i$	$\frac{\sum f_i w_i}{\sum f_i}$
	1	2	3	4	5			
Payment of suppliers	3	1	1	10	5	20	73	3.65
Completion	0	1	0	6	13	20	91	4.55

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of projects								
Payment of salaries	1	3	0	12	4	20	75	3.75
Revenue collection	1	13	0	4	2	20	53	2.65

$$\text{Average } (\bar{X}) = \frac{3.65+4.55+3.75+2.65}{4} = 3.65$$

4.3.3 Influence of Financial Recording Practices on Financial Performance of Secondary Schools

The third objective sought to establish the effect of principals' financial recording practices on the financial performance of public secondary schools in Kathiani Sub County. The findings are as shown in tables 4.18 to 4.22.

Table 4.18 Influence of financial recording practices on payment of suppliers

Responses	Frequency	Percentage
Strongly disagree	0	0%
Disagree	2	10%
Not sure	0	0%
Agree	10	50%
Strongly agree	8	40%
Total	20	100%

From table 4.18, it can be seen that 10 respondents (50%) agreed that maintenance of proper financial records leads to prompt payment of suppliers. 8 (40%) strongly agreed while 2 (10%) were in disagreement.

Table 4.19 Influence of financial recording practices on completion of school projects

Responses	Frequency	Percentage
Strongly disagree	0	0%
Disagree	1	5%
Not sure	0	0%
Agree	16	80%
Strongly agree	3	15%
Total	20	100%

From table 4.19, 16 (80%) of the total respondents agreed that maintenance of proper financial records leads to timely completion of school projects. 3 (15%) respondents strongly agreed while 1 (5%) of them disagreed.

Table 4.20 Influence of financial recording practices on payment of staff salaries

Responses	Frequency	Percentage
Strongly disagree	0	0%
Disagree	1	5%
Not sure	0	0%
Agree	13	65%
Strongly agree	6	30%
Total	20	100%

From table 4.20, it can be seen that 13 respondents (65%) agreed that maintenance of proper financial records leads to prompt payment of staff salaries. 6 of them (30%) strongly agreed while 1 (5%) disagreed.

Table 4.21 Influence of financial recording practices on school revenue collection

Responses	Frequency	Percentage
Strongly disagree	0	0%
Disagree	2	10%
Not sure	0	0%
Agree	13	65%
Strongly agree	5	25%
Total	20	100%

From table 4.21, it can be seen that 13 respondents (65%) agreed that maintenance of proper financial records leads to improved revenue collection in schools. 5 (25%) strongly agreed while 2 (10%) disagreed.

Table 4.22 Overall descriptive statistics for objective three

Aspect	Strongly disagree 1	Disagree 2	Not sure 3	Agree 4	Strongly agree 5	$\sum f_i$	$\sum f_i w_i$	$\frac{\sum f_i w_i}{\sum f_i}$
Payment of suppliers	0	2	0	10	8	20	84	4.2
Completion of projects	0	1	0	16	3	20	81	4.05
Payment of salaries	0	1	0	13	6	20	84	4.2
Revenue collection	0	2	0	13	5	20	81	4.05

$$\text{Average } (\bar{X}) = \frac{4.2+4.05+4.2+4.05}{4} = 4.125$$

V. Discussion of Research Findings

5.1 Discussion of Influence of Budgeting Practices on financial performance of public secondary schools

From the descriptive statistics illustrated in table 4.12, it is clear that budgeting practices has a great influence on all the aspects of school financial performance. However, the degree of influence is more on the payment of suppliers with a weighted average of 4.6, followed by completion of school projects at a weighted average of 4.4 while payment of staff salaries and revenue collection tie with a weighted average of 3.95.

These findings indicate that budgeting practices are on average adhered to in most public secondary schools in Kathiani sub-county. These findings were fully in line with the findings of Nyakundi (2011) that, budget management is satisfactory in public secondary schools with a high level of satisfaction in the approval of budgets on yearly basis as indicated by its larger weighted average of 3.86. He further established that budget estimates are on average adhered to in most public secondary schools. Okumbe (1988) who had established that budget preparation was common in most public secondary schools and played a very crucial role in the financial performance of public secondary schools.

5.2 Discussion on Influence of Procurement Practices on Financial Performance of Public Secondary Schools

From the descriptive statistics in table 4.17, the extent of influence of the procurement practices on the specific aspects of schools financial performance was highest on completion of school projects at a weighted average of 4.55 followed by payment of staff salaries at a weighted average of 3.75. The influence of procurement practices on payment of suppliers was third at a weighted average of 3.65 while influence on revenue collection was lowest at a weighted average of 2.65.

The findings were in agreement with other several findings including, findings of Nyakundi (2011) that the use of internal controls in executing schools procurement operations is generally satisfactory. Such internal controls are more satisfactory in ordering, receiving and issuing materials from store as indicated by its larger weighted average of 4.30. Maronga et al (2013) found out that, most schools follow the recommended and acceptable financial management practices as per the government regulations and ranked long procurement procedures as one of the barriers to financial management in public institutions. The findings further agree to the findings of (Addae 2012), who revealed that the procurement practices greatly influenced the financial management and that management should do its best to improve procurement processes. This finding implies that secondary school operations should be executed in an efficient and orderly manner.

5.3 Discussion on Influence of Financial Recording Practices on Financial Performance of Secondary Schools

From the descriptive statistics computed in table 4.22, the influence of financial recording practices on payment of suppliers and staff salaries were highest at a weighted average of 4.2 while completion of school projects and revenue collection also tied at a weighted average of 4.05. These findings are fully in agreement with the findings of Nyakundi, (2011) who found out that there is a positive, very strong and significant relationship between the extent of use of financial management practices and the level of financial performance in public secondary schools. The findings further were in line with Koross et al (2005), who found out that preparation and application of financial statements enhances financial transparency in schools.

VI. Conclusion And Recommendations

6.1 Summary of Findings

According to the data collected, most of the principals in the area of study have attained the age of above forty years with only a few of the total sample being less than forty years. The largest number of respondents was aged between forty one to forty five years. There is some gender balance in the area of study with the females being slightly more than the males. Most of the respondents had at least a bachelor's degree and a few were diploma holders. The larger percentages of the schools in the area of study were average schools going by the ministry ranking and the enrollment of the students. Over eighty percent of the total schools were sub-county schools and the rest were county schools. There was neither a national school nor an extra-county school. Most the principals had an experience of more than five years and none had less than one year experience. A large percentage of the respondents said that they had at least some specialized skills in financial management.

More than half of the total respondents said that they have budgeting committees in their institutions while the rest said that the role of budgeting is done either by the bursar or the accounts clerk with the supervision of the principal. All the respondents agreed that they did prepare budgets for the financial year 2013 and 2014. Out of all the budgets prepared, more than half had a deficit; quarters were balanced while the rest had a surplus. A great percentage of the respondents said that not all the expenditures incurred during the 2013 and 2014 financial years were budgeted for. Some of them cited expenditure as a result of emergency and change of the academic calendar by the ministry as the main drawbacks to operating within their budgets. Generally, the respondents agreed that budgeting plays an important role in payment of the suppliers, completion of school projects, payment of staff salaries and collection of revenue.

As a requirement by the public procurement act, each public institution is supposed to have a procurement committee which operates as per the provisions of the Act. All the respondents agreed that their institutions have a procurement committee. Half of the respondents said that their procurement committee meets once in a year while a quarter said that their committee meet half-yearly and the rest meet quarterly. Half of the total respondents agreed that procurement practices lead to prompt payment of the suppliers while a lesser percentage strongly agreed. A fifth strongly disagreed while very few disagreed. More than half of the total respondents disagreed that procurement practices lead to prompt payment of staff. However most of the respondents agreed that procurement practices lead to timely completion of school projects and improved revenue collection.

Financial records are among some of the tools that can be used to measure the financial performance of any institution. It is a requirement by the ministry that each school should have its financial records audited every year. All the principals agreed that they maintain some financial records. The mainly kept financial records include; stores ledger for consumables and permanent stores, cash book and local purchase orders. More than three quarters said that they maintain a purchase daybook (creditors' ledger). Most of the respondents said that financial recording practices lead to prompt payment of suppliers, completion of school projects, payment of staff salaries and improves revenue collection of the institution.

6.2 Conclusion

Most Principals within the Kathiani sub-county are above forty years of age. All the schools in the area are average schools considering both the ranking by the ministry and the enrollment in the schools. Most of them are categorized as County and sub-county schools with a population of less than 400 students. All the principals are experienced enough since they have served for more than three years. All the schools in the sub county prepare budgets for all the financial years. Some of the expenses that schools end up paying for are not captured in the budget. Some of the schools do not have a budgeting committee and the role of preparing budgets is left to the bursar or the accounts clerk.

6.3 Recommendations

This research study sought to establish the influence of financial management practices on the financial performance of public secondary schools in Kathiani Sub County. From the three objectives of the study, it has been found out that budgeting, procurement and financial recording practices strongly influence financial performance of public secondary schools. The following are the main recommendations.

All public secondary schools are recommended to embrace sound budgeting, procurement and financial recording practices. Each school should have budgeting and procurement committees composed of members who are knowledgeable in budgeting, procurement procedures and financial recording practices. Principals should also have the same knowledge.

The ministry of education and the teachers' service commission should carry out continuous training and sensitization of the school heads on the financial management practices. The training should primarily focus on budgeting, procurement and financial recording practices so as to improve the schools financial performance.

Newly appointed principals should be given an orientation on budgeting, procurement and financial recording so as to enable them to discharge their duties effectively.

The Kenyan government should allocate funds to facilitate training of principals on budgeting, procurement procedures and financial recording practices. Teacher training programmes should also be tailored to equip trainees with basic school financial management.

6.4 Suggestions for Further Research

This study has established that there is a positive influence of financial management practices on the financial performance of schools in Kathiani Sub County. The study therefore suggests that a further research be carried on the same topic at the county and the national levels so as to shed more light on the influence of financial management practices on the financial performance of public secondary school

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