

A STUDY OF PRINCIPALS' FINANCIAL MANAGEMENT PRACTICES IN SECONDARY SCHOOLS IN AN AMBRA STATE

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Abstract

The purpose of this study was to investigate the financial management practices of secondary school principals in Anambra State. The descriptive survey design was adopted. Three research questions were used. The total population of 261 principals, 256 vice principals (administration) and 224 bursars in the secondary schools in Anambra State participated in the study. The study utilized a 21-item researcher developed questionnaire, structured on a 4-point scale. Mean and standard deviation were used to answer research questions. The findings of the study indicated that the principals neglected many issues in financial budgeting, obtained funding from many sources and did not engage in prudent disbursement of funds in schools. Situations where principals raised funds through several means but still fail to engage in proper budgeting and disbursement of funds imply that ineffective funds management characterized most schools. If the funds were mismanaged, the programme objectives of secondary education would not be achieved. Some recommendations were suggested on what principals and the board of Anambra State Education Commission should do to ensure the efficient financial management practices by principals.

Introduction

Financial management is a major task of educational administration that involves the utilization of all available financial resources in an effort to achieve the objectives for which educational institutions are established. For Nwaokolo and Akilaya (2000), financial management is concerned with the management of funds for educational expansion. According to Egbule and Igbogbor (2000), financial management deals with how to plan, budget for, secure and maintain financial resources in order to attain the institution's objectives. It involves managing the funds available to ensure the provision of a wide variety of school resources and facilities.

The aim of financial management is to ensure that the resources available for education are procured, properly disbursed, accounted for and regularly monitored to ensure their effective use. It is a major task for principals to engage in practices that would enhance effective financial management. In Anambra State, secondary school principals are expected to prepare school budgets to guide their spending in these areas after which the budget should be sent to the Anambra State Education Commission for approval. It is their duty to raise funds from approved sources and ensure that funds are spent for what they are originally budgeted for (Ezebunanwa, 2004). Proper accounting of revenue and expenditure of schools should be kept. In essence, financial management by principals should include budgeting, fund raising, and disbursing for school funds. Where the principals efficiently do these, there will likely be increased and improved school facilities (Enyi, 2001). But where there are cases of mismanagement by principals, the status of school human and physical facilities will be such that educational objectives-are hardly achieved.

Many situations in Nigerian education system appear to threaten schools' financial management. For instance, the rising cost of education places more burdens on principals' financial management of schools (Okoye, 2004). Closely related to the issue of rising educational cost is the problem of the inability of government to provide sufficient funds for educational endeavours. Okonjo-Iweala (2005), remarked that the government faces competing demands and priorities its activities and policies on which funds are spent. As a result, the Nigerian government has found it impossible to continue to provide sufficient: funding to meet the requirements of the rapid expansion of her educational system. The consequence is that the amount of money that the government pumps into the education sector are poor and not enough to provide the facilities required for quality education. In the face of insufficiency of funds, principals are expected to engage in financial management practices that would ensure efficiency of the limited funds available.

But research reports such as Ukeje, Akabogu and Ndu (1992) and Okoye (2004), reported persistent problems in secondary schools financial management. Such problems manifest in ill-equipped laboratories and libraries, dilapidated buildings, shortage of classroom accommodation, lack of science and technical equipment and consumable items (e.g. chalk), shortage of school furniture for students and teachers, and lack of essential facilities such as water, light, and toilet facilities. Speculations are rife that the financial resources meant for schools improvement were not properly disbursed and many principals have been seriously accused of embezzlement of funds. Thus, inefficient financial management have become an issue of serious concern to policy makers, educators and parents, as it would affect the success of the secondary education in Anambra State.

Unfortunately, researches on the financial management practices of principals in Anambra State are inconclusive as to what principals do and fail to do with respect to financial management (Okoye, 2004; Ezebunawa, 2004). This creates a research gap because if the management practices of principals are not investigated, it would be difficult to identify those practices that could be responsible for mismanagement of limited school funds. Therefore an empirical investigation of the financial management practices of principals, may provide useful information towards reducing financial problems of secondary schools. Hence, this study.

Research Questions

Three research questions guided this study:

1. How do secondary school principals in Anambra State prepare budgets for their schools?
2. What fund raising practices do the principals engage in?
3. How do the principals disburse school financial resources?

Research Design

The descriptive survey research design was used in carrying out the study. This type of survey is useful in studies involving varied responses and assessment of prevailing situation at a point in time (Barker, Pistrang, & Elliott, 2002), This design is appropriate for the study as it enabled the researcher to collect detailed and factual information using a questionnaire on the financial management practices of principals in Anambra State.

Population of the Study

The population for this study comprised all the secondary school principals, vice principals (administration) and bursars in the 261 State-government owned secondary schools in Anambra State. Data from the ASEC as at Jan 2008 stated that, there are total of 261 principals, 256 vice principals (administration) and 224 bursars in the secondary schools. All the members of this population totaled 741. All the members of this population were studied; hence, there was no sampling.

Instrument for Data Collection

A self-structured questionnaire was used for the study. The instrument entitled "Financial Management Practices of Principals (FMPP)" consisted of four sections. Section 1 had 3 open-ended items that required information on the designation, education zone, and local government areas where the school is situate. Section 2 comprised 21 items that were concerned with information on budgeting, fund raising and disbursement of funds by principals. The items in the questionnaire were structured on a 4-point rating scale that ranged from strongly agree, agree, disagree, and strongly disagree.

Validation of Instrument

Two senior lecturers in Educational Management and Policy at Nnamdi Azikiwe University Awka, validated the drafts of the instrument before the correction and production of the final copies.

Reliability of the Instrument

Cronbach Alpha was used to determine internal consistency. A coefficient of 0.76 was obtained and considered adequate for the study.

Method of Data Collection

The researcher, assisted by six research assistants visited the respondents in their schools and distributed copies of the questionnaire. Repeat visits were made to retrieve the copies where the researcher was unable to retrieve them on the days they were administered. At the end of the exercise, only 716 copies (96.6%) were retrieved and used for data analysis.

Method of Data Analysis

Mean and standard deviation scores were used in answering the research questions. The options were given the following points:

Strongly agree	***	***	4 points,
Agree	***	***	3points
Disagree	***	***	2 points
Strongly disagree	***	***	1 points

The decision rule was that items which obtained mean scores of 2.50 and above would be regarded as agreement with the statement (A), while those that obtained mean scores below 2.50 would be regarded as disagreement (DA).

Data Analysis and Presentation of Results

Research Question One: How do secondary school principals in Anambra State prepare budget for their schools?

To answer this research question responses to items 1-6 of the questionnaire are analysed using means and standard deviations as summarized in table 1.

Table 1: Means and Standard Deviations of Questionnaire Items on Budgeting by Principals

Item	X	SD	Decision
1 Discussing items to be included in the budget With vice-principals, bursars and relevant staff	3.21	1.79	Agree
2 Presenting draft budgets for deliberations during staff meetings	2.31	1.52	Disagree
3 Appointing a committee to prepare school Budget	2.13	1.46	Disagree
4 Using data records of promotions, retirements and transfers of staff to guide budgeting on staff emolument.	2.32	1.54	Disagree
5 Instructing departmental heads to prepare estimates of departmental financial needs to guide in budgeting	2.33	1.53	Disagree
6. Directing bursars to prepare budgets and submit to principals for vetting,	2.43	1.87	Disagree
7 Collecting and duplicating sample budgets from other principals _____	1.43		<u>Disagree</u>

In table 1, only item 1 had mean ratings above 2.50 with a standard deviation of 1.79, This indicates the respondents' agreement that the only budgeting practice that principals engage in was discussing items to be included in the budget with vice-principals, bursars and

relevant staff. The remaining six items had mean ratings below 2.50, and their standard deviations fell between 1.46 and 1.54 indicating that the administrators rarely carried out the financial management practices contained in the items.

Research Question Two: What fund raising practices do the principals engage in?

Table 1: Mean ratings of principals' fund raising practices
Items To raise funds in schools, principals:

			Decision
1. Collect levies from students	3.58	1.89	Agree
2. Liaise with the PTA to attract donations for school Projects	3.56	1.89	Agree
3. Engage in sale of school products such as crafts, Agricultural products etc.	2.52	1.58	Agree
4. Hire out school premises to community members	2.88	1.69	Agree
5. Organise launchings, inter house sports etc.	2.85	1.69	Agree
6. Request for funds from host community members	2.70	1.61	Agree
7. Visit book publishers, cooperate bodies to raise funds for their schools	2.68	1.64	Agree

From the analysis in table 2, all the items namely items scored above the acceptable mean. Also, all the items had standard deviations that ranged between 1.64 and 1.69, indicating convergence of the mean scores. These show that the principals carry out the practices listed to raise funds for their schools. From this analysis, the researcher concludes that to raise funds, principals; collect levies from students, Liaise with the PTA to attract donations for school projects, engage in sale of school products such as crafts, agricultural products etc, hire out school premises for use by community members, organise launchings, inter house sports etc, request for funds from host community members, and visit book publishers, cooperate bodies to raise funds for their schools.

Research question three: How do the principals disburse school financial resources?

Mean and standard deviations of items 15-21 of the questionnaire were used in answering this research question as presented in table 3.

Table 3: Mean and standard deviation of questionnaire items on disbursing of school financial resources by principals

Items Principals disburse funds by:	X	SD	Decision
1. Settling office out-of-pocket expenses			
2 Disbursing money for purchases to the relevant department to handle	2.7	1.45	Disagree
3 Allowing bursars to incur some expenses.	2.45	1.56	Disagree
4 Disbursing money to vice-principals to organise sports and other extra curricular activities.	3.32	1.82	Agree
5 Engagement and payment of part-time staff with PTA approval	2.33	1.52	Disagree
6. Spending on only those extra-budgetary expenses approved by PPSSC	2.00	1.41	Disagree

- 7 Diversion of funds budgeted for capital projects like furniture to purchase of stationary when the need arises. 2.78 1.67 Agree

Table 3, shows how the principals disburse funds for school activities. 3 out of the 7 items had mean ratings above 2.50 and standard deviations above 1.50. These items are items 1, 4, and 7. This indicates that the principals disbursed funds in the manner listed in those items. In disbursing funds, principals settled out-of-pocket expenses, disbursed money to vice-principals to organise sports and other extra curricular activities, and engages in diversion of funds budgeted for capital projects like furniture to purchase of stationary when the need arises.

Discussion of Findings

In research question one, out of seven items of budgeting listed, the respondents agreed that principals performed only one. This indicates the respondents' agreement that the only budgeting practice that principals engage in was discussing items to be included in the budget with vice-principals, bursars and relevant staff. It seems as if principals do not pay much attention to budget preparations. Ukeje et al (1992), noted that principals of secondary schools hardly prepare any budget since all personal emoluments are often paid either through the State Education Commissions. This explains why the principals, vice-principals and bursars that participated in this study indicated that principals prepared budgets only when a programme is about to be implemented E.g. PTA building, inter-house sports, purchase of stationary This situation will make it impossible for principals to effectively manage school resources because good and proper budgeting provides guidance in funds management. For principals to indicate that they carry out only a few budgeting practices shows that actually, school budgeting has been treated as a haphazard affair as Ukeje et al (1992), speculated. This being the case much is at stake. It is likely that in the absence of adequate budgeting principles, frivolous and impulse spending will characterise school administration, and areas of prime needs might be neglected in schools.

From responses to research question 2, it was deduced that in order to raise funds, principals; collect levies from students, liaise with the PTA to attract donations for school projects, engage in sale of school products such as crafts, agricultural products etc, hire out school premises for use by community members, organise launchings, inter house sports etc, request for funds from host community members, and visit book publishers, cooperate bodies to raise funds for their schools. Raising funds through various sources is in order and confirm an earlier finding by Mbua (2002) that principals make some efforts to raise fund within the limits imposed by the secondary education management boards. But the issues of levies have attracted the attention of the Anambra State Education commission (ASEC) which made the body to issue a circular to control levying. This circular on fund raising reference No. SEC/GP/AD/104/85 stated that all fund raising activities must be approved by ASEC and all un-approved levies are illegal. Despite this circular, Okoye (2004) found out that principals and teachers collected illegal levies for students. Such illegal levies of course are used for personal gratification and not for the development of schools.

The point is that in this era of dwindling educational resources, principals are being urged to source funds for their projects. It is likely for them to exceed the limits for fund raising as stipulated in fund raising policy. Therefore, as Ezebunanwa (2004) noted, principals cannot be allowed to raise funds on their own without approvals and supervision of the management Boards.

In research question three, it was observed that in disbursing funds, principals settled out-of-pocket expenses, disbursed money to vice-principals to organise sports and other extra curricular activities, and engages in diversion of funds budgeted for capital projects like furniture to purchase of stationary when the need arises. Conversely, principals did not disburse money for purchases to the relevant department to handle, and allow bursars to incur some expenses without their approval. They also did not spending on only those extra-budgetary expenses approved by PPSSC. Going by the findings, -one can argue that there are serious weaknesses in the ways through which principals disbursed funds in schools. For instance, if adequate attention had been paid to budgeting, the principals could have done well to disburse and money for purchases to the relevant department to handle and spending on only those extra-budgetary expenses approved by PPSSC. In addition where principals divert funds budgeted for capital projects like furniture to purchase of stationary, used their

discretion in disbursing funds for school activities, and fails to timely disbursing funds for the procurement of teaching/learning resources, do not augur well for secondary schools administration and are against the prudential principle of financial management (Pandy, 1979).

The reason for this finding may be because of inadequate funding of education in Anambra State. Perhaps principals decided to use their discretion and manage the limited funds they had.

Besides, cases of embezzlement of funds might have compelled principals not avoid disbursing money for purchases to the relevant departments to handle. Whichever way one looks at it, the practise of disbursement of schools financial resource suggests that most principals run schools as their personal business and not as organisations where strict adherence to budgetary statements should be emphasised. In this case, Government might make modest efforts to allocate funds to schools, only for the principals to mismanage those funds. It was for this reason that Offor (1999), chided principals for gross mismanagement of funds.

Recommendations

Based on the findings of this study, the following recommendations are made:

1. Principals should imbibe the culture of proper budgeting and budget implementation in performing their financial management obligations. Budgets should be prepared at the beginning of every school fiscal year.
2. The Anambra State Education Commission should regularly monitor principals financial management practices for early identification and avoidance of mismanagement of funds.
3. The ASEC should allow principals to source funds from a variety of sources to execute school projects but the issue of illegal levying should be stopped. Defaulters should receive serious disciplinary actions.
4. The PTA members should liase with principals to raise funds but should always report cases of illegal levying and diversion of funds to the ASliC.
5. Workshops and seminars on adequate financial management should be mounted for serving principals and teaching staff of vice-principal cadre to prepare them for efficient management of funds.

Conclusion

Within a country's educational system, the relevant institutions and policies are made viable and effective by finance, and without adequate financial management, even the most viable and effective institutions and policies are bound to crumble. Situations where principals raised funds through several means but still fail to engage in proper budgeting and disbursement of funds imply that ineffective funds management characterise most schools. If the funds were mismanaged, the programme objectives of secondary education would not be achieved. Teachers and pupils performances would be affected so negatively for the principals would no longer able to provide for teachers' needs, and provide learning materials for pupils. Even the infrastructures in schools would suffer neglect because of lack of funds. It is a major task for principals to engage in practices that would enhance effective financial management

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