

**EVALUATION OF PRINCIPALS' FINANCIAL  
MANAGEMENT PERFORMANCE IN  
SEVENTH-DAY ADVENTIST  
SECONDARY SCHOOLS IN  
NORTHERN MALAWI**

A Thesis Submitted to the Department of Education  
School of Education, Humanities and Social Sciences  
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Master of Education in Educational Administration

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# APPROVAL SHEET

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## **ABSTRACT**

The purpose of this study was to evaluate principals' financial management performance in accounting and budgeting in Seventh-day Adventist (SDA) secondary schools in northern Malawi. The study used descriptive comparative research design. It was guided by Responsibility Centre Management theory and Accounting model of double entry. It compared principals' financial management performance when grouped as boarding and day Adventist secondary schools. Eighty respondents including sixty-five teachers, five principals, five registrars and five business managers participated in the study. Data was collected by the use of questionnaires and face-to-face interviews. Cronbach's reliability coefficient of the questionnaire was 0.619 for accounting and 0.707 for budgeting. Quantitative data was coded, treated and analyzed using Statistical Package of Social Sciences (SPSS). Qualitative data was subjected to content analysis. Whereas there was a significant difference in principals' financial management in accounting, there was no significant difference in budgeting in SDA boarding and day secondary schools. Other findings were: principals lack adequate training in financial management, principals are weak in accounting and budgeting and that they do not submit monthly financial reports to the Union Office. The study concluded that principals do not have a sound knowledge in budgeting and accounting; principals do not submit monthly financial reports to the Union Office and that; there are no finance committees in some schools. Recommendations were that principals should be regularly trained in financial management; principals should be required to submit monthly financial reports to the Union Office; and that finance committees be established in the schools. A similar study in secondary schools in other regions of Malawi and a study on the establishment of alternative income generating projects and their viability are recommended.

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# **DEDICATION**

This master thesis is dedicated to my late brother

Inkosi Kampingo Sibande 4.

I salute you for your

inspiration.

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## **LIST OF ABBREVIATIONS AND ACRONYMS**

<b>AAA:</b>	Adventist accrediting Association
<b>AAA:</b>	American Accounting Association
<b>ACE:</b>	American Council of Education
<b>ADB:</b>	African Development Bank
<b>AGA:</b>	Association of Government Accountants
<b>ANECA:</b>	Association of Navy Federal Credit Union
<b>CAI:</b>	Community Association Institute
<b>CERT:</b>	Suppliers Community Emergency Response Team
<b>CPGA:</b>	Cost Per Gross Addition
<b>DFID:</b>	Department for International Development
<b>ED:</b>	Education Department
<b>FPE:</b>	Free Primary education
<b>FSA:</b>	Federal Student Aid
<b>: HOD:</b>	Head of Department
<b>MEXT:</b>	Ministry of Education, Culture, Sports and Technology
<b>MINERA:</b>	Ministry of Education Religious and Affairs
<b>MOEST:</b>	Ministry of Education Science and Technology
<b>NAD:</b>	North American Division
<b>OECD:</b>	Organization for Economic Co-operation and Development
<b>RCM:</b>	Responsibility Centre Management
<b>SGB:</b>	School Governing Body
<b>SID:</b>	Southern Africa-Indian Ocean Division
<b>SPSS:</b>	Statistical Package for Social Science
<b>UNESCO:</b>	United Nations Education Scientific and Cultural Organization

**WAMP:** Server Automatically Installs Everything

# **CHAPTER ONE**

## **INTRODUCTION**

### **Background of the Study**

UNESCO (2014) has long acknowledged the vital relationship between education and economic development. Legge (2005) states that in developed countries like the United Kingdom (UK) and America, financial management has been heavily centralized on its finding and general management delegated to the ministry. In America, superintendents and principals are keys to ensuring that all children achieve high levels. Unfortunately, too many current and aspiring educational leaders have grown up unprofessional, failing or only incrementally improving school systems. Well-meaning educators often find themselves hired as school or school system CEOs with the required credentials but without the appropriate training or experience to successfully lead these complex organizations (Thomas, 2013).

Principals are responsible for personnel, facilities, financial planning, human resources, management, budgeting, labor relations, and organizational development and, above all else, they are responsible for the education of the children. This is serious, urgent business, the business of providing a world class education to every student in every classroom in every school in every district. That is why it is so important that some urban public schools have the best and the brightest leaders at their helm, regardless of their professional backgrounds or paper credentials. All nations' education system needs more highly qualified leaders – from all walks of life (Fordham, 2013).

In Japan, educational leadership is also not well trained as such they say that principals or head teachers almost never receive training run by their local Educational Committee or Educational Center before they are appointed. Kemp (2015) explains that after their appointment, they participate in a workshop for a few days, giving between 10 and 20 hours' training, and then from their second year onwards they take short courses usually concentrating on one modular theme, making them insufficiently systematic, and their duration is limited. The most common teaching method is still lectures, but movement is seen towards the adoption of practical reports, case studies, and workshops, etc., which will lead to the development of school leadership skills. In recent years, such management training courses have been reviewed and reforms are in the offing, with the aim of expanding them, making them more systematic, more diverse, increasing options, and meeting the diverse needs of their participants (Owaki, 2012).

In Greece, there is a bulk of legislative regulations arranging and or designing school. Financial management which the principal should know or have access to are not well laid. Despite this, the Ministry of Education and Religious Affairs (MINERA) has never issued a handbook or a guide on the law to facilitate the work of the heads (Agyropoulous, 2009). The breakdown in communication of such central information poses a challenge to principals in financial management of secondary school because of the laws and regulations from Greece.

While in Indonesia, because of transition in the government system, the national education system law was reintroduced. The enactment of National Education System Law Number 20 in 2003 marked the beginning of educational reform in Indonesia. This law introduces the practice of decentralization of educational autonomy in this country. Principals are endowed with the autonomy to

manage primary and secondary schools as an effort to accommodate and promote local characteristics and potential (Ministry of Education, 2004). This practice of decentralized autonomy was triggered by the transition in the governance system. The collapse of the New Order Era in 1998, prompted by the severe national economic crisis and political turbulence, introduced this nation to the new perspective of a decentralized governance system. The endorsement of the Regional Governance Law Number 22, Year 1999, started the decentralization process hence the choice of principals to take charge on financial management. By virtue of the 1945 Constitution (the Indonesia National Constitution), the law grants freedom to regions to organize regional autonomy to uphold the principles of democracy; community participation, equitable distribution, justice, the regions' potential and diversity (Hadi, 2014).

In India, they are also trying to change the educational approach and system. This has left the Indian government with no choice but to make principals be the financial managers at their secondary schools. The challenges in higher education are not merely about access and equity, where significant progress has been made in recent years—but rather of colonial legacy, poor academic culture, faulty assumptions and who to manage funds. Several countries face similar challenges. India's case is unique, however, due to its huge size and many contradictions. The legacy of an affiliating college system, in which India's more than 34,000 undergraduate colleges affiliate to universities that control curriculum and examinations, has prevented curricular innovation and financial management. It has resulted in fragmentation and leaves students with little choice of courses. Cumbersome governing structures make curricular revision an extremely arduous task (Milliken, 2013).

Similar to other countries, India has a binary system where vocational training is done in institutes and centers that do not fall within the purview of the universities, and thus vocational education is separated from general higher education. It is necessary to merge general higher education with skill-based and professional education in order to bring in greater curricular diversity and to ensure the mobility of students, scholars, empower principals to take charge of school finances and academics between these sectors (Skorton, 2013).

In Africa, secondary education has expanded rapidly. The transition rate to secondary schools has continued to grow in Uganda, Rwanda and Burundi (UNESCO, 2014). This rapid and apparently expansion has exacerbated the shortfall of the principals' financial management. Principals in most sub-Saharan countries have inadequate resources and staff to perform their expected duties. A research by Oluybenga (2005) in Nigeria established that a less satisfied and committed principal is likely to leave the job or perform poorly in financial management. A study done in six sub-Saharan countries namely Ghana, Guinea, Ethiopia, Tanzania, Uganda and Madagascar indicate that principals face serious problems with students who cannot pay school fees, teacher shortage and inadequate teaching and learning resources which adds to principals' poor performance in financial management (Leu and Bryener, 2013).

Mestry and Grobber (2006) noted that "South Africa has a shortage of principals (head teachers) with well-honed financial management skills. Furthermore the principals are often not well prepared for tasks they undertake and they are not given sufficient training to perform these tasks. Moreover, the lack of financial skills leads to massive corruption and financial mismanagement, whereas the lack of financial resources leads to the retrenchment of educators" (15). They concluded that



such a poor performance by principals is located in the school themselves, in the match of goals, resources and expertise that enact and deliver educational programs.

The research of Magak (2013) in Kenya observed that principals have poor financial management because they are not perfected in their skills for they are not trained. Maina (2012) observed that most principals suggest that they must be trained to make them effective managers. They further demanded that the position of school principal be professionalized and a clear policy on identification, selection, appointment and training of principals be set (Otieno, 2010).

Mito and Simatuwa (2012), in their study in Kenya revealed that poor budgeting skills make it difficult for principals to effectively run schools as in some votes leading them into other problems such as misappropriation and mismanagement of school funds, a mistake which is punishable by interdiction or demotion as per Teacher Service Commission (TSC) code of regulations or conduct. This is done without considering professional skills in financial management. Mobegi, Ondigi and Simatuwa (2012), in their study observed that majority of the principals had no financial management and accounting skills and so majority took book of accounts to pseudo accountants to update them to fit their interest. They further note that majority of the principals were not in opposition to identify wrong entries and anomalies in financial records when done by bursars. The study also noted that the principals training and workshops conducted by the Kenya Education Management Institution (KEMI), took short duration and the trainers were not conversant with financial management (Mito and Simatuwa, 2012). The training did not equip the few who attended with adequate financial and accounting skills.

Unqualified bursars and account clerks also contributed to financial mismanagement in schools (Mobegi, Ondigi and Simatuwa, 2012). The finding of the

study further showed that sixty-nine percent (69%) of the Chief Accountants and account clerks had no accounting background yet they handled a lot of money with poor pay. As Mosomi (2008) noted that ill preparedness in managerial duties prior to their appointment have made school principals vulnerable to making blunders which sponsors capitalize on to demand for the removal.

Malawi Government Document (2007) states that most Community Day Secondary Schools receive government grant from Ministry of Education but not much difference is achieved because head teachers are not well trained on how to manage school finances. It shows that grants made some difference in the school, although not much on the outcome. In terms of teaching and learning for example Community Day Secondary Schools have established schools' purchase basis teaching and learning materials. The teaching and learning materials made difference in nature of the lessons from both the teacher and learner perspective.

According to the ministry of Education, most head teachers receive grants for their schools. However, they lack financial management skills which can protect school funds. According to International journal of education and learning of 2007, most head teachers in Malawi step into position with limited preparation. The lack of deliberately planned preparation programs for school leaders worsened by the financial resources make the situation desperate. The head teachers are trusted to learn on the job which takes a significant amount of time to develop the leadership and managerial skills necessary to be a good secondary school head teacher (Wamba, 2015).

In the Seventh-day Adventist secondary schools in North Malawi Field, any teacher can be appointed as a principal so long s/he is in good standing with his/her Christian faith, has completed a diploma or degree course in education, and has taught

for a number of years. Such principals are required to ensure acquisition, allocation of resources and evaluation of the implementation plans (Moyo, 2016).

Each school of the Seventh-day Adventist in Northern Malawi has an account, be it a saving or current account, and the principal by position is a signatory and an authorizing officer of the school operating funds like salaries, water bills, electricity bills, buying of books, pens, chalk, and rim of papers. Apart from income and expenditure, the principal is also responsible for book keeping, income tax payment, social security, contributory payments like pension schemes. Such enormous duties delegated to a principal who is without proper training in financial management performance may not sound well.

It is, therefore, in this light that this study will critically evaluate the principals' financial management performance in the Seventh-day Adventist secondary schools in Northern Malawi.

### **Statement of the Problem**

Mahlangu (2008) defines a statement of problem as that which is made for a purpose of obtaining, searching for further information and greater understanding of the topic and also for seeking a solution to the problem identified. Principals are responsible for personnel, facilities, financial planning, human resources, management, budgeting, labor relations, organizational development and education for the children (Fordham, 2014). The Seventh-day Adventist Church in passing mentions that one of the duties of the principal is to make a budget (*Handbook for principals*, 2015). Necessarily it does not give specific responsibilities of the principal regarding financial management performance but by the end of the day the principal manages school finances. The problem is that principals' training is inadequate yet they are required to prepare school budget, keep school accounts, reports and review

school finances, approve staff payroll and answer school financial stand in the school board (Thomas, 2013). The research of Magak (2013) in Kenya observed that principals have poor financial management because they are not perfected in their skills for they are not trained. Most principals are likely not to understand what their role is and how to go about it, in regards to school financial management performance. This, therefore, called for a study to investigate how principals interpret and implement school finances in order to improve their financial management performance.

### **Research Questions**

This study is guided by the following research questions:

1. What is the demographic profile of principals in the Northern Malawi?
2. What are the principals' financial management performance in terms of accounting and budgeting?
3. Is there a significant difference between the financial management performance of principals' in Seventh-day Adventist boarding and day secondary schools in Northern Region of Malawi?
4. What are the challenges faced by principals in Northern Region of Malawi in terms of accounting and budgeting?
5. What are the suggestions for improving principals' financial management performance in Seventh-day Adventist secondary schools in Northern Region of Malawi?

### **Hypothesis**

There is no significant difference in evaluation rating of the principals' financial management performance in budgeting in Seventh-day Adventist boarding and day secondary schools in northern region of Malawi.

## **Assumptions of the Study**

The following assumptions will be made:

- (1) That the respondents gave accurate information on the questionnaire.
- (2) That the rules applied in financial management are standardized in all Adventist secondary schools in Northern Malawi.

## **Significance of the Study**

The findings of the study will be helpful and act as an eye opener to the Seventh-day Adventist church as a whole and Adventist universities which are concerned with teaching and training secondary school teachers in administration. Accounting and budgeting will be included in their curriculum. This research will also be used by Education Directors of General Conference, Divisions, Union Conferences and Field in deciding who should head their school. It gives good direction to Education and Advisory Council to education for better inclusion of important decisions and pieces of advice like which curriculum to follow. It gives direction to other areas like auditing that need further research so as to improve quality of education and learning in Adventist secondary schools in Malawi Union Conference.

It is noted that the identification of the financial challenges and findings of potential solution are of great use to the Ministry of Education Science and Technology (MOEST). The ministry will use the recommendations of this study during in service courses of head teachers to highlight them on appropriate financial management system, to ensure successful management of school funds. Not only will it be important to the Ministry of Education but also the State universities and the teacher training colleges in training their teachers. Through this study, the state will realize on how and what to include in the university curriculum that train teachers. Principals will greatly benefit from this study because they will be trained in financial

mismismanagement, whereas the lack of financial resources leads to the retrenchment of educators. Further, the findings of this study will be disseminated through published work.

### **Justification of the Study**

This study is important to North Malawi Field because it provides in-depth analysis, awareness and information into the expectation of the position of principals in the Adventist secondary schools and how the church can train teachers. Phiri (2015) found out that public secondary school head teachers are not trained in accounting. This finding was in line with Magak (2013) in Kenya who found out that public secondary school principals under spent or over spent because there is not enough training in accounting. Mestry and Grobblers (2006) states that principals are often not well prepared for tasks they undertake and they are not given sufficient training to perform these tasks. Moreover Mhango (2009) narrates that the lack of financial skills leads to massive corruption and financial mismanagement it is also noted that ill preparedness in managerial duties prior to their appointment have made school principals vulnerable to making blunders which sponsors capitalize on to demand for their removal.

However, this study was concerned with principals' financial management performance in Seventh-day Adventist secondary schools in northern Malawi.

### **Theoretical Framework**

A theory is a reasoned statement or group of statements which are supported by evidence, means to explain phenomenon (Kombo and Tromp, 2006). A theoretical framework is a collection of interrelated ideas based on theories. This study was guided by Responsibility Centre Management Theory (RCM). Under this theory, units (departments) are responsible and receive all income and manage all expenses. The

model intends to incentivize entrepreneurial behavior at the unit level. The RCM require units to manage their own budget, increase accountability, causes competition among academic units, assign decision making authority to educational departments, it identifies key issues to be resolved, motivate revenue generation and expense reduction (Robinson and Last, 2009).

In this study, the financial management performance of the principal can be improved because each department is delegated an operational authority to schools' division and other units within an institution. This allows HOD's to consider their academic mission. Each department is responsible for its own expense. In this study, RCM was used because the principal collaborate with heads of departments on budgetary plans (SID Financial Officers Handbook, 2015).

The second theory that underpinned this study was the Accounting Model. The Accounting Model is the key that unlocks the mystery of double-entry accounting (ICAEW, 2009). It is made up of three very simple parts. The first part is a ledger page with a line drawn down the middle (like a big T) automatically creating a left and right side of the dividing line. However, in accounting language the word "debit" is used instead of "left" and the word "credit" is used instead of "right". The second part is that there are five of this ledger T's that relate to the five sections found in a set of financial statements. They are: Assets, Liabilities, Equity, Revenue and Expense. The first three relate to the Balance Sheet and last two relate to the Profit and Loss Statement (AAA, 2009). Both RCM and accounting model proved very useful in this study, which evaluated principals' financial management performance in the areas of accounting and budgeting.

	<b>DEBIT</b>	<b>CREDIT</b>
1. <b>ASSET</b>	.....	.....
2. <b>LIABILITY</b>	.....	.....
3. <b>EQUITY</b>	.....	.....
4. <b>REVENUE</b>	.....	.....
5. <b>EXPENSE</b>	.....	.....

### **Scope of Study**

The study focuses on the evaluation of principals' financial management performance in Seventh-day Adventist secondary schools in northern Malawi. In order to determine the principals' financial management performance in SDA secondary school in northern Malawi, they have been evaluated in the following performance areas: accounting and budgeting.

In this study, there was no sampling because there are only five Seventh-day Adventist Secondary schools in North Malawi Field Conference hence all were included. All teachers, Business Managers, registrars and principals were involved.

### **Definition of Terms**

For the purpose for this study the following definitions were formulated and defined as they are used.

**Accounting:** refers to an information process that communicates the result of economic activities and state in a way that it is useful to decision makers (*Webster, 2010*).

**Budgeting:** refers to a specific financial plan for implementing organization objectives, policies and programs (*Webster, 2010*).



**Financial Management:** Is the proper following of fund system in dealing with cash.

**Financial Management Performance:** refers to that which assists in achieving the overall goals and objectives of the school through the provision of financial control, evaluation and investigation for investment opportunities for the well-being of school.

**Financial Management System:** refers to the use of software for efficient and effective management of money (funds) in such a manner as to accomplish objectives of the organization for maximizing the profit and sustainability.

**Principal:** refers to the person charged with every day's responsibility in managing school.

## **CHAPTER TWO**

### **REVIEW OF RELATED LITERATURE AND STUDIES**

The review of related literature and studies material is drawn from various regions. From the global perspective, Europe, United States, India and Japan are cited while the regional Perspective includes South Africa, Kenya, Malawi and Seventh-day Adventist education. The review is presented in the following headings: concept of financial management, financial management theory and practice, financial management principles, financial management systems, financial management skills which include: accounting and budgeting and challenges of the principal. The review of related literature and studies is collected from local and international books, internet and journals.

#### **Concept of Financial Management**

*Webster dictionary* (2002) defines financial management as the efficient and effective management of money (funds) in such a manner as to accomplish the objectives of the organization. It is the specialized function directly associated with the top management while Kinney and Gecily (2013) define financial Management as planning, organizing, directing and controlling the financial activities such as procurement and utilization of funds of the enterprise. It means applying general management principles to financial resources of the enterprise. With regard to the importance of financial school management, it would be relevant to quote Paisey (2000), when he stresses that all kinds of information in the school system, none is more important than financial information since all the activities of the school and its ultimate performance rely on soundly managed finances. In essence what is being

implied is that even though a school may have sufficient financial resources, if not managed efficiently it may result into the lack of attaining its intended goals and objectives.

The first function of financial management is to act as an estimation of capital requirement, *Principals' Handbook* (2015) highlights that a principal has to make estimation with regards to capital requirements of the school. This will depend upon expected number of students to come, amount of fees to be paid and projects to be carried out. Estimations have to be made in an adequate manner and in good time by well experienced personnel.

Secondly, is estimation of capital composition, Wango (2013) mentioned that once the estimation has been made, the capital structure has to be decided. This involves short- term and long- term debt equity analysis. This will depend upon the proportion of equity capital a school is possessing and additional funds which have to be raised from other sources like donations.

Thirdly, as a choice of sources of funds, Mbiti (2007) says that for additional funds to be obtained, a school has many choices like- Issue of renting land, houses, school bus, loans to be taken from banks and financial institutions and Public deposits to be drawn in form of bonds. Choice of factor will depend on relative merits and demerits of each source and period of financing.

Fourthly, as investment of funds, *Principals' Handbook* (2015) mentions that the principal and finance manager have to decide to allocate funds into profitable ventures like fix deposit so that there is safety on investment and regular returns is possible. In addition, as a disposal of surplus, the decision should be made before hand. This can be done in two ways: first, by dividend declaration, this includes identifying the rate of dividends in the bank and other benefits like bonus if any;

Second, by retained profits - The volume has to be decided which will depend upon expansion, innovational, diversification plans of the school like having poultry management, dairy farming, fish farming and the like (Okumbe, 2007).

Furthermore, to act as managers of cash, principal and finance manager have to make decisions with regards to cash management. AGA, CPAGA (2008) states that cash is required for many purposes like payment of wages and salaries, payment of electricity and water bills, payment to creditors, meeting current liabilities, maintenance of buildings, purchase of raw materials like books, writing materials, papers and so on.

Sixth function, a principal and the finance manager need not only to plan, procure and utilize the funds but also have to exercise control over finances. This can be done through many techniques like ratio analysis, financial forecasting, following budget and adhering to right procedures in financial management as in signing of cheques (AAA, 2013)

Finally, financial decision making is yet another important function which a principal must perform. It is important to make wise decisions about when, where and how a school should acquire funds. Mbiti (2007) emphasizes that funds can be acquired through many ways and channels. Broadly speaking a correct ratio of an income and debt has to be maintained. According to Harrison (2014), school tends to benefit most when the market price has maintained or reduced. In this scenario, the liquidity of school maximizes this not only is a sign of good finance strength for a school but also maximizes collected wealth. On the other hand, the use of debt affects the risk and return of students. It is more risky on assuming whether students will come or not though it may increase the return on needed funds (Stuart, 2006).

A sound financial structure is said to be one which aims at maximizing students return with minimum risk. Stuart (2006) writes that in such a scenario the market value of the school will be maximized and hence an optimum capital structure would be achieved. Apart from these, there are other tools which are used in deciding a schools capital structure.

In Europe, the studies conducted by the European Commission/ACE Eurydice (2014), reveals that the educational sector set itself 2015 a benchmark to reduce the European rate of Finance management by training in the social and economic development. Lisbon Strategy (2000) clearly acknowledges the crucial role of education and training in the social and economic development of Europe. Over the last decade, the link between European countries' ability to invest in human capital through education and training systems, and their capacity to promote high levels of sustainable and knowledge-based growth, as well as social cohesion, has been repeatedly emphasized in several important EU policy documents. For instance, the Council Resolution on education and training as a key driver (Hough, 2013). Lisbon Strategy (2000) highlighted the contribution of education and training as promoting employment, competitiveness and innovation fostering, social cohesion, active citizenship and personal fulfillment.

Council Reduction on Education (2014), explained that financial and economic crisis of 2008 gave a renewed stimulus to policy actions and initiatives related to education funding, and more particularly those promoting efficiency. Because of the crisis, public services in Europe faced significant challenges and were put under great pressure. As a result, education department argued that education budgets were to be reduced in many European countries, and mostly in those with a large deficit of public interest. With these conditions, the need to do more with less

was emphasized more than ever before. These financial circumstances in Europe are regarded as a stage on which to reflect on how to build more efficient and sustainable funding systems for education. The European Commission's Communication explains that investing in skills for better socio-economic outcomes clearly shows the double challenge faced by European countries. Firstly to consider the investment in the education and training sector as it is a key to increasing productivity and economic growth. Secondly to find more efficient ways of looking for financial resources which might help in structural reforms in particular education systems, system like 8:4:4; 7:6:3 and so on (Rethinking Education, 2013).

In the context of Europe 2020, investment in education is a key priority to the European Union's (EU's) growth strategy for the current decade. The EACEA/Eurydice (2014) continues by adding that this notably requires policy actions and initiatives from public authorities, and particularly those in charge of education. The challenge is in framing and adopting smart investment policies to support the development of human capital to promote economic growth, and foster social inclusion by good financial management skills.

In Britain, head teachers hold regular meetings with the budget adviser to discuss the budget and make any necessary adjustments if necessary and obtain an approval for any budget from the school governing body (Lopez, 2007). The governing school body also recommends school audit, inspection and implementation to take place as advised by the body. Mc Beath (2006) says that the school governing body also has some duties like to make sure that all the maintenance of accurate and current inventories of all attractive and portable items are properly registered in the assets register, to ensure the adequacy of the schools insurance arrangements as part of the annual financial review, to implement school pay policy and appointment

procedures, to plan for effective monitoring procedures, for evaluating and reviewing of the plan to secure the progress is linked to the current budget, Daun (2005) continues the duties as to improve in thinking creatively and imaginatively to anticipate and solve problems and identify opportunities that can improve management skills furthermore. Bush (2009) states that it is also to ensure that resourcing and staffing are dedicated to the highest standards of achievement for all pupils, to improve skills of audit, to set appropriate priorities for expenditure, allocate funds and ensure effective administrative control, to manage and organize accommodation efficiently and effectively to ensure it meets the need of the pupils. Mbiti (2007), among others, argue that the curriculum, health and safety regulations, to manage, monitor and review the range, quality, quantity and usage of all available resources in order to improve pupils' achievements, ensure efficiency and secure value for money. This will be the greatest financial decision from the authorities.

In America, Hough (2000) states that financial management is viewed as involvement in dealing with problems relating to receiving the maximum revenue availability to the school district, safeguarding all financial resources and controlling expenditures and financial commitments throughout the fiscal period as directed and adopted by the board of education. School business administrators are employees of the school district who, therefore, are primarily responsible for operating the school system within its financial resources as directed by policies of the education. Mbiti (2007) adds that the education act empowers school committee to collect and account for any funds raised for the purpose of running school under their jurisdiction. Furthermore, Okumbe (2007) suggests that the management of school finances is involved with the twin issue of how school authorities collect money and how they account for the money collected.

American Federal Student Handbook (2013-14) states that a school's financial management system and the school's accounting system must provide effective control over and accountability for all funds received from the U.S. This is done by the Department of Education's (ED's) Grant Administration and Payment System and an FSA fiscal management system to include in the following procedures for requesting funds from Education Department. De Grauwe (2000) adds that firstly it is by disbursing funds to eligible students and parents; secondly by accounting for funds and financial activities; then by keeping accurate and audible records including providing the clear audit trail required by cash management regulations. Furthermore, eligible student should meet the documentation requirements of the individual school program regulations, then by managing cash and more than that, by ensuring proper filing of timely applications. Finally, the use of financial decision at school is for enabling timely, internal and external financial reporting to the higher organization.

More than that is to make sure that a minimum, school's financial management system including its accounting system must provide accurate, current, and complete disclosure of the financial condition of each aided program or project sponsored by education department. The records should adequately identify the source and that application does not offend sponsored activities and contains information on institutional awards, accreditations, obligations, unobligated balances, assets, income, liabilities, revenues, expenditures, cash disbursements, and government license (Daun & Siminou, 2005).

In India, Skorton (2013) notes that the Ministry of Education, Culture, Sports, Science and Technology sets curriculum policies, establishes national standards, sets teacher and administrator pay scales and creates supervisory organizations and allocates funding to prefectural and municipal authorities for schools. The Local



governments are responsible for the supervision of schools, special programs, school budgets and hiring personnel. Rezvi (2009) adds on how the finances are to be managed. Schools are evaluated and inspected by municipal and prefectural board of education supervisors, who are expected to provide external guidance on finance management, curriculum and teaching. Rezvi (2009) further explains that these board of education supervisors are former auditors, teachers and administrators. As of 2009, teachers are also required to renew their education personnel certificates every 10 years, after undergoing professional development to ensure that their skills and knowledge are up to date and accepted in this technology era. Altabach (2013) argues that this new system ensures ongoing professional development, and also provides schools with the ability to remove teachers who are not willing to upgrade or renew their certifications and heads who cannot be accountable on school finances, Skorton (2013) adds that heads who cannot be accountable must stop the profession or be interrogated in the court of law.

Kemp (2015) says that in Japan, the role of school leaders has changed over the past decade, with more school autonomy and higher demands for accountability. Paisey (2012) show that schools in Japan have less autonomy in resource allocation than other OECD countries, but the highest level of autonomy is in curriculum and assessment. Japanese school principals scored below the OECD average in the index of instructional leadership. In Japan, Lavakare (2015) notes that teachers need to take an examination for them to practice school leadership in public schools. This selection process is conducted by prefectural boards of education. In TALIS (2013) Japanese school leaders reported spending about 25% of their working time on curriculum and teaching-related tasks and meetings (above the average of 21%).

Agawal (2012) reveals that the central government, local boards of education and schools conduct evaluation and assessment. In addition, prefectures, municipalities and schools have autonomy to implement evaluations and assessments. Overall, student assessments are used less than in other OECD countries to monitor schools progress from year to year, but more than the OECD average to make decisions about student promotion and teacher effectiveness.

Evaluation Act (2015) states that system of evaluations are carried out by the boards of education of each local government. According to the Act on the Organization and Operation of Local Education, the boards of education should evaluate provision of education services in their jurisdiction every year, reporting the results to their assembly and publishing them. The national government and local governments formulate their education promotion plans every five years, covering basic principles and other requirements set out in the revised Basic Act on Education (2006). These education promotion plans are used to evaluate their policies. MEXT evaluates its policies based on the Government Policy Evaluation Act.

Hansraj (2007), in his research, argues that in South Africa education system has changed hence financial matters of the schools are handled differently from apartheid era and democratic South Africa. He further notes that Schools that operated in the apartheid era were governed by the Principal's Handbook, which was a 'top-down' approach. Chapter F in the Principals Handbook clearly stipulates how the financial matters of the school had to be handled. There were clearly stipulated stringent financial control measures, for example the Natal Education Department used a 'Uniform Accounting System. Naido (2006) describes that this system provided for the following vital factors firstly, is to facilitate checking and control measures. Secondly, is to avoid problems caused by changes in the system like

consequences upon change of staffs. Thirdly, is to ensure that staff on transfer encounters a system with which they are already familiar with, thereby saving time and increasing efficiency then, a basis for future training of staff (Natal Education Department 1980: 1).

According to Naidoo (2006), “this centralized, bureaucratic form of management was appropriate where the tasks to be performed were relatively uniform in nature and stable over time. The Handbook therefore provided principals with strict rules and procedure on how to manage school finances, but this style was autocratic and reflected apartheid principles and practices. The requirements and needs of individual schools and the context in which the schools’ finances were managed were not considered. It was assumed that the finance officer was fully conversant with all financial matters.”South African Schools Bill 1996 effectively extended most of the financing and governance provisions and powers belonging to these schools to all schools. For example, Section 38 (1) of the South African Schools Act requires the school board of governors to prepare a budget each year, showing the estimated income and expenditure of the school for the following year. This disagrees with Mbiti (2007) when he argues that the annual budget preparation is the mandatory of the school principal and is approved by the school governing body. The South Africa Bill of 1996 emphasizes that further duties of school governing body include the following: policy issues such as adopting a constitution, drafting a mission statement, drawing up policies such as an admission policy and financial policy. The governing body is given full responsibility of managing the finances of the school such as establishing a school fund, collecting and administering school fees, keeping the financial records, appointing an accountant and supplementing the school's resources.

Bush (2009) adds that from a management point of view, the most important management implication of this movement towards greater autonomy for schools is the increase in the managerial autonomy of governing bodies at school level. This means that schools currently have greater financial and managerial responsibilities in respect of physical facilities, staff, learners and the community than in the past.

Okumbe (2007) argues that in this way the principal, together with the governing body of the school, accepts the responsibility for ensuring that the school finances are administered correctly. This aspect of financial public schools highlights the principal's role in managing the finances of the school in effective and efficient manner.

KEMI (2014) says that financial management in Kenya's public secondary schools is a very sensitive managerial role, since a lot of tax payers' money is invested in education. Each of them, therefore, would like to see prudent management of such funds so that the intended goals of education and institutional objectives are achieved optimally. KEMI (2013), during capacity building of education managers towards achieving of education for all, emphasized that this is not the case because the school managers who are entrusted with these funds are always faced with many challenges. So much has been said by the public on poor management of financial resources in schools which mainly lead to having school facilities being run down. During the same seminar, the leadership professional development through integrity and financial accountability in order to curb down fraudulent practices in school was the core centre of discussion bearing in mind that; the aim of education in Kenya is national development. In an effort to enhance accessibility, equity and retention after FPE initiative of 2003, FSE was introduced by the government in 2008. The government and other education stakeholders have continued to give their support for the

realization of FSE initiative. However, the 95% transition rate from primary to secondary school has not been achieved according to reports by MOEST (2012) gross enrolment rates have been 60.19% in 2009 and 90% in 2012. Wangithunu, Muthee and Thinguri (2014) narrates that the way these programs are implemented may differ greatly across schools depending on the government expectations, students' needs and how the managers carry out the program implementation. A manager's role of management may be affected by a variety of factors among them the school size, the district size and geographical location: rural or urban, social-class background of the children attending the school. Bush (2007) states that the planning of funds available, financial reports and financial controls are significant factors towards effective implementation.

The government of the republic of Kenya established the Kenya Education staff institute to offer in-service training for the heads of educational institutions including head teachers of secondary schools (Republic of Kenya, 2013). In the 2005 Education sector report, the MOEST, one of its objectives was to enhance, equity and quality in primary and secondary education through capacity building for 45,000 education managers by 2015 (Republic of Kenya, 2005). It is worth noting that because of free education, it has led to rapid expansion of education and has further led to the appointment of heads that have little experience to fit completely into the work they are required to do and this is a major cause of ineffective leadership in secondary schools.

A survey research done by Mobegi, Ondigi and Simatwa (2012) established that weak accounting control mechanisms were major factors contributing to financial mismanagement and misappropriation in schools. Bursars and accounts clerks were mostly unqualified, therefore, were unable to prepare books of accounts. Head

teachers were not in a position of identifying wrong entries and anomalies in financial records if done by the bursars/accounts clerks.

### **.The Financial Management Theory and Practice**

*Webster dictionary* defines a theory as coherent statement or set of ideas that explain observed facts or phenomena or set out laws and principles of something known or observed, a hypothesis confirmed by observation or experiment. While as Chapman (2002) explains that a practice is defined as a habitual or customary performance or operation of an office routine. It is also important to consider what is meant by financial management. Harrison (2014) argues that the term financial management is widely used in business circles for many years but which has been recently applied to education. Financial management can be defined as that which assists in achieving the overall goals and objectives of the firm through the provision of finance control, evaluation, and investigation for investment opportunities to the business (Northern Ireland Assembly, 2010).

UNESCO presentations (2013), states that financial management in education sector relates to a task concerned with planning and controlling what the institution has and what education services has. In broad terms, it is the acquisition and allocation of finances and real resources with using budget to plan and control the development of the real resources. In this regard, the principal does not need qualification in accountancy but rather to apply common sense in the few key techniques and approaches. Lopez,(2007) defines educational financial management as involvement in dealing with a problem relating to receiving the maximum revenue safeguarding, controlling expenditure available to school throughout the fiscal period as directed by budget adopted by school board. SDA Church Policy (2015) states that the General Conference of the Seventh-day Adventist in her session of 2000 discussed

the education reform act for schools and colleges. They agreed that each institution being given a responsibility for and control over its own budget and staffing, and having to ensure that its budget is balanced each year. That makes financial management a main responsibility of the principal. This is as a part of measure of decentralization of the financial management over education resources in Adventist world.

### **Financial Management Principles**

Bush (2009) describes the term principle as that which is a basic belief, theory or rule that has a major influence on the way in which something is done. Quality management principles are a set of fundamental beliefs, norms, rules and values that are accepted as true and can be used as a basic for quality management. Okumbe (2007) argues that there are seven quality management principles. These are: customer focus, leadership, engagement of people, process approach, improvement, evidence-based decision making and relationship management.

Harrison (2014) says that a focus on customer sustained success is achieved when an organization attracts and retains the confidence of customers and other interested parties. Every aspect of customer interaction provides an opportunity to create more value for the customer. Understanding current and future needs of customers and other interested parties contributes to sustained success of the organization. The benefits are to increased customer value and satisfaction, to improved customer loyalty, to enhanced reputation of the organization, expanded customer base and increased revenue and market share.

The second management principle is leadership, Leaders at all levels establish unity of purpose and direction and create conditions in which people are engaged in achieving the organization's quality objectives. De Grauwe (2007) adds that this also

create a unity of purpose, direction and engagement of people enable an organization to align its strategies, policies, processes and resources to achieve its objectives. The benefits are: increased effectiveness and efficiency in meeting the organization's quality objectives, to have better coordination of the organization's processes, improved communication between and functions of the organization lastly, the development and improvement of the capability of the organization and its people to deliver desired results.

The third management principle is the engagement of people. Mc Beath (2006) states that to manage an organization effectively and efficiently, it is important to involve all people at all levels and to respect them as individuals. Furthermore, Bush (2009) adds that: recognition, empowerment and enhancement of competence facilitate the engagement of people in achieving the organization's quality set objectives. To this, the advantages will be: Firstly, to improve understanding of the organization's quality objectives by people in the organization and increased motivation then secondly, there will be an enhanced involvement of people and improvement of activities, enhanced personal development, initiatives and creativity, thirdly, it improves peoples' satisfaction, trust and collaboration throughout the organization and increases attention to shared values and culture throughout the organization.

The fourth management principle is process approach. The quality management system consists of interrelated processes. Bush (2009) further argues that understanding how results are produced by this system enables an organization to optimize the system and its performance. To this the advantages are: first, enhanced ability to focus effort on key processes and opportunities for improvement second



inconsistent and predictable outcomes through a system of aligned processes third is optimized performance through effective process management.

The fifth management principle is to improve efficient use of resources, and reduced cross-functional barriers and enabling the organization to provide confidence to interested parties as to its consistency, effectiveness and efficiency. Ehren (2006) during inspection of schools he added that the improvement is essential for a school to maintain current levels of performance or better still to improve the performance of all the schools and to react to changes in its internal and external conditions and to create new opportunities. The benefits of this are as follows: to improve the process performance, school capabilities and learners satisfaction, more than that it enhances the focus on root-cause investigation and determination, followed by prevention and corrective actions, it also enhances the ability to anticipate and react to internal and external risks and opportunities. Lastly, it enhances consideration of both incremental and breakthrough improvement. The improvement is used as learning for improving and enhancing the drive for innovation.

Coming to the sixth management principle is evidence-based decision. The evidence based decisions focus on the analysis and evaluation of data and information which are likely to increase the production of desired results. Furthermore, decision making is a complex process, as it always involves some uncertainty. Okumbe (2007) emphasizes that decision making often involves multiple types and sources of inputs. Mbiti (2007) observes that in any organization the workers are categorized according to their attitude towards work. As such their interpretation should be considered which can be subjective. It is also important to understand cause-and-effect relationships and potential unintended consequences. Facts, evidence and data analysis, as Armstrong (2003) states that it leads to greater objectivity and confidence

in decision making. As such, it will serve as improved decision-making processes, assessment of process performance, ability to achieve objectives plus improved operational effectiveness and efficiency, increased ability to review, challenge and change opinions and decisions in increased ability to demonstrate the effectiveness of past decisions.

The last management principle is the relationship management. Daun (2005) posits an idea of the relationship management to sustain success; the school should manage its relationships with learners and community because they are the customers of an institution. It is the students and community that influence the performance of that school. Sustained success is more likely to be achieved when the school manages and sustains good relationships with a lot of its learners to maximize their impact on its performance. The relationship management with its learners and Parent Teachers Association (PTA) and the whole community network is of a particular importance. This will act as an enhanced performance of the school and its interested parties (learners) through responding to the opportunities and constraints related to each interested party and there will be a common understanding of goals, values and objectives among interested parties to increase the capability and create value for the interested parties by being open in sharing problems, competence and managing quality-related risks and a well-managed channels of communication that provides a stable flow of understanding. Mbiti (2007) states that community (parents and guardians) should be informed of important events and activities taking place at a school through their children, phone calls, emails or any other means. Parents can be communicated to these events: dates when the school will open, close and parents' day. This strengthens the relationship and oneness.

## **Financial Management Systems**

*Webster* dictionary (2010) defines financial management system as the methodology and software that an organization uses to oversee and govern its income, expenses, and assets with the objectives of maximizing profits and ensuring sustainability. Knock & Eubank (2009) claim that an effective financial management system improves short- and long-term business performance by streamlining, invoicing and bill collection, eliminating accounting errors, minimizing record-keeping redundancy, ensuring compliance with tax and accounting regulations, helping personnel to quantify budget planning, and offering flexibility and expandability to accommodate change and growth. The Canadian Government (2009), in the catalogue number 68F0023X, stated that the significant features of a good financial management system are identified by its functions which include: first, the keeping of all payments and receivables transparent. Secondly, is amortizing prepaid expenses. Thirdly, is depreciating assets according to accepted schedules. Fourthly, is keeping track of liabilities coordinating income statements. The fifth is expense statements and balance sheets. Furthermore, is the balancing of multiple bank accounts then ensuring data integrity and security in keeping all records up to date plus maintaining a complete and accurate audit. Finally, is to minimize overall paperwork.

AGA, CPAGA (2008) in their research series encouraged that school's financial management system and the school's accounting system must provide effective control over and accountability for all funds received from the U.S. Department of Education's (ED's) Grant Administration and Payment System (G5). They further advised that an FSA fiscal management system including procedures for: requesting funds from Department of Education, disbursing to make sure that the

funds are given to eligible students and parents who will use it according to the intended purpose according to funds and financial required by cash management regulations, meeting the required documentation of the individual program regulations, to manage cash by ensuring timely and proper filling of an application form and adhering to timely internal and external financial reporting to the organization. The Canadian Government (2014) in the Consolidated Federal, Provincial, territorial and their local government revenue and expenditure emphasized that a school's financial management system including its accounting system must provide accurate, current, and complete transparent and accountability of the financial condition of each federal aid program or project sponsored by Educational Department and that should have records that clearly identify the source and application of funds for sponsored activities and contain accurate needed information on institutional awards, authorizations, obligations, unobligated balances, assets, income, liabilities, revenues, expenditures, and cash disbursement according to stipulated rules and regulations.

Statistics Canada Public Institute Division (2009) defines Financial Management System (FMS) as an analytical framework designed to produce statistical series which are both consistent and compatible. Australian Government (2009) encouraged different governments to employ the same financial management system conventions in accounting so as to cooperate the support same reporting strategy. Different governments report differently. Some report on a cash basis, others use the accrual approach, and others use a combination of both approaches. Therefore, the adjustments may bring data produced under these various conventions to a common basis, though complete conversion to a single accounting base for all

governments is not possible. Therefore, the Financial Management Systems should accept the accounting conventions used by individual governments.

Here are some examples of financial management systems used in different institutions.

### **Financial Management Skills**

It is a principal's responsibility to account for the school's revenue and how it is spent (Okumbe, 2007). Most schools manage their finances using accounting systems that are able to generate and compare required reports such as cash flow statement quickly and correctly. Account keeping involves storing data so that it can easily generate reports and allow for future reference. Some principals do some aspects of record-keeping themselves; however, most schools employ professional accountants, as they are more conversant with accounting issues, and to avoid any impression of financial wrongdoing

### **Accounting**

Governmental accounting systems should be organized and operated on a fund basis. *Webster* dictionary (2010) defines fund as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Hough (2000) describes school accounting as recording and reporting activities and events affecting personnel, facilities, materials or money of administrative unit and its programs. Specifically, it is concerned with determining what accounting records are to be maintained, how they are maintained and the procedures, methods and forms to be used, recording, classifying and summarizing

activities or events, analyzing and interpreting recorded data, preparing and issuing reports and statements which will reflect conditions as of a given data, the result of operations for a specific period and the evaluation of status and results of operations in terms of established objectives.

The above definition makes clear that first of all, accounting relates to both operations input (money, material) and school teaching programs. Secondly, accounting encompasses recording, classifying, analyzing and interpreting data. Thirdly, conditions are reported as at a given data. Lastly, result of operations is evaluated in relation to known objectives.

The Ministry of Education Science and Technology (2012) in Malawi specified the objectives of school accounting as:

- (a) Maintaining an accurate record of significant details in the business transactions of the school system.
- (b) Providing a basic and medium for planning and decision making of both policy making and administrative bodies at all levels.
- (c) Providing control system to ensure that appropriate use of resources in the education enterprise.
- (d) Explicitly set the process of setting priorities, establishing, analyzing and selecting alternatives in budgeting process and establishing an operational blueprint for the school system.
- (e) Providing a medium for reporting the financial condition of the school system to the patrons of the school as well as to other groups and agencies at all levels. This is done for purpose of planning and policy making, accountability control and cooperative study.

(f) Providing basic input information to calculate and extend sub-budgets, tax levies, or transfer payments. Education accounts are normally kept using the principles of double entry book-keeping. Mbiti (2007) adds that as is the case with accounts kept by most other organizations. The term double entry refers to the fact that each transaction is recorded twice, because each transaction involves at least two accounts.

ANECA (2007) states that in the olden days when entering school account each entry was supposed to be recorded first in a journal, which is a diary of recorded financial transactions like cash receipt journal, cash payment journal. Nowadays, they are directly posted or entered in the computer, which keeps it safe separated from assets (cash at Bank Account, account Receivables Control Account) and liabilities (Account Payment Control) the ongoing balance between assets and liabilities being shown in the communicated fund account. Other ledger accounts include revenue accounts, such as fees (revenue) account and expenditure account.

Tampa (2015) explains that each ledger account has a debit and credit column, debit on the left, credit on the right. Debit and credit columns are used to show increase or decrease in accounts. Whereas asset accounts are increased by debits and decreased by credits, liability accounts are increased by credits and decreased by debits, the accumulated fund account is increased by credits and decreased by debits.

Wolk, Dodo and Rozycki (2008) argue that any credit in one account must offset by a debit in another, hence the double entry principle. Reference column are used in both journal and ledger accounts to show the source of entries and to indicate whether or not the journal entries have been transferred or posted to the ledger accounts. The ledger account number is shown in the reference column of the journal, and in, the ledger account the page number of the journal is recorded.

In conclusion, schools now increasingly utilize fund accounting. A fund is a self balancing set of accounts that includes resources and liabilities, reserves and related bonds or other government stock. The need for separated funds stem from the desired monitor use of selected revenue sources. Within an educational authority multiple funds may be in operation and the budgeting process must indicate which part of each program or activity is to be financed from each separate fund or revenue and expenditure budgeting for each fund. The purpose of fund accounting is to ensure that the funds are used only for the intended purpose.

## **Budgeting**

Wango (2013) describes the budget as the master of the institution or education or authority, pulling together, in the same of making resources available for the various aims, purpose and activities determined elsewhere. He continues by saying that the budget is the financial plan that sets out in advance, monetary requirements for a period of time. Thus a budget essentially substitutes planning for chance in financing education Institutional. It is important to prepare a budget as it is a good financial practice means managing money and money processes so the budget is aligned with the school's strategic plan. Budgeting is an important process that allows for some delegation of financial tasks and responsibility in larger schools. It should also be noted that preparing a budget is one duty of the school principal, a record of projected revenue and expenditure. Every school has a unique way of making and administering its budget. The budget is vital, because it helps to ensure that the school achieves its goals, establishes a control system and motivates employees to work harder. The budget should also define time periods within objectives should be met.



KEMI (2013) during the meeting of capacity building of education managers towards achievement of education for all goals described three process of budgeting and these are:

- (1) Preparation of budget or pending plan. This is done before school opens.
- (2) Adoption and administration of the budget. This is done during school board meeting.
- (3) Evaluation of budget result. This is done in the midyear or at the yearend meetings.

A budget can be defined as a quantitative economic road map in respect of a period of time usually one year in respect of school calendar. Budget has different uses; these uses of budget are highlighted in the Republic of Kenya (2012) in the budget statement for fiscal year 2012 to 2013. Some of the functions or uses of a budget are:

1. **Mapping:** A budget is used to give the financial road map to be travelled in achieving the school goals and objectives. It details how all the finances will be used, and therefore can act as a check and balance on the overall achievement of the school considering goals and objectives.
2. **Controlling:** The budget is a controller as it directs what to do and with how much. It also helps in the achievement of objectives by acting as a plan control skeleton over the steps to be taken over a period of time.
3. **Coordinating:** By spelling out the connections of the school i.e. departments of the school's plan, the budget can help to co-ordinate the plans and activities.
4. **Communicating:** During the school board meetings the budget is presented by the principal and this therefore, acts as a means of management communication to inform board members. After the budget is approved by the school governing

board, it is taken to members of staff and then to the wider public communicating to them on what the organization will be doing.

5. **Instructing:** A budget also acts as a form of an official directive to an organization. This is true because the organization will obey the budget since it lays out the requirements of the school – it may therefore be regarded as a managerial directive to be followed.
6. **Authorizing:** A budget is an instruction to be followed because it assumes its powers from the governing board. It authorizes actions to take place within the specified limits and time. In this respect, the budget performs an authorizing function as empowered.
7. **Motivating:** A budget is a motivational tool as it encourages managers to do the school developments within specified limits.
8. **Performance measurement:** A budget is a framework within which activities are to take place. A principal cannot act outside budget hence it acts as a performance measurement.
- 9 **decision-making:** Before drafting a budget, teachers, the principal and administration brain storm on activities to take place at school. For the budget to be produced it means almost the whole school has decided on what, how, when and who is to do the activity.

Different budgeting methodologies allow the budget to perform these roles in different ways and to differing extents. For example, Oplateka (2004) states that the planning programming approaches can be clearly seen that it forces the decision-making function. But one of the criticisms of the incremental approach is that it does not allow a full consideration of the future proposed changes to take place as it is a

more backward-looking method and only adds a little on the activities. Therefore it can be argued that incremental budgeting does not support much decision making.

### **Challenges Faced by Principals**

According to research carried out by Magak (2013) head teachers are exposed to many challenges in financial management as the existing preparation measures and support for head teachers in financial management are basically weak and do not sufficiently prepare potential head teachers for responsibilities in financial management. Irungu (2002) states that some of these challenges that head teachers of secondary schools face are brought about by the means of which principals are recruited, appointed and trained which do not prepare them to become effective managers. The above idea is supported by MOEST (2014) in his research where he suggested that Teacher Training Colleges and Universities should include financial management course in their curriculum. The dominant tradition for identification and appointment of secondary school head teachers has been based on good classroom teaching, active participation in co-curriculum activities and teaching experience which has resulted into ineffective leadership and subsequently a number of challenges in management of secondary schools (Komotho, 2008: Republic of Kenya, 2013). Their ill preparedness for managerial duties prior to their appointments have made secondary school head teachers vulnerable to making blunders which sponsors capitalize on to demand for their removal ( Kemp, 2015).

For proper management of resources to achieve the educational objective in public schools, Okumbe (2007) states that, education managers must draw a budget to establish priorities of the school. Furthermore, Mito and Simatuwa (2012) are of the opinion that head teachers exhibit inadequate performance in financial management. They lack sufficient skills in budget preparation and administration. Although

principals' attitude is that they should provide services regardless of costs many are not well versed with accounting procedures.

There are some challenges of financial management, for example, technology is a challenge; education is a major concern of human society. Knight (2007), states that education transcends the mere question of knowledge and skills hence a development of an individual who is transformed with the ability to understand and manipulate this world. There are many examples of effective use of technology across the curriculum in a variety of educational settings from early childhood education to higher education (Cox and Abbot, 2004).

Hammond (2007) carried out research on secondary school principals and found out that school leaders take up management positions without formal training in leadership and other aspects including financial management. The researcher recommended that school leaders needed a comprehensive training in school administration, planning and financial management in record keeping, management of cash flows, and management of debtors, management of creditors, human resource management and development of curriculum matters. This is so because the jobs of school leaders have changed dramatically and thus pre-service training of such leaders has remained inadequate for effective delivery of their service and therefore in service training is the way to go for better financial performance in public secondary schools. The above idea of leadership change of duties was also noted in South Africa in the study carried by Hansraj (2007), he argues that during the apartheid era principals had different duties as compared today's duties.

Malawi's Ministry Education Handbook (2013) states that the policy shifted from fee paying to free education for the basic education level of schooling adopted in order to increase access to education in 1994 is not a strange phenomenon in countries

of the developing world including Malawi. Due to this policy shift, however, schools have lost income which was brought by the students in form of school fees, relying solely on central government for provision of teaching and learning resources. With practice showing that central government provision may not necessarily be efficient. There has been an equally growing trend for these countries to provide grants straight to schools so that they buy some of the much needed resources on their own. Hammond (2007), states that the provision of school grants, albeit in various forms, is currently common practice in many African countries that adopted the fee free policy. Literature shows that the introduction of school grants has not spared Asian countries which have adopted decentralized financial policies similar to those of African countries (UNESCO, 2013).

Malawi Government (2013), explained that the time when the Malawi government was grappling with the challenges emanating from the increased enrolment due to the introduction of FPE, a national decentralization policy was approved in 1998, the purpose of which was to facilitate grassroots participation in decision making processes for all public sectors including education. Specifically, the national decentralization policy was approved with a view to (Government of Malawi, 2000), create a democratic environment and institutions in the country for governance and development at the local level which facilitate participation of the grassroots in decision making, eliminate multiplicity in administration and mobilize the masses for socio-economic development at the local level.

The MOEST (2013) continues to state that in the education sector, decentralization policy strengthened grassroots participation through creation of School Management Committees (SMC) and Parents Teacher Associations (PTA) which would take part in the management of the schools (Government of Malawi,

2004). Within the decentralized environment therefore, DSS was meant to serve two purposes: support the purchase of teaching and learning materials and small scale school maintenance; and that of strengthening grassroots participation in school management. Okumbe (2007) stated that it is important for grass roots participation as the school head teacher shall: prepare and approve the school budget, execute the budget according to current procedures and instructions to manage the school property, promote income generating activities and promptly transmit required reports.

In 2003 the Ministry of Education inspected the secondary schools to assess the impact of Secondary Education Methods Advisor (SEMA) as school-based management training, it was ascertained that most of the ideas learnt were not being implemented in school (Northern Education Division, 2003). Head teachers who were not invited to the training refused any new ideas. In 2004 the African Development Bank (ADB) funded the School Management Improvement Program. The program was earmarked to train 600 senior staff using the SEP Modules, the same module previously used by the World Bank. In place was also the school management training for conventional secondary schools under Education Sector Support Program (ESSUP) funded by the World Bank. According to the paper presented by the MIE (2014) narrated the purpose that the training was to strengthen management skills. Both programs were similar to the one developed and funded by the Department of International Development (DFID). Although the DFID programs were unsuccessful one, the World Bank and the African Development Bank insisted on replicating the failed DFID model with the intent to extend it to Teacher Training Colleges, public and private universities. No source from the Ministry of Education in Malawi could confirm that these programs were still in existence. Mhango (2009) argues that in

Malawi most appointed head teachers do not receive training. The complexity of school leadership in Malawi where head teachers have to deal with a range of issues including poverty, HIV and AIDS, paucity of teaching and learning resources, poorly trained teachers, overcrowding, limited infrastructure suggests that head teachers preparation cannot be haphazard (Wamba & Mwalughali, 2013; Onguko, Abdalla, & Webber, 2012) or left to chance.

Government of Malawi (2000) states that a school principal is the highest administrator in an elementary school, middle school or high school as such he/she is in charge of the overall operation of the school. In the 20th century schools underwent substantial growth, which led to the necessity of having principals. Principals initially worked as school managers, but with time their duties have multiplied. Nowadays, among their major roles are leading school reform and defining educational objectives and goals.

Lopez (2007) explains that apart from being overall in charge a principal is also supposed to fundraise. Fundraising is a method that communities use to support the growth of their schools, and the principal is often responsible for his school's fundraising activities. It is also his/her duty to ensure that the school uses the funds for the right purpose. Knock and Eubank (2009) recommend that before conducting a fundraising effort, a principal has to discuss the purpose with staff and students' parents. When a school decides to conduct a fundraising, the principal should consider the guidelines or regulations governing educational fundraising, if applicable, and comply with them.

Stonwell (2007) states that a principal should ensure teachers' salaries are in line with the levels set by the Department of Education and that staff comply with the employment terms of the department. Principals should be well conversant with the

terms and conditions of Service and a file of each teacher should be kept, in which any salary changes and job performance details are recorded. A principal's failure to comply with guidelines provided by the Department of Education is a serious offense and can lead to closure of a school and he/she may be dismissed.

The principal is also responsible for making sure that the level of staffing for the school does not exceed the levels confirmed by the amount of money that the school expects to have. According to Mhango (2009) writes that the principal is also responsible for teachers' salaries, the specific payments to teachers are correct in terms of their employment agreements. Each teacher should have an employment file where pay increases etc. are located and noted through a bring-up system. Banking staffing monitors the teachers' pay. It is important all principals fully understand how this works. Banking staffing gives boards some flexibility in timing the use of staffing entitlement. In a year, schools can choose to anticipate up to 10 per cent of their staffing entitlement, using it in advance or going into overdraft; save up staffing to use later in the year - under-using or banking.

Reporting on and reviewing school finances is another role of the principal. Brayner (2005) narrates that the monthly and annual reporting is a key part of keeping principals financial systems secure and successful. Before each board meeting financial service provider or executive officer should prepare a management report for the principal to use. This should include: income statement, balance sheet and notes associated with these reports. As a minimum the reports should include information to date, budget amount and percentage spent. A variance report showing obvious under draws and over draws is also recommended. In addition, bank reconciliation for all accounts the school uses should be reported.



The report should also include progress reports on any capital expenditure planned or underway (such as property or ICT purchases), a financial forecast to the end of the year, which could be a cash flow forecast, is also a good monitoring tool and can be obtained from your service provider and reported.

Before attending board meetings principal should be aware and comfortable in answering all of the following questions (NAD, 2015).

- (a) Has all income and expenditure been properly reported?
- (b) Are capital expenditure purchases reported separately from the regular financial reports?
- (c) Does the financial report provide a forecast for the end of year? Is the school on track to meet the budget?
- (d) If the forecast is indicating that the school is not on target to meet budget, what steps is the school taking to rectify the outcome?
- (e) Do I know what the status of banking staffing is – under- or over-used?
- (f) Are the board and I clear on the impact of banking staffing?
- (g) Do we have a clear understanding of the cost of both teaching and non-teaching staff that is being expensed to the operations grant?

Oplataka (2004) argues that before taking up a position at a new school as a principal, he/she must do the following: First, check the school's financial position. Checking financial position of the school helps you to be fully aware and ensure school resourcing decisions made. Secondly, check that financial reports are available from the school accounts office for the previous accounting year. Lastly, the principal should have financial self-checklists, which are as follows: one, do I know and understand the formal financial delegations put in place by our board. Two, do I

strongly know that the financial structures are in place with office staff, accountant, and service provider. Three, I know that there is monthly reporting for the board and so on. All financial reports are available how money is receipted, how cheques are drawn, where the cheque book is left at night, where the cash is kept overnight.

Five, I know and understand the internal financial controls and know that staff is applying them. An order book system is in place. Six, I know how to call in order books if spending gets out of hand. Seven, our financial filing systems are easy to follow. If I need to look up a payment, the process is straightforward. Lastly, another check list is financial timelines are adhered to the board meeting. Prior to meetings, I will have read and understood what our current financial position is.

Makoena (2013) in his research emphasized that another duty of the principal is to have and check the payroll. In doing this the principal should do the following:

- Fortnightly monitor the payroll system; keep a record of all staff, pay rates, annual leave balances, sick leave balances, and pay increment dates.
- Ensure that staff is paid from the operational grant and is paid as per budgets.
- Have annual review hours of staff paid from the operational grant. A drop in the roll of 20 may mean a reduction in hours.
- Know how to read payroll and banking staffing reports. Remember, a banked staffing debt can be costly. Any debt will be repaid per rates set each year by the ministry. Debts can be costly for schools in ensuing years. Starting carefully with banking staffing is probably a sound idea.
- Ensure claims for relievers and so on are auctioned on a regular basis.
- Check that all people named on the annual summary report are on the school's payroll and that they are workers.

In Adventist Education, Knight (2007) says that it is believed that educational administration is a discipline within the study of education that examines the administrative theory and practice of education in general and educational institutions and educators in particular. The field ideally distinguishes itself from administration and management through its adherence to guiding principles of education considering the educational philosophy. White (1897) argues by saying that the principals in Adventist education need to know their duties to God, human kind, their teachers and the children they lead. She continues by saying that principal must be a good steward of Gods money. By this she is calling for best financial management performance in the Adventist schools by all principals.

With this understanding of philosophy of Adventist education, the duties of the principal on financial and school management according to North American Division NAD (2015), Principals' Handbook will be as follows: To review on an annual basis, areas of management that impact on the efficiency and/or effectiveness of school services. These may include, but are not limited to: Firstly the financial management, the enrolment policies, procedures and actual enrolments, followed by school calendar, then the issue on discipline policies and procedures (note that the final decision to expel a student must be the decision of the School Council) also on bus timetables, routes and efficiencies and finally on extra-curricular activities, for example, playgroups, entertainment hall and so on. Kibuuka (2010) and NAD (2015) agree that the principal is also responsible for receiving reports from the Registrar, Business Manager and implement financial management plan for the school system including elements such as:

- a) Changes that may impact on financial viability of schools.
- b) Monitoring of school finances system.

- c) Management of current or planned debt for the system.
- d) Targets for reserve funds.
- e) Monitoring of other sources of income, for example, donations, rentals from school facilities like a school hall, from sell of timber, sell of poultry and some imaginative funds.
- f) Implementing an annual audit, standards and benchmarks.
- g) Consider real and potential costs of education and impact on setting boarding and day school fees.
- h) Undertaking financial reviews as required. These may include, but are not limited to:
  - i) Approval of financial statements, annual audit reports from school and draft budget of the following year, based on schools' benchmarks.
  - j) Design applications for government grants for buildings or land.
  - k) Determining and monitoring debt levels for each school and implement strategies to improve financial management of a school.
  - l) Recognizing that all real estate, capital development, assets and intellectual property, is owned by the Seventh-day Adventist Church being held in trust by Malawi Union Conference, it is incumbent upon the school system to pay the usage fee as negotiated.
- m) Implementing and manage current or potential needs for capital works, upgraded facilities, or additional resources as recommend by the school board committee.
- n) Performing ceremonial and executive function that is to create a good public image of the organization and a duty to perform to the organization as expected.

The principal in a Christian institution need to be aware of the following: challenges of financial management, the management theory and practice, management principles and applications and financial management skills.

There are some challenges of financial management, firstly, technology is a challenge; education is a major concern of human society. Knight (2007), states that education transcends the mere question of knowledge and skills hence a development of an individual who is transformed with the ability to understand and manipulate this world. There are many examples of effective use of technology across the curriculum in a variety of educational settings from early childhood education to higher education (Cox and Abbot, 2014).

According to Webb (2005), technology has provided educators and students with affordances to support cognitive development, formative assessment, and new curricula that were mutually beneficial to all stakeholders. The principal ought to know technology as it has been the reason for much of the restructuring and redesigning that has taken place in the classroom to create an environment that promotes and encourages the development of higher order thinking skills and their evaluation (Hopson, Simms, and Knezek, 2002). Technological innovations have caused a paradigm shift in pedagogical practice away from direct instruction or teacher centered classrooms, where students rely heavily on their teacher for knowledge acquisition, information is passively absorbed through listening and viewing, and technology is used to reinforce skills through drill and practice. These traditional learning and teaching practices are being replaced with more students centered. Learning environments, where technology is used in a constructivist way, as a tool that facilitates student interaction through active engagement with the curricular

content. Technological innovation has also made it easy for accounting system as such principals need to be acquainted with these skills,

Higher order thinking skills, problem solving, and critical thinking are used to achieve learning objectives that students have set for themselves. In student centered classrooms the teacher's role is more of a facilitator, coach, or guide and technology is used to help students become more independent as they learn take more responsibility for their own learning.

The reform of pedagogical practice is an active choice by teachers to adopt new instructional strategies to teach curricular content. Technology may play a role as a catalyst by encouraging teachers to try new approaches, in this way it may be seen as a motivator or a tool to help teachers break away from traditional teaching practices. In order to affect some of the necessary changes it may be necessary for educators, more especially the school principals, to transform aspects of their current private theories about education which may prevent them from successfully integrating technology (Churchill, 2006).

Teacher openness to change has been identified as predictor of successful technology use in the classroom, facilitating greater content acquisition and impact on higher order thinking skills (Baylor & Ritchie, 2002). Research conducted in science classrooms in the United Kingdom showed that teachers were moving away from the more traditional forms of experiments in their classrooms and were exploring the use of technologies to engage in inquiry based, exploratory learning.

With the assistance of technology, the outcomes of experiments conducted in virtual environments, such as simulations could be immediately accessed, allowing students to receive immediate feedback in the classroom (Hennessy, Wishart, Rowlings and Stephen 2007). The introduction of new technology in the classroom

has been shown to accommodate student centered teaching practices more than direct instruction

E-learning has extended learning beyond the classroom and afforded educators with the opportunity of providing managed learning environments (MLEs) for their students. By using the educational systems in place along with technology tools and resources, students can seek educational alternatives to suit their individual circumstances (Mc Avinia & Oliver, 2004). In the United Kingdom, students required to travel overseas during critical educational periods have been able to continue with assignments by emailing them to instructors to meet deadlines and contribute to discussions and debates using message boards. Video-conferencing and e-mail has linked classrooms around the world together, allowing students to learn languages by communicating with each other in English, French, German and Spanish (Cuthell, 2006). Remote rural areas that have difficulty attracting highly qualified teachers have developed an online school house program that employs content expert teacher from anywhere in the United States to provide distance education instruction. A certified teacher with strong pedagogical skills, who is not highly qualified in the required content area, supports the online instruction (Brownell, Bishop, and Sindelar, 2005).

Virtual schools are becoming increasingly popular as an alternative means for educators to reach out to students who have become disconnected from schools and conventional learning. A report published by The Peak Group predicted that enrollment would increase five-fold from 85,500 to 520,000 in the following school year. Virtual schools are currently better suited to high school, when students are old enough to possess the maturity and motivation necessary to complete studies alone. The enrollment figures are evidence of the popularity virtual schools, but the

effectiveness of these alternative methods of schooling are relatively untested (Angelo, 2002).

Descriptors for technology used in the classroom included, but were not limited to information and communication technology (ICT), technology-mediated learning, computer aided instruction (CAI), distance education, distance learning, educational technology, computer-based education, instructional technology (IT), multimedia, communication systems, Web-based learning, e-learning, educational multimedia application, and computer-mediated communication (Achacoso, 2003). More specifically, technology may be composed of the hardware and software normally associated with personal computers, and attachments or peripherals such as scanners, document cameras, digital cameras, video-conferencing, VCR, DVD's, CD's and tape recordings, robotics, presentation and demonstration equipment, simulation systems expert systems, databases, local area networks, wide area networks, and the Internet. Hence the global demands, education and national development are the technology which is used in almost all circles of life.

Secondly is the skill of planning, effective workforce planning is a valuable tool to align work force requirements to the agency's strategic plan, develop a comprehensive picture of where gaps exist between competencies the current workforce currently possesses and future competency requirements, and to identify and implement gap reduction strategies. By selecting and implementing human capital strategies that are targeted toward addressing these gaps and issues. It is also for evaluating the success of the human capital strategies.

Thirdly, planning is for examining future organizational, environmental other issues that may affect the agency's ability to attain strategic goals. This will help the



principal to minimize the cash available by employing the needed force and choosing the programs that will help in achieving the set goals and objectives.

The fourth is the decision making skills. According to Okumbe (2007) Principals' decision making involves many criteria and sub criteria in order to rank the alternatives of a decision. Not only does one need to create priorities for the alternatives with respect to the criteria or sub criteria in terms of which they need to be evaluated, but also for the criteria in terms of a higher goal, or if they depend on the alternatives, then in terms of the alternatives themselves. Amstrong (2003) adds by saying that the criteria may be intangible, and have no measurements to serve as a guide to rank the alternatives, and creating priorities for the criteria themselves in order to weigh the priorities of the alternatives and add over all the criteria to obtain the desired overall ranks of the alternatives is a challenging task. Because in the limited space the principals are they can only cover some of the essentials of many criteria decision making.

For better decisions, the principal also must consider the programs that will achieve the vision, mission statement, aim and objectives of the school or the organization in which he/she works. The above are the challenges to which principals are exposed.

### **Summary of Review of Related Literature and Studies**

This chapter focused on related literature and studied material which was drawn from various regions. From the global perspective, Europe, United States, India and Japan are cited while the regional Perspective includes South Africa, Kenya, Malawi and Seventh-day Adventist education. The review was presented in the following headings: concept of financial management, financial management theory and practice, financial management principles, financial management

systems, and financial management skills which includes: accounting and budgeting. The review of related literature and studies was collected from local and international books, internet and journals.

In reviewing the related literature and studies, the researcher found out that there are similarities in research findings from other parts of the world and Malawi. These findings were compared with the researchers' findings, which were gathered from North Malawi Field (local conference).

Evaluation of principals' financial management performance in education is important because finances are the backbone of the normal running of school. Nevertheless, specific measures ought to be taken in order to address the factors affecting principals' financial management performance hence this study.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

This chapter focuses on the research design and methodology that was used in this study. It specifically focuses on the study area, research design, target population, sample and sampling procedures, research instruments, validity and reliability of the research instruments, data administration procedures, data analysis, ethical consideration and the summary.

#### **Research Design**

Lyke (2015) explains that research design reflects the purpose of the inquiry which can predict evaluation and history. This study used a descriptive comparative research design. Role (2010) defines descriptive research as events that are recorded, described, interpreted, analyzed and compared or contrasted. This study describes the financial management performance of secondary schools principals in the two areas namely accounting and budgeting. It is also a comparative because it compares principals' financial performance when grouped according to boarding and day Adventist secondary schools.

#### **Population**

There are five Adventist secondary schools in the North Malawi Field (Moyo, 2016). The total population of the students was about two thousand that of teachers was sixty five, with five principals, with five Business Managers and eight Accountants.

Five principals, five Business Managers, five Registrars and sixty five teachers were targeted (a population of 80) because they properly described the

principals' financial management performance at Adventist secondary schools. This study included all the eighty participants as shown in table 1.

Table 1

*Participants of the Study*

Respondents	Number
Principals	5
Teachers	65
Business Managers	5
Registrars	5
Total	80

### **Research Instruments**

Two research instruments were used by the researcher for this study. These instruments were questionnaire and interview schedules.

#### **Questionnaire**

The sampling technique like grouping together of individuals with some common defining characteristics that the researcher could identify was done (Creswell, 2008). Purposive sampling was used to sample respondents in Adventist secondary schools in North Malawi Field. Taylor (2016) observes that researchers may handpick a sample for specific purpose using their judgment. Purposive sampling is a technique in which a researcher relies on his/ her own judgment when choosing members of population to participate in the study. It is used when only a limited number of people can serve as primary data source due to research design, aim or objectives (Taylor, 2016). All Adventist secondary schools in North Malawi Field were purposively selected in order to gather the intended data.

The questionnaire was designed to tap or collect the information on principals' financial management in the Seventh-day Adventist secondary schools in northern

Malawi. The questionnaire was designed for principals, business managers, teachers and registrars. The questionnaire had both open and closed ended questions.

Mugenda & Mugenda (2003) indicate that questions from the questionnaire are easier to analyze and administer. They are economical in terms of time and money. The questions had two sections: section A and B. Section A deals with general information which include: name of school, type of school, sex, age, gender, nationality and etc. Section B contains questions of taking information on principals' financial management performance in the Seventh-day Adventist secondary schools in northern Malawi.

## **Interviews**

Similarly, face to face interview were conducted with t the Principals, Business Managers, Teachers and Registrars. There were two sections: section A and B. Both sections had open and closed ended questions in accounting and budgeting respectively.

## **Validity and Reliability of the Research Instruments**

### **Validity**

Validity is the extent to which a measuring instrument provides adequate coverage of the topic under study and measures what it is supposed to measure (Kathari, 2004). The questionnaires that were given to the respondents to measure the evaluation of principals' financial management performance in the Seventh-day Adventist secondary schools was given to the experts of University of Eastern Africa, Baraton to check for content validity. After being checked some items were rephrased to ensure that the questionnaires are valid as they serve the purposes that are supposed to serve.

## Reliability

Reliability means a test that gives consistent results (Role, 2010). To ensure reliability, a pilot study was conducted in two Adventist secondary schools in the central conference of Malawi namely M'bwatalika Adventist Secondary School and Lakeview Adventist Secondary School. A reliability test was carried out to establish whether the questionnaire obtained the desired outcome. The Cronbach's Alpha reliability coefficient of 0.60 was computed.

In accounting, the reliability of the questionnaire was .405. After the statistician removed the outliers the reliability was .619.

Table 2

*Reliability Results for Accounting before Removing Outliers*

Cronbach's Alpha	No of items
.405	13

As per the results in table 2, the Cronbach's Alpha Coefficient for the accounting is .405 which is not reliable. Therefore, the questionnaire was considered unreliable hence went back to the statistician at University of Eastern Africa, Baraton for removing the outliers.

Table 3

*Reliability Results for Accounting after Removing Outliers*

Cronbach's Alpha	No of items
.619	7

As per the results in Table 3, Cronbach's Alpha Coefficient for the accounting after the removal of outliers is .619, which is reliable. Therefore, the questionnaire was ready to be administered to the respondents.

In budgeting, the reliability of the questionnaire was .586. After the statistician removed the outliers the reliability was .707.

Table 4

*Reliability Results for Budgeting before Removing Outliers*

Cronbach's Alpha	No of items
.586	14

As per the results in Table 4, the Cronbach's Alpha Coefficient for budgeting before removing the outliers is .586 which is unreliable. Therefore, the questionnaire went back to the statistician for removing the outliers.

Table 5

*Reliability Results for Budgeting after Removing Outliers*

Cronbach's Alpha	No of items
.707	13

As per the results in Table 5, the Cronbach's Alpha Coefficient for budgeting after removing the outliers is .707 which is reliable. Therefore, the questionnaire was considered reliable and ready to administer to the respondents.

### **Data Gathering Procedures**

Upon successful proposal defense the researcher obtained a letter from the Director of Graduate Studies and Research at University of Eastern Africa, Baraton. The researcher also obtained a letter from the Research Ethics Committee to collect data for pilot study. After that, the researcher obtained a letter from Education Director which allowed the researcher to collect data from the Adventist secondary schools in the local conference in northern Malawi.

The researcher visited Adventist secondary Schools in local conference in north Malawi to make arrangements for data collection. The principal introduced the researcher to the respondents who were assembled and he met them briefly. The researcher used questionnaire, face-to-face interviews for principals and business managers. Group interviews were for all teachers in order to collect data.

### **Statistical Treatment of Data**

In the interest of this study, data gathered through questionnaires was analyzed statistically using the Statistical Package for Social Sciences (SPSS) software. The data that was collected were encoded and analyzed with the assistance of a statistician of University of Eastern Africa, Baraton. Since most of the data gathered from five sets of questionnaires were quantitative, research questions 1, 2, and 3 were organized, summarized and described using descriptive statistics, mainly frequencies, percentages, means and standard deviations. Mann-Whitney test and z -score, non-parametric tests that compares two unpaired groups was used to test the null hypothesis; the challenges that principals face in the northern region of Malawi in terms of accounting and budgeting. The test statistic was suitable for it contrasts differences between two independent groups when the dependent variable is either ordinal or continuous, but not normally distributed (Anderson, 2005). It was exclusively used because the data did not meet the requirements for a parametric test. The Mann – Whitney test statistic “*U*” replicate the variation between two rank totals. Due to the fact that the study dealt with a non-normal distribution of the population, the study settled for test statistic *U* which was converted into a *z* – score which was then used for testing the null hypothesis (Yildirimand & Simsek, 2000).

Content analysis was used in analyzing the data from the open ended research question 5 that was then incorporated in the study. The open ended question was a



good way of obtaining information that could not be obtained through the closed ended ones (Krathwol, 2009). The significance of the findings was set at alpha level 0.05

### **Ethical Considerations**

All ethical conducts pertaining to research process was followed. First permission to carry out the proposal was sought after topic presentation at University of Eastern Africa, Baraton from the Director of Graduate Studies and Research. Thereafter, research permission was sought from North Malawi Field Conference, principals, and education directors. To the respondent, the nature and purpose of the study was explained by the researcher. The researcher treated all the information given by the respondents with a lot of confidentiality to safeguard the respondent's personal images and integrity according to universities ethical considerations. Respondents' privacy and confidentiality was professionally upheld during the entire study period. Honesty and integrity was maintained by making no alteration when writing the report of the collected data.

## **CHAPTER FOUR**

### **PRESENTATION, ANALYSIS AND INTERPRETATION OF FINDINGS**

This chapter discusses the presentation, statistical analysis and interpretation of the data collected from the questionnaire. Furthermore, tables and charts have been used in this presentation for a simple, clear and easy grasp of the concepts from the analysis.

In this chapter, a survey of questionnaire was used as a main data-gathering instrument (see appendices 2 and 5 b). The questionnaire was divided into two main sections: demographic profile and the survey. The questions in the second part of the questionnaire were structured using the four point scale format to show the degree of agreement and disagreement that a respondent had on a given question.

The scale below was used to interpret the mean scores of the responses of all the respondents in every question.

#### **Scale of interpretation**

1-1.49 Disagree (low)

1.50-2.49 Tend to Disagree (below average)

2.50-3.49 Tend to Agree (Average)

3.50-4.00 Agree (High)

#### **Demographic Profile**

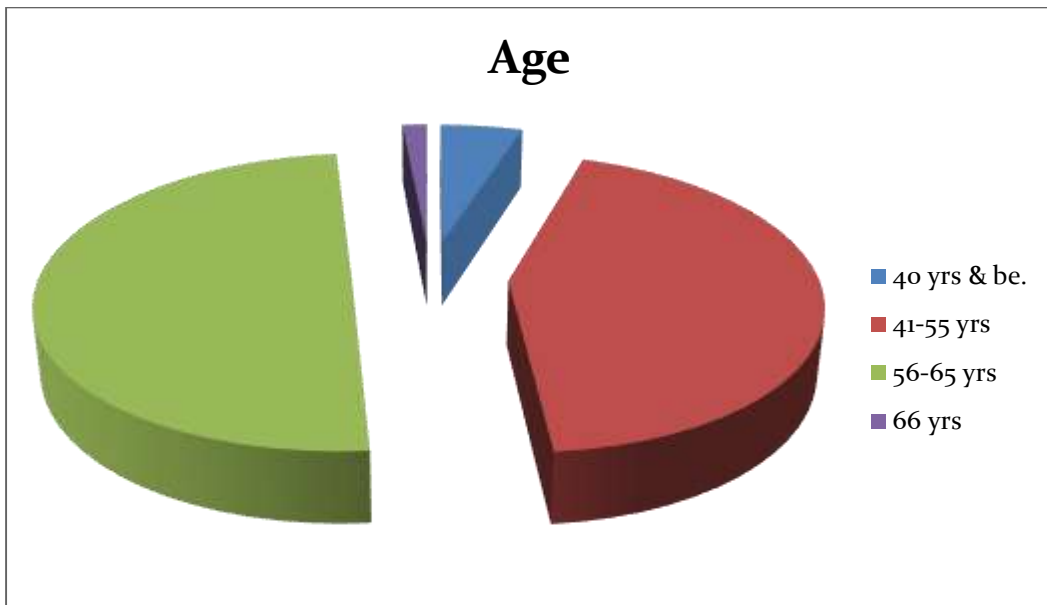
The demographic profile of the respondents considered age, gender, level of education, experience, period at the current school and school category.

**Research question 1.** *What is the demographic profile of the respondents according to gender and age?*

Table 6

*Age of Respondents*

	Frequency	Percent
40 years and below	4	5.0
41-55 years	35	43.8
56-65 years	40	50
66 years and above	1	1.3
Total	80	100.0



*Figure 1.* Age of respondents.

Table 6 shows that out of 80 respondents, 5% are below forty (40) years, 43.8% are between forty one (41) and fifty five (55) years. 50% are between fifty six (56) and sixty five (65) years and 1.3% are sixty six (66) and above years. This induces an idea that most teachers in the North Malawi Field Conference are matured

enough to give dependable information as the age feature is associated with experience and the more the experience the more likely he/she is to have mastered many skills of accounting and budgeting.

Table 7

*Gender of Respondents*

	Frequency	Percent
Male	73	91.3
Female	7	8.8
Total	80	100.0

Table 7 shows the number of female and male respondents involved in this study, out of 80 respondents, 91.3% was males and 8.8% were females. Based on the figures the dominated gender among the respondents was males. This shows that North Malawi Field Conference has more male teachers than female.

Table 8 is for academic qualification of the respondents in North Malawi Field Conference. This data indicates that there is an academic strength in most of them. Preferably, blended with their experience they can be knowledgeable enough about the systems especially in terms of accounting and budgeting.

Table 8

*Academic Qualification*

	Frequency	Percent
Diploma	4	5.0
Bachelor's degree	71	88.8
Masters' degree	5	6.3
Total	80	100

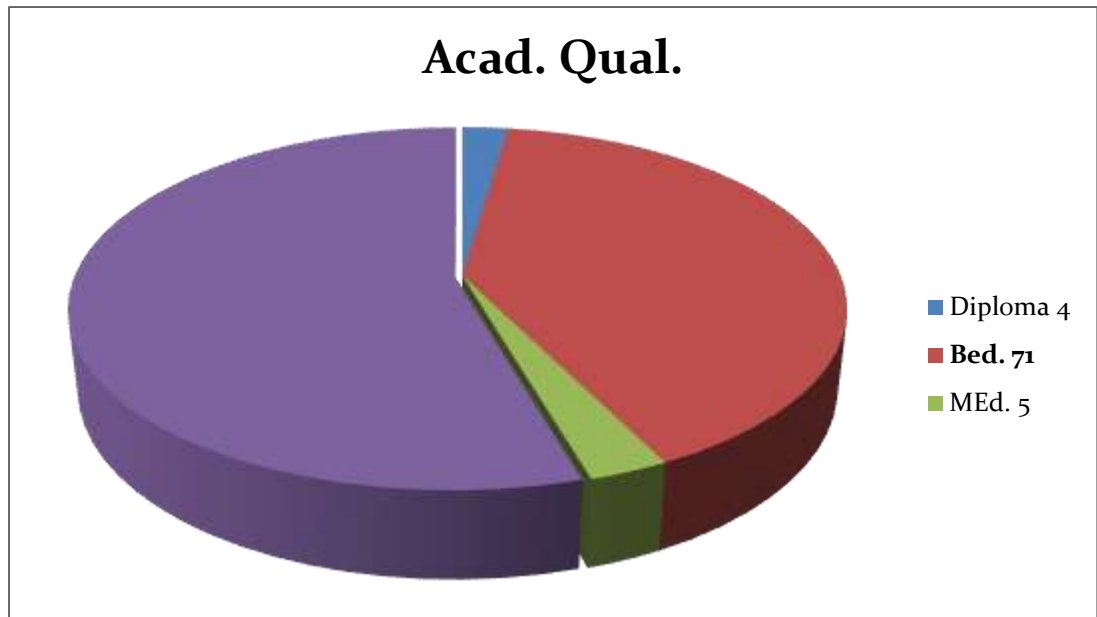


Figure 2. Academic qualification of respondents.

In Table 8 of academic qualification, it shows that 5% are respondents who hold diploma, 88.8% are respondents who hold bachelor's degree and 6.3% are respondents who hold Master's degree. Therefore, they are well qualified that they can follow principles of accounting and budgeting.

Table 9

*Experience*

	Frequency	Percent
.2-5 years	2	2.5
6-10 years	12	15.0
Over 10 years	66	82.5
Total	80	100.0

Table 9 shows that 2.5% are respondents who have worked between two (2) to five (5) years, 15.0% of the respondents have worked between six (6) to ten (10) years and 82.5% are respondents who have worked over ten (10) years. This implies that there are a lot of teachers, principals, business managers and registrars in the North Malawi Field Conference who are well experienced on their job.

Table 10

*Period Stayed at Current School*

	Frequency	Percent
1-5 years	5	6.2
6-10 years	24	30.0
11-15 years	47	58.8
16-25 years	4	5.0
Total	80	100.0

Table 10 shows that 6.3% of the respondents in the North Malawi Field Conference have been at one school between one (1) to five (5) years, 30% of them have stayed at the same school between six (6) and ten (10) years, 58.8% have stayed at the same school between eleven (11) and fifteen (15) years and that 5.0% have stayed at the same school between sixteen (16) and twenty-five (25) years. This indicates that more teachers, principals, registrars and business managers have stayed at the same school between eleven (11) and fifteen (15) years. This is better because they have knowledge on how the accounting and budgeting of that school is.

Table 11

*Category of School*

	Frequency	Percent
Boarding	59	73.7
Day	21	26.3
Total	80	100.0

Table 11 shows that 73.7% which is fifty nine (59) respondents comprising of 50 teachers, 3 principals, 3 registrars and 3 business managers work at the boarding secondary school while 26.3% which is twenty one (21) respondents comprising of 15 teachers, 2 principals, 2 registrars, and 2 business managers work at a day secondary school in the North Malawi Field Conference.

**Research question 2:** *What are the principals' financial management performance in the area of accounting and budgeting?*

**Table 12***Financial Management Performance in Accounting*

	Mean	Std .Dev.
There is accounting system	3.66	.728
Controls are in place in terms of preparation and approval transactions.	3.71	.671
Regular of account and expenditure is submitted by the accounts office to the principals' office	3.89	.318
Funds are properly accounted for and reported in accordance with established agreements	3.74	.590
Accounting and supporting documents such as receipts and vouchers are submitted and kept in the accounts office	3.75	.585
Disbursement of funds to school department is done on time	3.04	.664
Priority is given to area of school need that is most pressing	3.13	.513

Findings in table 12 shows that principals, teachers, accountants and business managers agree that there is an accounting system ( $M=3.66$  and  $SD=.728$ ). Principals, teachers, business managers and accountants in the North Malawi Field Conference realize that accounting system is a necessary tool for an institution. It means that in most secondary schools in north Malawi field conference there is an accounting system. Hansraj (2007) defines accounting system as the methods and procedures that are used in recording and reporting events and transactions in formal records. He continues to describe the advantages of accounting system as to allow a business to keep track of all types of financial transactions, including purchase, sales and liabilities. It also generates comprehensive statistical reports that provide management or interested party a clear set of data to avoid in the decision making process. May be, because they realize the advantages of the accounting system that is why all schools of the Seventh-day Adventist in North Malawi Field Conference have an accounting system. This being the largest standard deviation means that data is widely spread hence shows that there is wide variation on the belief that there is accounting system at schools. This may mean that respondents know that there is accounting system but doubt its usage.

Principals also agree that controls are put in place in terms of preparation and approval transaction ( $M=3.71$  and  $SD = .671$ ). This shows that all principals, teachers, accountants and business managers agree that controls are put in place for preparation and approval of transactions. Without proper control in place a lot of money can be misappropriated. SID Finance Officers Manual (2015) states that the departmental institution must ascertain that there are appropriate steps in the organization to bring together all the revenues into the organization. It further argues that the controlling board or executive committee is responsible for insuring internal controls which are



adequate to the size and complexity of the organization. Those internal controls must be designed, documented, implemented, communicated and monitored. Kibuuka (2010) argues that the effectiveness of internal control will be determined to a large degree by the tone set by those entrusted with leadership and governance of the organization. As the deviation is big, it means that the data is widely spread around the mean. This indicates that there is wide variation on the fact that controls are put in place in terms of preparation and approval transaction.

That there is regular account of income and expenditure submission by the accounts office to the principals' office, all respondents agree that it is important and that it is done ( $M=3.89$  and  $SD=.318$ ). Being the highest mean and lowest standard deviation, it means data is close to the mean showing that there is indeed regular account of income and that expenditure is submitted by accounts office to the principals' office. This is in line with the General Conference International Accounting Manual which encourages treasurers to submit account of income and expenditure to a higher officer. Seventh-day Adventist Accounting Manual (2015) highlights the use of these account reports to the higher officer as follows: firstly to compare the income and expenditure with the budget. Secondly to get prepared to act with the officers in increasing income and/or decreasing expenditures as may be necessary.

The respondents also agreed that funds are properly accounted for and reported in accordance with the established agreements ( $M=3.74$  and  $SD=.590$ ). This finding is in line with the GC accounting manual (2011) that states that financial report shall be reported in accordance with the application of denominational accounting manual prepared by the General Conference Treasury. It further states that all organizations shall adhere to the appropriate current denominational accounting

manual. This is contrary to the research conducted by Makoena (2013) in South Africa at Pretoria University who found out that most principals were not prepared to share their financial powers with the school governing board and hence could not submit any account report with or without the countries governing law on submitting these account reports.

The principals, teachers, accountants and business managers agreed that accounting and supporting documents such as receipts and vouchers are submitted and kept in the accounting office ( $M=3.75$  and  $SD=.585$ ). SID Financial Officers Handbook (2015) suggests that keeping and producing receipts and vouchers qualify accountants as good employees; it also gives an evidence of genuine Christian and that they are qualified for financial responsibility. Bragg (2012) defines source documents as physical basis upon which business transaction are recorded. He continues that these are typically for evidence when auditors come and need to verify that transaction has, in fact, occurred.

According to responses on the disbursement of funds to school departments is done on time ( $M=3.04$  and  $SD= .664$ ). This means that they tend to agree that disbursement of funds is done on time. Most principals, Accountants and business managers agreed that disbursement of funds is done in time. Almost all head of departments (who are among teachers in the population) disagreed, while most teachers tend to agree. It may mean that business managers and accountants are only defending their work. Head of departments are the officers who receive the disbursed fund for the departments, if they disagree it may be that physically funds are written that they are disbursed but it does not reach the head of departments. Okumbe (2007) narrates that planning, organizing, directing and controlling are the major functions of the management. Disbursement of funds to school department in time is one way of

showing good planning, organizing, coordinating and directing. Moreover, there is need to have regulations governing the disbursement of funds at school. Diedrich (2009) explains that agencies are revising their disbursement of funds regulations. This action is necessary since existing regulations do not accurately reflect the current disbursement methodologies employed by the schools. The intended effect is to simplify and update the regulations, to eliminate reference to the obsolete Loan Disbursement Systems.

Lastly, respondents tend to agree that priority is given to areas of school need that is most pressing ( $M=3.13$  and  $SD= .513$ ). It is important that most pressing need be addressed but this should not be at the expense of the budget. Mbiti (2007) argues that regular monitoring of income and expenditure against the agreed budget is central to effective financial management. Tampa (2015) narrates that it allows board of governors, head teacher, bursar and staff to maintain financial control by reviewing the current position and taking any remedial action necessary. Members of staff argued that most pressing need usually comes in as an emergency like death. This makes the administrators have no choice but to act. This idea should act as a clue that emergencies should be included in the budget otherwise the most pressing needs might be outside the school budget. According to SID Financial Officer's Handbook (2015) monitoring of the budget is central to proper accounts management.

Table 13 shows that respondents in this study agreed that budgeting include physical and financial items ( $M=3.83$  and  $SD=.546$ ). Indeed this is in line with Agyropoulos (2009) who states that an operating/functional budget is expressed in both units and amount. When operating budget relate to revenues, the units presented are expected to be sold and the stated amount reflects selling prices. On the contrary,

Table 13

*Financial Management Performance In Budgeting*

	N	Mean	Std. Dev.
Budgeting include physical and financial	80	3.83	.546
Expenditure is frequently compared to the budget	80	3.69	.667
The approval of budget is done during school session	80	1.28	.729
The principal is responsible for preparation of budget	80	2.89	.616
All teaching and learning materials bought are within the budget	80	3.14	.522
The principal is responsible for preparation, control, approval and implementation of budget	80	1.24	.733
We follow budgeting procedures strictly	80	3.78	.551
Budgeting systems are adhered to	80	3.71	.620
School finance run within the budget	80	3.60	.668
Staff salaries are accommodated in the budget	80	3.83	.591
There is provision for unforeseen expenditure in the budget	80	3.95	.291
The costs of implementing educational programs are carefully considered	80	3.16	.462
Principals collaborate with heads of departments on budgetary plans	80	3.83	.546

when an operating budget relates to cost, the stated amount reflects cost and the input units presented are expected to be either transferred into output units or consumed.

Okumbe (2007) explains that one way to budget is by comparing estimated figures created before budgeting period with actual experience at the end of budgeting period. The types of financial statements are balance sheet, income statement and statement of cash flow. The balance sheet shows assets owned liabilities owned and owners' financial stake in business. The income statement details profit and loss for a given period. The statement of cash flow helps managers see where cash came from and where it went hence when budgeting consider both cash and physical materials.

When an operating budget relates to cost, the stated amount reflects cost and the input units presented are expected to be either transferred into output units or consumed.

Taiwo (2012) adds that if you look at physical spending as an investment in your organization's future, you may see that it is important to budget for them for it has much in common with personal financial planning. To give appropriate savings and investment guidance, personal financial planners first must understand their clients' short- and long-term goals. The same holds are true for schools working on physical budget. Only after gaining an understanding of the organization's short- and long-term goals can school help ensure that the organization is aligning its physical strategy with its business strategy, resulting in the right physical investment decisions. This leads to an understanding that budget should include physical and financial items.

Looking at the responses on expenditure is frequently compared to budget ( $M=3.69$  and  $SD=.667$ ) shows that respondents agree on this point. There are several reasons why there are discrepancies between the budget and actual amount for expenditure and revenues. Wolk, Dodo and Royzyeki (2008) explain that these differences can occur because of the strength of the economy, consumer needs or preference and the action of the competitors. Because these factors can be unpredictable, it is important for small business to reflect on the exact cause or causes that resulted in the variance. Bragg (2012) argues that creating budget versus actual comparison is extremely important for small business because it allows them to alter their future financial forecasts based upon the numbers collected in the monthly reports. The other reason for the frequent comparing the expenditure and budget is to make necessary adjustments to the budget.

The respondents disagreed that the approval of budget is done during school session ( $M=1.28$  and  $SD=.729$ ). This is inline because approval of budget is done during holiday so that when school opens the budget is operational. According to financial handbook of the Seventh-day Adventist (2015) budget is to serve as the primary instrument of financial authorization and control for every organization. Apart from this, the general intention of budgeting for knowledge management is to distribute funds in such a way as to support the overall attainment of organizational objectives. While it must not be seen as a rigid control mechanism, budgeting is a means of encouraging accountability. It also sets measurable goals. Care must be taken to foresee the rigidity that always develops over time. Hubbard (2010) writes that it must be noted that no knowledge of the manager succeeds in any organization without budgetary provision for implementation of programs and policies. A suitable budgeting technique must be chosen and correctly used to achieve maximum benefits and support for set goals both on short- and long-term bases. As an authorizing financial instrument, therefore, budget should be ready before school opens for the autonomy of the principal to authorize the schools operations comfortably.

On the side that the principal is responsible for preparation of budget ( $M=2.89$  and  $SD=.616$ ), this shows that they tend to agree to that effect. The duty of budget preparation is not for the principal but the business manager. SID Financial Officer's Handbook (2015) a General Conference of the Seventh-day Adventist handbook states that. "It is a function of the treasury to receive all budget requests, including those for appropriations. Treasury is also responsible, in cooperation with the other branches of administration like head of school departments, to prepare specific budget proposals. The duty of the principal is to review the budget and adjust it as necessary," (36).

Findings on the notation that all teaching and learning materials bought are within the budget ( $M=3.14$  and  $SD=.522$ ), meaning that the respondents tend to agree.

UNESCO (2014) outlines the following uses of teaching and learning materials

- 1- Materials Provide economy in time and speech
- 2- Materials simplify the course
- 3- Make the course vivid and clear
- 4- Materials increase students' interest and motivation
- 5- Materials help to explain complex explanation easily
- 6- Materials create desire of learning
- 7- Materials make abstract concepts concrete
- 8- Materials enrich the course

Although there are several uses of teaching and learning materials, there is need that they should be bought within the budget. Seventh-day Working Policy (2015) states that every single coin should be accountable hence should appear in the budget.

By looking at the mean and standard deviation ( $M=1.24$  and  $AD=.733$ ) Table 13 shows that almost all principals, accountants, business managers and teachers disagree that the principal is responsible for preparation, control, approval and implementation of budget. In fact there are many duties of a school principal. Lopez (2007) states that some of these duties include, but are not limited to the following:

- The hiring of staff members
- Communicating with parents and faculty when necessary
- Creating policies (such as dress code)
- Planning academic calendars for the school
- Handling of student recruitment and admissions into the school
- Disciplining students when needed

- Supervising students, staff and other faculty members
- Designing creative new programs and restructuring old ones
- Handling of the school budget
- Maintaining secure funding for the school
- Making both daily decisions as well as long-term decisions

As seen from above, one of the duties of the principal is to handle school budget. Let this be known that the principal is only implementing the budget. Okumbe (2007) puts it straight; principal can see and supervise budget process by advising the treasury and adjusting it if necessary. The budget is prepared by the treasury, control and approval is the duty of school board and implementation is for the principal.

It is interesting to note that principals, accountants, business managers and some teachers agreed that budgeting procedures are adhered to strictly ( $M=3.78$  and  $SD=.551$ ). This finding is contrary to what Magak (2013) established. He found out that head teachers (principals) are exposed to many challenges in financial management as the existing preparation measures and support for head teachers in financial management are basically weak and do not sufficiently prepare for the responsibility of head teacher in financial management. While respondents in North Malawi Field Conference of Malawi Union Conference strongly agreed that they follow the laid down procedures in making their budget strictly.

The respondents agreed that budgetary systems are adhered to ( $M=3.71$  and  $SD=.620$ ). The nature of budget system is determined by the socioeconomic and political system of a country. Grissom (2011) states that nature of budgetary systems in private organizations are not the same with that of the government hence it depends upon the form of administration and arrangement of that organization in a particular country. Working Policy (2015-16) of the Southern African-Indian Ocean Division



states that it is the General Conference of the Seventh-day Adventist that dictates the kind of budgetary system to follow.

The respondents agreed that school finances run within the budget ( $M=3.60$  and  $SD=.668$ ). In a real life situation, not all budgets that are made can be rigged. Northern Ireland Assembly Research Paper 06/10 (2010) plainly states that most public sector budgets can be regarded as fixed as the level of resources often determines the level of activity services provision. The resources level is usually established in advance of the fiscal year. Although described as fixed, they can be varied through revisions made to reflect changing circumstances like the quarterly rounds. Allison (2009) argues that a flexible budget is designed to be changed in line with variables of the level of activity. At the preparation stage, variable and semi-variable costs are identified, changing the budget as activity range. It is possible, therefore, that the school finances may or may not run within the school budget. This is because it is difficult to estimate the level of resources and the level of activities to be done at school as it is the mission driven resource allocation.

Coming to staff salaries are accommodated in the budget ( $M=3.83$  and  $SD=.591$ ) this mean shows that respondents have agreed with the statement. This is true because salary is one of the financial planning in the budgeting process. SID Financial Handbook (2015) explains that it is the responsibility of organizational leadership to manage financial matters with integrity. Every leader must model behavior that is guided by a commitment to ethics, transparency and accountability. Transparency and accountability are reflected in the budget. Workers are more akin to their salaries hence it is important for the principal to check that the budget accommodates all salaries.

There is provision for unforeseen expenditure in the budget ( $M=3.95$  and  $SD.291$ ) this shows that the respondents agreed that there is that provision. This is in agreement with the contingency theory. Lutans (2011) describes a contingency as a chance of occurrence especially in finance or that there is no best way to organize, to lead an organization or make decision. Instead, the optimal course of action is contingent (dependent) upon the internal and external situation. *Webster* dictionary defines contingency as a course of actions designed to help an organization respond effectively to a significant future event or situation that may or may not happen. Lutans (2011) also calls it 'plan B' because it can be used as an alternative for action if expected results fail to materialize. It is, therefore, important to include provision for unforeseen expenditure in the budget because even best plans may fail.

Furthermore, principals, teachers, business managers and accountants in North Malawi Field Conference tend to agree that the cost of implementing educational programs are carefully considered ( $M=3.16$  and  $SD=.462$ ). Agawal (2012) describes educational program as a program written by the institution or ministry of education which determines the learning progress of each subject in all the stages of formal education. Besides the primary educational program, some schools use a different educational program written by another source which uses a different learning progress - either in some subjects, such as special education. Educational programs help people decide if they are going to be a teacher or not. They are mostly in high schools. These programs help students in high school decide what they are going to be before they get to college, so they do not waste their time taking classes they do not need in college or wasting their parents' money on classes and books they do not need. He continues to explain that in the implementing of educational programs, the school must have implementation committee. The implementation committee should

come up with policies such as policy on enrolment, research, planning, assessment, academics and so on. Otherwise, the implementation might be a problem.

The other aspect on budget is whether principals collaborate with heads of departments on budgetary plans. The findings were (M=3.83 and SD=.462) this means they agree that principals collaborate with the head of departments. Amstrong (2003) argues that collaboration is the ability to work effectively with others on a common task, taking actions which respect the needs and contributions of others in order to achieve objective of a team. In order to achieve this at school level, there is need for principals to collaborate with heads of departments on budgetary plans.

**Research Question 3.** *Is there a significant difference between the financial management performance of principals in Seventh-day Adventist boarding and day secondary schools in northern region of Malawi?*

The research question presented above was to investigate whether there is significant difference between the financial management performance of principals in Seventh-day Adventist boarding and day secondary schools in northern region of Malawi. An independent z scores which was converted from Mann-Whitney u test was computed at 0.05 confident intervals to test the hypothesis.

The results are presented in groups and an independent sample Mann-Whitney tables in table 14

Table 14

*Comparison of financial management performance in accounting: Group Statistics*

	Category of school	N	Mean	Std. Deviation	Std. Error Mean
Financial performance in accounting	Boarding	59	3.6489	.20603	.02682
	Day	21	3.3161	.23161	.05054

Table 15

*Mann-Whitney Test Ranks*

	Category of school	N	Mean Rank	Sum of Ranks
Financial performance in accounting	Boarding	59	48.22	2845.00
	Day	21	18.81	395.00
	Total	80		

Table 16

*Test Statistics*

	Financial performance in accounting
Mann-Whitney U	164.000
Wilcoxon W	395.000
Z	-5.128
Asymp. Sig. (2-tailed)	.000

Table 14 depicts group statistic showing comparison of financial management performance in accounting. The group statistics table reveals that boarding secondary schools posted a higher mean of 3.6489 as compared to the performance of day secondary schools with a mean of 3.3161. The mean posted by boarding secondary school (3.6489) shows that they agree with principals' financial management performance while as day secondary school mean (3.3161) they tend to agree to the principals' financial management performance in accounting. Despite the above findings Bush, Moloi & Joubert (2009) reported that a large scale survey of principals of Gauteng Province in South Africa demonstrated anxiety about managing finances and the need for additional training in financial management. Mestry (2006) argues that there is indeed lack of capacity for school governors especially principals to play an active role in, for example, school accounting. He further states that there are reports that principals and school governing bodies have been subjected to forensic audit due to mismanagement of funds through misappropriation, fraud, pilfering of cash, theft

and improper control of financial records. It follows that the findings do not replicate that which was done in North Malawi Field Conference where the principals' financial management performance in accounting of the two types of schools considerably differ.

The study yielded to a z score of -5.128 with a p- value of 0.000 implying that the score yielded are less than the mean in this case our p-value (0.000) which is less than the significant level of 0.05. In the other way round, the two tail results confirm that the null hypothesis must be rejected. This means that the null hypothesis was rejected and hence there is a significant difference between financial management performance in accounting of principals in Seventh-day Adventist boarding and day secondary schools in northern region of Malawi. The u has been converted into a z scores because of the non-normal distribution in the study. BPSCORE( 2001) states that the u is the Mann-Whitney test statistics and it is the one that has been converted into the z score.

Table 17

*Comparison of Financial Performance in Budgeting*

	Category of school	N	Mean	Std. Deviation	Std. Error Mean
Financial management performance in budgeting	Boarding	59	3.2373	.16979	.02210
	Day	21	3.1832	.15476	.03377

Table 18

*Mann-Whitney Test Ranks*

	Category of school	N	Mean Rank	Sum of Ranks
Financial management performance in budgeting	Boarding	59	42.81	2526.00
	Day	21	34.00	714.00
	Total	80		

Table 19

*Financial Management Performance in Budgeting Test Statistics*

	Financial management performance in budgeting
Mann-Whitney U	483.000
Wilcoxon W	714.000
Z	-1.513
Asymp. Sig. (2-tailed)	.130

Table 17 shows group of statistics and reveals that boarding secondary schools score a mean of 3.2373 as compared to the day secondary schools with a mean of 3.1832. This table further reveals that Seventh-day Adventist boarding secondary schools in northern of Malawi tend to agree that their principals have a skill in financial management performance in budgeting as supported by the mean of 3.2373 whereas the day secondary schools in the same region also tend to agree that their principals have a skill in financial management performance in budgeting as substantiated by the mean 3.1832.

These findings are similar to those from a study done by Grisson (2011) who observed that most principals know how to follow the school budget. Most principals know that in an educational environment, budgeting is a valuable tool for both planning and evaluating. Okumbe (2007) writes that budgeting provides a vehicle for translating educational goals and programs into financial resources plans-that is the link between instructional goals and financial planning is critical to effective in budgeting and enhances the evaluation of budgeting and educational accountability. The finding, therefore, follows that both Seventh-day Adventist boarding and day secondary school principals in northern Malawi have financial management performance in budgeting.

This study is underpinned by Mann-Whitney u test which is converted into z scores. The study yielded a z score of -1.513 with a p- value of .130 implying that the scores yielded are more than the mean in this case our p-value (.130) which is more than the significance level of 0.05. This means that the null hypothesis is accepted that there is no significant difference between the financial management performance in budgeting of principals in Seventh-day Adventist boarding and day secondary schools in northern Malawi.

**Research question 4.** *What challenges do Seventh-day Adventist secondary school principals face in financial management?*

To answer this research question several questions were asked to probe the respondent's correct answer in form of interviews. The findings were analyzed as follows:

Finding 1:

On the question on *sound financial management knowledge of the principal in order to effectively manage the school finance*; 50% of the respondents indicated that back ground knowledge in financial management is very important in order to organize and streamline schools' financial processes. Furthermore, 80% of the respondents suggested that ongoing training on financial management is required for our principals to be equipped with sound knowledge in financial management.

Finding 2:

The question on *can sound knowledge of financial management contribute to the growth of school?* 72% of the respondents agreed that sound financial management can contribute to the growth of the school. About 63% of them emphasized this point by giving examples of sound knowledge in procurement and budgeting that this knowledge can contribute to the growth of the school.

Finding 3:

The next question is *how do you ensure good financial practices at this school?* 80% of the respondents, apart from principals, wondered if there is that mechanism put in place. They suggested that internal control measures be put in place. They further explained that effective and efficient management practices be set by school boards. If this mechanism is set, then it would ensure prudential financial management practice by all stakeholders involved in the management of school resources.

Finding 4:

The question *is the management of school budget responsibility of the school principal or school board?* brought different reactions. 23% said that they are not fully conversant with this point but they suggested that head of departments should manage the school budget. They argued that if HOD's can manage the school budget then the budget can be reviewed on weekly basis. 21% suggested that the school board should take charge on managing school budget. Their argument centered on the fact that the principal has several duties one being teaching. They continued by saying that there is lack of policy of the church concerning the distinction between management and teaching responsibilities. 56% agreed that the school budget is managed by school board but the principal implements its operations.

Finding 5:

Further question *should members be involved in making budget?* 69% agreed that some educators are financially knowledgeable that if be put to good use in drawing up the school budget, the school may come up with a good operational budget. 31% of the respondents, which included all principals, argued that staff involvement in fulfilling the financial management function of the school finances



already exists. They explained that staff members are actively involved in various committees during the process of drawing up school budget. However, the principals did not mention the terms “collaborative” and “participative” decision making indicators show that that is exactly what they meant. It shows that the practices that networks stakeholders are being incorporated in their management styles.

Finding 6:

On the question: *Do you think that principals have sufficient knowledge of financial management?* Almost all the respondents (97%) clearly indicated that this is not the case hence the need for training.

Finding 7:

This question was on training: *What do you think must be the nature of the training that should be given to principals in financial management?* 80% of the respondents indicated that principals need more training to enable them manage the institutional finances correctly.

20% suggested that apart from administration, principals should also be trained in budgeting, banking, procurement, transparency and accountability.

Finding 8:

*Transparency, accountability and responsibility*

When investigating: *the principal's role in ensuring transparency, accountability and responsibility in financial management of the school*, principals indicated that strict documentation and records are kept in the principals' and accounts' office; there is constant reporting to the various stakeholders, staff members and to the Union Conference. Measures such as correct accounting practices (that is drawing up of income and expenditure statements, drawing up of the school budget and procurement

procedures), staff and school board involvement all contribute to accountability and transparency. 80% of the respondents saw themselves as being ultimately responsible and accountable for the finances of the school. One principal stated, “I have staff members serving on the various finance committees, but at the end of the day, I am still held accountable and responsible.”

Finding 9:

The question on *time allocation to financial management aspects*, the responses received from principals indicated that this aspect of administration is done within and outside school hours, some spend Sundays at school going through the financial records, others indicated that they even take work home to even during night.

Finding 10:

Question on *delegation of financial management duties*, 100% stated that in terms of the delegation of any of the financial management responsibilities to other senior management team, principals felt that since they were accountable for the school budget, it makes it difficult to delegate the financial duties to other senior members. Although duties can be delegated, principals still make sure that they check all the necessary accounting practices. In particular school delegation to the senior management team was non-existent due to the fact that the senior management team has very heavy academic teaching loads. Kinny and Gecily (2013) states that before you delegate you need to consider the experience of the one delegated, trustworthy, reputation of an organization and type of work to be delegated. Financial duties are delicate to be delegated to some members.

**Research question 5:** *What are the suggestions for improving principals' financial management performance in Seventh-day Adventist secondary schools in northern region of Malawi?*

This was the last research question that sought to determine the suggestion for improving principals' financial management performance in Seventh-day Adventist secondary schools in northern region of Malawi. After careful consideration, the respondents had the following suggestions on principals' financial management performance:

Firstly, is through periodic and comprehensive training of the principals. School principals require intensive training on their responsibilities as per respondents. Furthermore, monitoring and intervention should be conducted on regular basis to ensure compliance and implementation of proper financial management principles. The training should include managing budgets, procurement procedures, developing internal control measures and responsibilities of different governance or committee structures. This would reduce misappropriation of institutional funds and ensure value for money.

Secondly, is the submission of monthly financial reports. Schools should submit monthly reports to Malawi union conference for smooth supervision on the budget. Monthly reports submitted to union conference can enhance transparency and accountability.

Thirdly, is the financial committee, respondents suggested that it should be compulsory for schools to establish financial committee which should be responsible for accounting and budgeting. The same committee will be acting as an advisory body to the principal on financial management matters.

Fourthly, is on financial management systems. It is evident that schools struggle with financial management hence need to have financial management systems. The framework that follows is to design a simple and accessible reference for schools in reinforcing their knowledge and understanding of the implementation of proper financial management systems. It should also provide a brief overview of appropriate procedures.

Fifthly, principals identified one challenge that of shortage of school resources. 100% of the respondents (principals) had suggested that if education department can be given a budget for its schools. This budget should be set aside to help schools that cannot meet its need by its own budget.

Finally, the department of education should have a system of feeding information to its various units for purposes of supporting schools. It was mentioned that principals and school finance officers in other instances, had been investigated for misconduct in terms of mismanagement and misappropriation of finances. The education department is in charge of such processes; it should conduct trend analysis of such cases, identify gaps and feed this information to those schools that are responsible for governance support and development. Wawira (2013) in her study indicated some few challenges that head teachers face. The challenges that she found out were: late disbursement of funds from government, lack of competence in recording financial transactions, drawing annual budget and lack of accounting skills

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

This chapter presents the summary of the study, summary of findings, conclusion and suggestion for further studies. The purpose of the study was to evaluate principals finance management performance in Seventh-day Adventist secondary schools in northern Malawi. At a time when the provision of education focuses on responsive (answers) to an individual and human needs, Seventh-day Adventist school principals must be aware of their role. Mbiti (2007) states that principals need to observe professional ethics and maintain high standards of integrity, fairness, sound knowledge and confidentiality even on financial management skills.

The study was guided by five research questions namely: (1) what is the demographic profile of the respondents according to gender and age? (2) What are the principals' financial management performance in the area of accounting and budgeting? (3) Is there a significant difference between the financial management performance of principals in Seventh-day Adventist boarding and day secondary schools in northern Malawi? (4) What challenges do Seventh-day Adventist school principals face in financial management? (5) What are the suggestions for improving principals' financial management performance in Seventh-day Adventist secondary schools in northern region of Malawi?

The target population was eighty respondents comprised of five principals, sixty five teachers, five business managers and five registrars. This population was

drawn from Seventh-day Adventist secondary schools in northern region of Malawi. These schools are categorized into boarding and day secondary schools. The teachers were of both genders with profile of 91.3% were males and 8.7% were females. 88.8% of them had bachelors of education degree, 6.2% had master of education degree and 5.0% had diploma in education. Teaching experience was close to 83% of teachers stretched beyond ten years. The study ensured that the balance was obtained from boarding and day secondary schools.

The collected data was both quantitative and qualitative in nature. The quantitative data gathered from questionnaires was analyzed using Statistical Package for Social Sciences (SPSS) and presented in both descriptive and inferential statistics. Descriptive statistics was in frequency distribution tables and charts while inferential statistics was analyzed using Mann-Whitney u test. The qualitative data from open ended questions in the questionnaire and data from interview guide was collected in narrative form and was analyzed using content analysis and was presented in percentages

### **Summary of Findings**

(1) There were eighty respondents, 40 years and below, there were 4 (5%), between 41-55 years, there were 35 (43.8%), between 56 to 66 years old were 40 (50%) and 66 years and above, there was 1 (1.2%). In gender 73% were males and 7% were females. While on qualification most of them: 88.8% are holders of Bachelors degree, experience, there are a lot of teachers (82.5%) who have taught more than ten (10) years. There is little movement of workers (58.8%) have worked on the same place between 11 to 15 years. Lastly, on category of school, there are 59 staff members at boarding schools and 21 at day secondary schools in the northern region of Malawi.

(2) Principals have partial knowledge in accounting and budgeting and that training them in financial management is minimal. There is significant difference between financial management in accounting of principals in Seventh-day Adventist boarding and day secondary schools in northern region of Malawi (z scores of 5.128 with p-value of 0.000). There is no significant difference between financial management performance in budgeting of principals in Seventh-day Adventist boarding and day secondary schools in northern region of Malawi (z scores of -1.531 with p-value of .130).

(3) Challenges were: background knowledge in financial management, lack of financial committees in schools and weak in accounting and budgeting.

(4) Most respondents (83%) suggested that financial management be included in Teacher Training Colleges and Universities. where they train teachers.

## **Conclusions**

The following deductions are made on the evaluation of principals' financial management performance in Seventh-day Adventist secondary schools in northern Malawi.

(1) Most teachers are well qualified and with vast experience in Adventist secondary schools in northern region of Malawi

(2) Principals have partial knowledge in accounting and budgeting.

3 (a) There is a significance difference in principals' financial management performance in accounting in Seventh-day Adventist boarding and day secondary schools in northern region of Malawi.

(b) There is no significance difference in principals' financial management performance in budgeting in Seventh-day Adventist boarding and day secondary schools in northern region of Malawi

(4) In some schools, there is no financial management committees, principals do not have background knowledge in financial management and that school fees alone is not enough for all school operations

(5) Financial management courses should be included in curriculum of teachers' training Colleges and Universities that train teachers.

### **Recommendations**

On the basis of the findings and conclusions of this study, the researcher recommends that:

- (1) Financial management courses, be included in teacher education curriculum.
- (2) Principals be adequately and regularly trained in financial management
- (3) School financial committees be established and activated.
- (4) School principals should know how to promote income by doing more with less.

### **Areas of Further Study**

The following are recommended areas for further studies:

- (1) Replicate similar study in both southern and central regions of Malawi.
- (2) Replicate a similar study in public secondary schools in Malawi.
- (3) Study on establishments of alternative income generation projects and their viability



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## **APPENDIX 1: LETTER TO RESPONDENTS**

# **REQUEST FOR YOUR CONSENT TO PARTICIPATE IN A RESEARCH**

---

I am kindly requesting for your permission to conduct a research with you. I am presently registered student at University of Eastern Africa- Baraton doing a masters degree in Educational Administration.

I am supposed to do research in order to meet the requirements of this degree. The purpose of the research is to test or probe principals' financial management performance in Seventh-day Adventist Secondary Schools in Northern Malawi.

There is no direct benefit for the participants who will participate in this research. The information will help improve education at Malawi Union Conference on how to train or select principals of their schools. In this research the information will be accorded the highest confidentiality it deserves. The information will only be used for academic purposes and the study will not harm you at any time. The researcher, therefore, request you to give honest information as much as possible so as to facilitate the accomplishment of this thesis proposal. About ten to fifteen (10-15) minutes of your precious time will be required to answer questions in the attached questionnaire. For confidentiality purposes, please do not write your name, phone number or your email address.

For more information contact Samson Sobangwani Kampingo Sibande on +265997375549 or [sibandesamson@yahoo.com](mailto:sibandesamson@yahoo.com) or [sibandesamson8@gmail.com](mailto:sibandesamson8@gmail.com)

I have read and understood the information given above and I hereby consent and accept.

Signature..... Date.....

## **APPENDIX 2: QUESTIONNAIRE FOR THE RESPONDENTS**

### **Instructions:**

**Read the questions carefully and answer them appropriately.**

1. How old are you? (a) between 35-40 yrs (b) between 41-55 yrs (c) between 56-65 yrs (d) over 66 yrs.
2. What is your gender? Male (  ) Female (  )
3. What is your highest academic qualification? Diploma (  ) Bachelors degree (  ) Masters (  ) Doctoral degree (  )
4. How many years have you been teaching? Below 2 years (  ) 2-5 years (  ) 6-10 years (  ) Over 10 years (  )
5. For how long have you taught in your current school? (a) 1-5 yrs (b) 6-10 yrs (c) 11-15 yrs (d) 18-25 yrs (d) over 26yrs
6. Indicate by circling the category in which your school belongs  
Boarding Secondary School (  ) Day Secondary School (  )
- 7 What position do you hold?

### **APPENDIX 3: *PRINCIPALS' FINANCIAL MANAGEMENT IN***

#### ***ACCOUNTING***

<b>Principals' Financial Management in Accounting</b>	<b>Agree</b>	<b>TA</b>	<b>TD</b>	<b>D</b>
There is accounting system	4	3	2	1
Controls are in place in terms of preparation and approval of transaction	4	3	2	1
Regular account of income and expenditure is submitted by the accounts officer to the principal's office.	4	3	2	1
Funds are properly accounted for and reported in accordance with the established agreements	4	3	2	1
Ledgers are checked every month	4	3	2	1
Accounting and supporting documents such as receipts and vouchers are submitted and kept in the accounting office	4	3	2	1
Bank reconciliations are always prepared by someone other than those who approve	4	3	2	1
He is the sole signatory to the school account	4	3	2	1
Heads of department account for fund disbursed to their offices.	4	3	2	1
All payments are made with approval from the principal.	4	3	2	1
Disbursement of funds to school departments is done on time.	4	3	2	1
Priority is given to areas of school need that is most pressing.	4	3	2	1
Cash received from all sources are accurately receipted and recorded in the books of accounts.	4	3	2	1

## **APPENDIX 4. FINANCIAL MANAGEMENT PERFORMANCE IN**

### **BUDGETING**

<b>Principals' Financial Management Performance in Budgeting</b>	<b>Agree</b>	<b>TA</b>	<b>TD</b>	<b>D</b>
Budget include physical and financial	4	3	2	1
Expenditure is frequently compared to the budget	4	3	2	1
Budget is prepared using meaningful tools with which to monitor performance	4	3	2	1
The approval of budget is done during school session	4	3	2	1
The principal is responsible for preparation of budget	4	3	2	1
All teaching and learning materials bought are within the budget	4	3	2	1
The principal is responsible for preparation, control, approval and implementation of budget	4	3	2	1
We follow budgeting procedures strictly	4	3	2	1
Budgetary systems are adhered to	4	3	2	1
School finances run within the budget	4	3	2	1
Staff salaries are accommodated in the budget.	4	3	2	1
There is provision for unforeseen expenditures in the budget	4	3	2	1
The costs of implementing educational programs are carefully considered.	4	3	2	1
Principals collaborate with heads of department for budgetary plans.	4	3	2	1



## **APPENDIX 5 (a) INTERVIEWS FOR RESPONDENTS**

### **The Letter of Informed Consent:**

I.....(Name and Surname in full) give consent to participate in this research. I agree to participate in this research provided that the information that I will provide to the researcher is kept confidential and anonymous and is not revealed to the public, that I can detach from the study at any time without victimizing anyone and that the transcripts are made available to me for comments before analysis is done by the researcher.

I hereby declare that I fully understand the research topic, purpose of the research and the benefits that the organization will derive from this research.

Signature of the participant..... Date.....

Signature of the researcher..... Date.....

## **Appendix 5 (b) INSTRUCTIONS: Answer all questions**

### **Accounting:**

1. Do principals have sound financial management knowledge in order to effectively manage the school finance?
2. Does the sound knowledge of financial management contribute to the growth of the school?
3. How do you insure good financial practices at this school?
4. Is the management of the school budget responsibility of the school principal or school board?
5. Should members be involved in making school budget?
6. Do you think that principals have sufficient knowledge on financial management?
7. What do you think must be the nature of training that should be given to principals in financial management?
8. Are there transparency, accountability and responsibility in financial management at this school?
9. What time is allocated to financial management aspects?
10. Is there any delegation on financial management performance duties?

## APPENDIX 6: FINANCIAL MANAGEMENT PERFORMANCE IN ACCOUNTING

	N	Mean	Std. Dev.
There is accounting system	80	3.66	.728
Controls are in place in terms of preparation and approval transactions.	80	3.71	.671
Regular of account and expenditure is submitted by the accounts office to the principals' office	80	3.89	.318
Funds are properly accounted for and reported in accordance with established agreements	80	3.74	.590
Accounting and supporting documents such as receipts and vouchers are submitted and kept in the accounts office	80	3.75	.585
Disbursement of funds to school department is done on time	80	3.04	.664
Priority is given to area of school need that is most pressing	80	3.13	.513

### Financial management performance in budgeting

	N	Mean	Std. Dev
Budgeting include physical and financial	80	3.83	.546
Expenditure is frequently compared to the budget	80	3.69	.667
The approval of budget is done during school session	80	1.28	.729
The principal is responsible for preparation of budget	80	2.89	.616
All teaching and learning materials bought are within the budget	80	3.14	.522
The principal is responsible for preparation, control, approval and implementation of budget	80	1.24	.733
We follow budgeting procedures strictly	80	3.78	.551
Budgeting systems are adhered to	80	3.71	.620
School finance run within the budget	80	3.60	.668
Staff salaries are accommodation in the budget	80	3.83	.591
There is provision for unforeseen expenditure in the budget	80	3.95	.291
The costs of implementing educational programs are carefully considered	80	3.16	.462
Principals collaborate with heads of departments on budgetary plans	80	3.83	.546

## APPENDIX 7: RELIABILITY RESULTS

### Reliability (Accounting)

#### Reliability Statistics

Cronbach's Alpha	N of Items
.405	13

#### Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
There is accounting system	38.1333	10.878	.585	.282
Controls are in place in terms of preparation and approval of transaction	38.4000	11.697	.211	.364
Regular account of income and expenditure is submitted by the accounts officer to the principal's office.	38.6667	8.851	.467	.222
Funds are properly accounted for and reported in accordance with the established agreements	38.6000	10.524	.313	.317
Ledgers are checked every month	37.8667	13.430	-.064	.424
Accounting and supporting documents such as receipts and vouchers are submitted and kept in the accounting office	38.2667	11.444	.129	.392
Bank reconciliations are always prepared by someone other than those who approve	40.5333	13.430	-.049	.416
He is the sole signatory to the school account	38.4667	12.257	-.003	.448
Heads of department account for fund disbursed to their offices.	37.7000	13.597	-.118	.428
All payments are made with approval from the principal.	38.8000	11.614	.096	.406
Disbursement of funds to school departments is done on time.	38.4333	11.151	.228	.353
Priority is given to areas of school need that is most pressing.	37.8333	13.385	-.046	.420
Cash received from all sources are accurately receipted and recorded in the books of accounts.	37.9000	13.679	-.143	.454

#### Scale Statistics

Mean	Variance	Std. Deviation	N of Items
41.6333	13.413	3.66233	13

## Reliability (Accounting – after deleting 6 items)

### Reliability Statistics

Cronbach's Alpha	N of Items
.619	7

### Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
There is accounting system	19.6000	8.869	.607	.529
Controls are in place in terms of preparation and approval of transaction	19.8667	9.361	.276	.599
Regular account of income and expenditure is submitted by the accounts officer to the principal's office.	20.1333	8.120	.273	.617
Funds are properly accounted for and reported in accordance with the established agreements	20.0667	7.444	.550	.497
Accounting and supporting documents such as receipts and vouchers are submitted and kept in the accounting office	19.7333	8.892	.212	.630
Disbursement of funds to school departments is done on time.	19.9000	8.231	.411	.554
Priority is given to areas of school need that is most pressing.	19.3000	10.700	.150	.625

### Scale Statistics

Mean	Variance	Std. Deviation	N of Items
23.1000	11.266	3.35641	7

## Reliability (Budgeting)

### Reliability Statistics

Cronbach's Alpha	N of Items
.586	14

### Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Budget include physical and financial	38.9333	27.444	.476	.510
Expenditure is frequently compared to the budget	38.5000	32.810	.318	.563
Budget is prepared using meaningful tools with which to monitor performance	39.3667	40.930	-.421	.707
The approval of budget is done during school session	39.4667	28.878	.431	.526
The principal is responsible for preparation of budget	38.7333	31.582	.304	.557
All teaching and learning materials bought are within the budget	39.8333	34.420	-.038	.624
The principal is responsible for preparation, control, approval and implementation of budget	38.8000	30.786	.193	.578
We follow budgeting procedures strictly	38.6667	27.126	.603	.489
Budgetary systems are adhered to	38.2333	32.806	.174	.577
School finances run within the budget	37.9667	35.895	-.152	.600
Staff salaries are accommodated in the budget.	38.4000	31.697	.305	.557
There is provision for unforeseen expenditures in the budget	38.9333	32.133	.201	.573
The costs of implementing educational programs are carefully considered.	38.8667	26.740	.655	.479
Principals collaborate with heads of department for budgetary plans.	39.1333	27.499	.432	.519

### Scale Statistics

Mean	Variance	Std. Deviation	N of Items
41.8333	35.385	5.94853	14

## Reliability (Budgeting – after deleting 1 item)

### Reliability Statistics

Cronbach's Alpha	N of Items
.707	13

### Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Budget include physical and financial	36.4667	31.223	.571	.651
Expenditure is frequently compared to the budget	36.0333	37.964	.348	.693
The approval of budget is done during school session	37.0000	34.414	.396	.681
The principal is responsible for preparation of budget	36.2667	36.133	.377	.685
All teaching and learning materials bought are within the budget	37.3667	41.482	-.130	.757
The principal is responsible for preparation, control, approval and implementation of budget	36.3333	34.368	.309	.696
We follow budgeting procedures strictly	36.2000	32.234	.587	.652
Budgetary systems are adhered to	35.7667	38.254	.170	.708
School finances run within the budget	35.5000	41.638	-.185	.722
Staff salaries are accommodated in the budget.	35.9333	37.099	.296	.695
There is provision for unforeseen expenditures in the budget	36.4667	36.740	.265	.698
The costs of implementing educational programs are carefully considered.	36.4000	31.421	.675	.639
Principals collaborate with heads of department for budgetary plans.	36.6667	31.471	.508	.661

### Scale Statistics

Mean	Variance	Std. Deviation	N of Items
39.3667	40.930	6.39765	13

## **APPENDIX 8: RESEARCH AUTHORIZATION BY EDUCATION**

### **DIRECTOR**

SEVENTH-DAY  
ADVENTIST  
CHURCH



North Malawi Field

P.O. Box 370 Mzuzu, Malawi  
Telephone: 01 310 245  
Fax: 01 331 245

27 February, 2017

#### **TO WHOM IT MAY CONCERN**

#### **RE: AUTHORIZATION TO CONDUCT A RESEARCH STUDY**

Mr Samson Sibande is a graduate student perusing the degree Master of Education in Educational Administration at the University of Eastern Africa Baraton.

Mr Sibande is doing his final year which includes writing of a theses as a result, he has applied to do his research in Seventh day Adventist Secondary Schools.

Iam glad to inform all principals in our schools that he has been granted permission to do such research related to his theses.

Your assistance to him in any way will be greatly appreciated

Yours Faithfully,

  
\_\_\_\_\_  
ADV Moyo  
Educational Director (NMF)



## APPENDIX 9: TOPIC AUTHORIZATION



### OFFICE OF THE DIRECTOR OF GRADUATE STUDIES AND RESEARCH

UNIVERSITY OF EASTERN AFRICA, BARATON

01 September 2015

Mr. Samsom Sibande  
Department of Educational Administration, Curriculum, and Teaching  
UEAB

Dear Mr. Sibande:

This is to inform you that the topic *Evaluation of principals' financial management performance in Seventh-day Adventist secondary schools in Northern Malawi*, which you presented on August 30, 2014, has been accepted for thesis proposal development.


Dr. Fanta Hotamo, Dean of the School of Education, and Dr. Daniel Allida, lecturer in the Department of Educational Administration, Curriculum and Teaching have been officially designated as your first and second thesis supervisors, respectively. They will help you work toward the completion of the thesis proposal you are to present before a panel of evaluators, and the completion of your thesis you are to defend before a panel of oral examiners, when it is ready.

Kindly work with them very closely and make sure that every time you see them for advising, you and your supervisors have to sign the Consultation/Advising Report Form, a copy of which is provided to you. You will be required to present the filled form before you defend your thesis proposal and your thesis.

Please note that the Office of Graduate Studies and Research will provide consultancy services as you write the research methodology section of your thesis proposal and with your statistical data analysis, if needed.

God bless you abundantly in your research undertakings.

Sincerely,

  
Elizabeth M. Role, PhD  
Director

cc: Office File



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CHARTERED 1991

## APPENDIX 10: ETHICS CLEARANCE LETTER



### OFFICE OF THE DIRECTOR OF GRADUATE STUDIES AND RESEARCH

UNIVERSITY OF EASTERN AFRICA, BARATON

P. O. Box 2500-30100, Eldoret, Kenya, East Africa

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February 13, 2017

Samson Sibande  
University of Eastern Africa Baraton  
Department of Education Administration, Curriculum and Teaching

Dear Samson,

**Re: ETHICS CLEARANCE FOR RESEARCH PROPOSAL (REC: UEAB/17/2/2017)**

Your research proposal entitled "Evaluation Principals financial Management Performance in Seventh-day Adventist Secondary Schools in Northern Malawi" was discussed by the Research Ethics Committee (REC) of the University and your request for ethics clearance was granted approval.

This approval is for one year effective February 13, 2017 until February 13, 2018. For any extension beyond this time period, you will need to apply to this committee one month prior to expiry date. Note that you will need a clearance from the study site before you start gathering your data.

We wish you success in your research.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Jackie K. Obey".

Dr. Jackie K. Obey  
Chairperson, Research Ethics Committee



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CHARTERED 1991

## **APPENDIX 11: PROPOSED BUDGET**

<b>Item</b>	<b>Unit</b>	<b>Total Cost (Mk)</b>
Research Assistance	1	12,000.00
Photocopying	12	12,000.00
Printing ink	4 cartridges	10,000.00
Thesis Fee	1	45,000.00
Transport		400,000.00
Contingencies		150,000.00
<b>Total</b>		<b>629,000.00</b>

## ***APPENDIX 12: CURRICULUM VITAE***

**Samson Sibande.**

[sibandesamson@yahoo.com](mailto:sibandesamson@yahoo.com)

[sibandesamson8@gmail.com](mailto:sibandesamson8@gmail.com)

+265997375549

### **Personal Statement**

I am a professional teacher with extensive experience in teaching and administrative roles. Am highly organized and efficient person, with a thorough and precise approach to teaching, teachers, parents and learners which has produced excellent results to date. Am able to manage time effectively, efficiently and prioritize workload. I am experienced at working to tight deadlines and under considerable pressure. I am friendly, approachable with excellent interpersonal and relations skills.

### **Key Skills**

Ability to manage time and prioritize workload to ensure efficient delivery of all aspects of tasks

- Teaching
- Administering
- Regular user of Microsoft Office, including Excel, Word and PowerPoint
- Excellent communication skills, both written and verbal
- English literature (Paper 4) Examiner (Malawi National Examinations Board)

### **Career History**

2010 up to date **Assistant Examiner:** English Literature paper 4 (Malawi National Examinations Board) Marking and grading English paper 4

2012-up to date **Principal:** Chasefu Adventist Secondary School. Monitoring, Organizing, Planning, budgeting, Coordinating Programs, Supervising and Evaluating

2010-2011      **Principal:** Blessings Academy. Checking Schemes and Records of Work, Organizing, Supervising, Planning, Evaluating & Monitoring

2000-2010      **Teacher:** Lunjika Secondary School, teaching English Language & Literature, Writing Schemes, Records of Work and Examination; Examining, Moderation of Examination, Recording Marks

1996-2000      **Teacher-In charge:** Mzalangwe Community Day Secondary School Planning, Coordinating, Supervising and Representing Teachers in Committees, Monthly Reports to the DEM

1992-1995      **Deputy Head Teacher:** Kaso Full Primary School: Teaching and Writing Schemes, Records of Work, supervising and monitoring

### **Vocational Experience**

2016 (12<sup>th</sup>-16<sup>th</sup> April) Participated in the International and Interdisciplinary Research Conference at University of Eastern, Baraton in Kenya

**Theme:** Towards Excellence in Research and Innovation in the Contemporary World

2015 (5<sup>th</sup> -7<sup>th</sup> July) Participated in the Educational & Advisory Council in Lilongwe

2014 (29<sup>th</sup>-31<sup>st</sup> July) Participated in the Second International Conference on Malawian Literature at Mzuzu University in Malawi

2014 (26<sup>th</sup> -28<sup>th</sup> Sept) Participated in the Capacity Building Seminar Educational In Management in Mzuzu

2012 (22<sup>nd</sup> -26<sup>th</sup> April) Participated in Leadership and Management Training in Blantyre

2011 (12<sup>th</sup> -15<sup>th</sup> March) attended workshop on how to teach MSCE Literature at Katoto Secondary School in Mzuzu

2010 (3<sup>rd</sup> -7<sup>th</sup> August) Training on Marking National Examinations

### **Education Background**

2014-up to date: Master of Education (Educ. Admin). UEAB, Kenya waiting conferment

2004-2008: Bachelor of Education (Arts), University of Eastern Africa, Baraton, Kenya

1990-1992: Teaching Certificate in Education, Mzuzu Teachers Training College, Malawi

1987-1989: Malawi School Certificate of Education (O level)

1985-1987: Malawi Junior Certificate of Education

1973-1984: Malawi Primary School Leaving Certificate

### **Hobbies and Interests**

I am involved in a local drama group and HIV/AIDS society, where I volunteer as a lighting and sound technician. I have been involved with this society for three years

and very much enjoys the teamwork and leadership aspects. I also do reading, browsing internet and listening to music.

## **REFERENCE**

The Registrar, University of Eastern Africa, Baraton,  
P.O. Box 2500, Eldoret, Kenya  
([registrar@ueab.ac.ke](mailto:registrar@ueab.ac.ke)) Tel No +254716508232

Stevie Moyo, Registrar Malawi Adventist University,  
P.O. Box 148, Ntcheu, Malawi  
([moyos@yahoo.com](mailto:moyos@yahoo.com)) Tel No +26588927605

Dr. Daniel Allida, Dean School of Education,  
University of Eastern Africa, Baraton,  
P.O. Box 2500, Eldoret, Kenya  
([allidad@ueab.ac.ke](mailto:allidad@ueab.ac.ke)) Tel No +254715490162