

**Assessment of head teachers' management of public funds: A case of selected public secondary schools in Northern Education Division**

By

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## **DECLARATION**

I hereby declare that **Assessment of head teachers' management of public funds: A case of selected public secondary schools in Northern Education Division** is entirely my original work with no content authored or published by others other than when appropriate citation is given. It is being submitted in partial fulfilment of requirements for the award of the degree of Master of Education in Leadership and Management at Mzuzu University. It has never been submitted to this institution or any other institution for the award of any academic degree.

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- Mr. Jennings Kayira, the Northern Education Division Manager, for permitting the study to be conducted in his division.
- All participants for the research study.

## **DEDICATION**

I dedicate this work to two men I hold dear: My father, Mr. Charles Ziyamba Phiri, for always believing in my abilities, and my prospective husband, Mr. Innocent Nyanjagha, for his encouragement and support.

## **ABSTRACT**

Effective and efficient management of public funds in secondary schools is critical to the school's overall success. There is, therefore, an urgent need for secondary school head teachers to manage public funds effectively and efficiently if their schools are to attain their objectives and goals, which equals school's success. The purpose of this study was to assess secondary school head teachers' management of public funds in the Northern Education Division. Specifically, the study sought to ascertain whether public secondary school head teachers are conversant with, and are practicing the best practices for public fund management which include budgeting, budget implementation, financial accounting and financial reporting.

A qualitative research approach which employed a case study design was used. Face-to-face, semi-structured, in-depth interviews were used to collect data from 9 head teachers, 8 chairpersons of Internal Procurement and Disposal Committee, 10 bursars, 3 chair persons of Parents' Teachers Association, and 3 Northern Education Division officials. Document analysis was also employed as another way of collecting data. Stratified random sampling was used to select schools while purposive sampling was used to select the respondents. The collected data was analyzed thematically.

The study found that most secondary school head teachers that participated in the study have challenges in managing public funds effectively due to lack of knowledge and skills in public fund management. They were found to be competent in some best practices of public fund management, for instance in budgeting but when it came to budget implementation and financial accounting and reporting, they had challenges. They failed to strictly comply with policies governing management of public funds because the internal financial controls which they had set up were weak. Their accounting for funds from government subvention was consistent while their financial reporting for those funds was inconsistent due to intermittent funding from the government. The researcher, therefore, recommends that Ministry of Education should intensify head teachers' trainings in public finance management.

**Key words:** Public fund management, effective management, budgeting, financial accounting and reporting.

## **GLOSSARY OF ABBREVIATIONS AND ACRONYMS**

ABB	Activity Based Budget
BOG	Board of Governors
CDSS	Community Day Secondary School
CSS	Conventional Secondary School
EMIS	Education Management Information System
GAAP	Generally Accepted Accounting Principles
IFRS	Internal Financial Reporting Standards
IPDC	Internal Procurement and Disposal Committee
MoE	Ministry of Education
MoEST	Ministry of Education, Science and Technology
NED	Northern Education Division
NES	National Education Standards
ORT	Other Recurrent Transactions
PFMA	Public Finance Management Act
PPDPA	Public Procurement and Disposal of Public Assets Act
PTA	Parents Teachers' Association
SDF	School Development Fund
SMC	School Management Committee
TSC	Teaching Service Commission
SMC	School Management Committee

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# **CHAPTER 1: INTRODUCTION.**

## **1.0. Chapter Overview.**

This chapter presents the background information for the study, rationale for the study, statement of the problem, aim of the study, research objectives, significance of the study, and theoretical framework.

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

### **1.1.1. Public Funds in Malawian Public Secondary Schools.**

All the activities taking place at a public secondary school to enhance the process of teaching and learning are financially supported by public funds. According to Ng'ambi (2011), the funds are from the government, beneficiary contributions and occasionally donors. In its national budget, the Malawian government allocates funds to the Ministry of Education (Vote 250) for the smooth running of its operations. According to the Malawi Education Sector Analysis report of 2019, a portion of this money is channelled towards operational budgets for all public secondary schools and development budget part II. The money that caters for operational costs like payment of electricity and water bills in the public secondary schools is from government's recurrent expenditure, to be specific, Other Recurrent Transactions (ORT). This recurrent expenditure is spending that does not lead to purchase of a fixed asset (World Bank, 2010).

Public secondary schools in Malawi are classified into conventional and community-day secondary schools. The conventional secondary schools (CSSs) are all those that are controlled centrally (Kayuni, 2010). Community Day Secondary Schools (CDSSs) arose from Distance Education Centers (DECs), and the recent ones are built by the concerned communities through the powers vested in them with a little help from the government (Kayuni, 2010). Although both conventional and community-day secondary schools are under the Ministry of Education's administration, the community-day secondary schools are distinguished by a continued emphasis on community involvement. According to Kayuni (2010), the government and concerned communities share the cost of financing community-day secondary schools. The government provides some financial support towards the purchase of basic instructional materials, and the concerned communities are also expected to play an active role in

contributing towards the purchase of such materials. As such, the community day secondary schools are partly funded by their respective school committees and the government. The government funding is accessed through their respective education division offices, and it covers the expenditures for their day-to-day operations (Kafumbu, 2020). The government therefore acts as the primary source of funds for most public secondary schools.

There are also the grant-aided secondary schools which are partly public. These schools are owned by the churches but they are jointly managed by both the government and the church. Based on a Memorandum of Understanding, both the government and the church jointly manage grant-aided secondary schools (Nyirenda, 1999). The church (the proprietor) is responsible for infrastructure and support staff, while the government pays qualified teachers' salaries and provides instructional materials and grants.

According to Education Management Information System (EMIS) Report of 2014, government funding for CSSs is much higher than that for CDSSs. Grant-aided secondary schools' funding differs slightly from the rest of the public secondary schools. "*They receive capitation grants from the government.*" (Torre, 2010; pp. 18). A capitation grant is a financial contribution made to an organization for each individual it deals with. Therefore, the grant-aided secondary schools get a fixed amount of money from the government for each student they teach. The school's size acts as a determinant for the total amount of money they acquire from the government. But as reported by Ng'ambi (2011), Malawi's education system is underfunded, both in terms of overall government spending and as a percentage of its Gross Domestic Product (GDP). As a result, a co-financing policy exists (Hall & Mambo, 2015). Guardians bear a sizable share of the cost of their ward's education. This contribution is a prerequisite for the beneficiaries of secondary education to access the education in public secondary schools in Malawi.

Occasionally, some public secondary schools may receive donations in the form of money from foreign aid countries like Japan, Norway, the United Kingdom, and the United States of America (Hall & Mambo, 2015). As reported by EMIS (2022) the donor funds are primarily meant for Part I of the development budget for secondary schools which caters for school construction projects, either the construction of new infrastructure or the upgrading of existing structures.

The Public Procurement and Disposal of Public Assets Act (2017) defines public funds as "*any monetary resources appropriated to procuring and disposing entities through budgetary processes, grants and credits put at the disposal of procuring and disposing entities by donor organizations, or revenues of procuring and disposing entities*" (pp. 8). All the sources of money for public secondary schools fit into the definition of public funds by Public Procurement and Disposal of Public Assets Act (2017). As such, the money which public secondary schools acquire from the government, beneficiaries and donors for carrying out day-to-day school operations and developments are public funds. This is because this money can only be accessed upon the production and approval of a budget, and in the absence of a budget, it is from donors.

### **1.1.2. Management of Public Funds in Malawian Public Secondary Schools.**

The Public Finance Management Act of Malawi, PFMA (2022) stipulates how public funds must be managed. According to Section 14 of the Act, controlling officers are responsible for the collection of public money based on approved budget estimates, spending the money for specific authorized purposes, and avoiding over-expenditure of the funds, among other things. The controlling officer, according to Section 2(b) of the PFMA (2022), is any person charged with the obligation to collect, receive, disburse, or deal in any way with public funds. The controlling officers are also responsible for public resource custody, disposal, and accounting. Since they are authorized to spend public funds appropriated for a specific purpose and are accountable for their decisions on the expenditure of public money under their charge, an inference can be made that public secondary school head teachers are controlling officers in the schools.

The Ministry of Education's job description for secondary school head teachers' as far as management of public funds is concerned includes: budget preparation, budget implementation and maintaining accounts (MoEST, 2013). The head teachers are, therefore, responsible for coming up with final decisions about the use of public funds at the school. Based on the recommendation by Bandy (2014) that the expertise of informed personnel in the field of accounting and finance is required for the effective and efficient management of public funds, it follows that head teachers need to have the necessary knowledge and technical skills in this field to carry out their duties effectively. Even though the head teachers are the overall

managers, they are not the only players in the management of public funds. PFMA (2022) emphasizes the need to have internal controls in the government. This implies that all government institutions, public secondary schools inclusive, must have internal controls. Internal controls are designed and established to offer assurances on efficiency and effectiveness in carrying out organizational operations, reliability of financial reporting, and compliance with laws and regulations when dealing with public money (Giles, 2013). Among others, the internal controls at a public institution must ensure valid and correct authorization of public money expenditures; effective and efficient utilization of public resources that eliminates wastage; accuracy and reliability of financial information; and compliance of public resource utilization to relevant government policies and legislation (PFMA, 2022). The head teachers are, therefore, expected to set up a financial management system in the school that will be responsible for ensuring proper financial planning, accounting, and reporting.

The Ministry of Education in Malawi, in its National Education Standards (2015), has also established standards that can be used to determine if public secondary and primary schools are managing their finances accordingly. According to Education Standard 26, to meet the minimum standards for financial management, the schools must have indicators demonstrating that budgeting is aligned with current needs and development plans, the governing body is comprehensively involved in budgeting and expenditure monitoring, and that bookkeeping records are secure, updated, accurate, comprehensive and systematic. Schools effectively managing their financial resources must have the following indicators: a track record of financial stability, clean audit reports, adherence to all applicable financial regulations (for those schools with bank accounts), and established effective systems for monitoring and accounting for public funds. The school's financial management system is responsible for overseeing the school's compliance with the above activities.

### **1.1.3. The appointment of public secondary school head teachers in Malawi.**

The Malawi Public Service Management Policy (2018) is clear on the criteria employed when recruiting, promoting, and appointing officers in the public service. The appointment of public officers, including public secondary school head teachers, is based on competition, merit, equity, and transparency, according to the policy. MoE's main criterion for selecting candidates for substantive appointment as public secondary school head teachers is the attainment of grade TF. Of recent, automatic promotions to various grades are phasing out in the Education Sector, the Teaching Service Commission (TSC) advertises for the post of head teacher in various

media platforms (TSC Vacancy No.: GTSC/CONF/04/2021). Eligible candidates who are officers who have served on certain posts like deputy head teacher or head of department on grade TG for at least four years express their interest. Following an interview by TSC, successful officers are substantively promoted to headship positions. It has to be noted that this process depends on number of vacant as well as budgeted posts. Since the vacant head teacher posts that are budgeted for are few, the majority of head teachers are appointed administratively.

A study by Wamba (2015) has revealed that the principles of Malawi's Public Service Management Policy are not strictly adhered to when administratively appointing head teachers for public schools. According to Wamba (2015), religious affiliations, political influence, and nepotism are also used as the basis for appointing secondary school head teachers, which is not in compliance with the public service management policy. Generally, the majority of head teachers are appointed based on their teaching competence and vast experience in teaching. Upon appointment, induction programs in the fields of educational leadership, management, and administration, which form the basis of the head teacher's job, do not exist (Wamba, 2015). This being the case, the head teachers train on the job through trial and error or by consulting head teachers with more experience on the headship position than them.

## **1.2. Statement of the problem**

Management of public funds in public institutions, public secondary schools inclusive, must be well planned and transparently implemented (PFMA, 2022). Head teachers, just like any top leader in any organization, have the key responsibility of coming up with informed decisions on the utilization of public funds in their schools (MoEST, 2013). How the funds are spent must ensure a positive impact towards the attainment of the school's stated goals. Bandy (2014) recommends the need for informed personnel in the field of accounting and finance for the effective and efficient management of public funds. Again, studies by Myende et al., (2018) and Mobegi (2012) on head teacher management of public funds, confirmed that effectiveness and efficiency in the management of public funds in the schools depends on financial and managerial skills, knowledge, and competency of the head teacher. However, in Malawi, the overall managers in secondary schools, the head teachers, are professionally trained as teachers. Again, the basis of their appointment is silent on ability to manage public funds. Teaching record, religious affiliations, political influence, and nepotism, form the basis for head teacher



appointment (Wamba, 2015). Upon appointment, induction programs for the headship position do not exist (Wamba, 2015).

Considering the basis of their appointment and lack of induction programs for public secondary school head teachers, it is assumed that the majority of them have limited knowledge of Finance and Accounting. Despite this assumption, they are tasked to manage public funds in their respective schools. This raises a concern about whether compliance in the management of public funds is possible as the general manager (head teacher) is not qualified to perform the duty competently. This study sought to assess the head teachers' management of public funds in selected public secondary schools in Northern Education Division in order to appreciate the aforementioned concern.

### **1.3. Purpose of the study.**

The purpose of this study was to assess public secondary school head teachers' management of public funds. The assessment will help to uncover and appreciate the struggles encountered by public secondary school head teachers in the course of managing public funds in their respective institutions.

### **1.4. Specific Objectives.**

The specific objectives of the study were:

- a. To determine the competency of public secondary school head teachers in budgeting.
- b. To analyse the internal financial controls developed and maintained by the head teachers at the school.
- c. To ascertain the consistency of head teachers' financial accounting and reporting at the school.

### **1.5. Significance of study.**

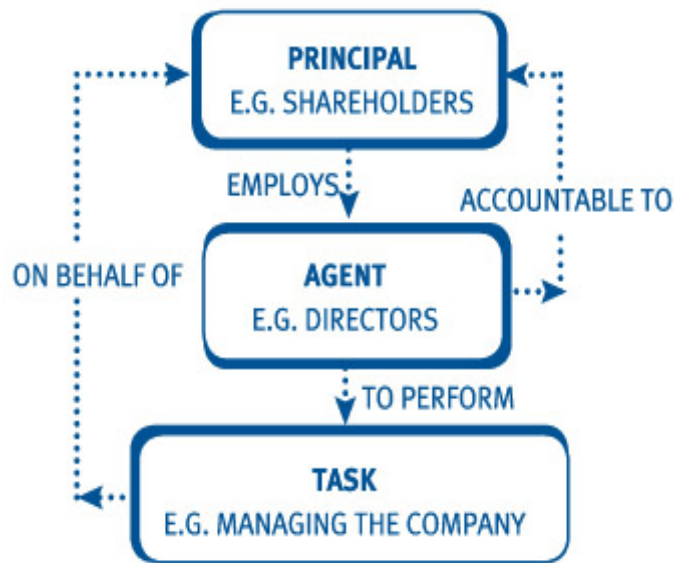
The study is of great importance to Ministry of Education policy makers and academia in the following ways: the findings of the study can inform policymakers to bridge the existing gap by devising and implementing strategies that might equip current and prospective school managers (head teachers) with knowledge and skills for effective and efficient management of

public funds; again, the findings of this study might influence the academia (secondary school teacher training institutions) to frame a course on public fund management for all prospective secondary school teachers.

### **1.6. Theoretical Framework.**

The study was guided by the Agency Theory, a management theory, coined by Jensen and Meckling in 1976. According to Pepper (2018), the premise of the theory is that principals, which are owners or shareholders of an organization, delegate authority to agents (managers) to perform specific tasks on their behalf on the condition that the agent will be accountable to the principal for their decisions in carrying out the delegated duty. However, a conflict of interest sets in once the principals' and agents' interests are misaligned leading to the agency problem. With the agency problem in place, the theory assumes that the agents will behave opportunistically, pursuing their own goals at the expense of the principals.

To overcome the agency problem, the principal has two options, both aimed at restraining the agents' opportunistic behaviour. The first one is enacting governance structures that enables monitoring and assessment of agents' actions to stop them from acting contrary to the principals' interests. To ascertain that the agent is performing the delegated task appropriately, the principal may perform the following activities; surveillance, activity tracking and record keeping. The second option is to establish a governance structure in which contract renewal and provision of incentives as well as other benefits is based on the performance of the agent (Chrisman et al., 2007).



**Figure 1: The Agency Theory.** Source: Kaplan Financial (2020)

The Agency Theory was relevant for guiding this study because the management of public funds in secondary schools applies the concepts of the principal-agent relationship as depicted by the Agency Theory. Ministry of Education (MoE) delegates its decision making powers to head teachers at each public secondary school and these powers include the management of public funds. Therefore, this study viewed MoE as the principal while the head teacher was taken as the agent. The head teachers make decisions on expenditure of public funds on behalf of the Ministry of Education. In its support to the head teachers, the Malawi Government in conjunction with MoE has come up with structures, for instance, the internal controls, to monitor the management of public funds by head teachers. They also involve other players like the external auditors to ensure that head teachers do not diverge as they carry out their public financial management duties. As explained above, the Agency Theory predominated throughout the research project hence the choice.

### **1.7. Limitations of the Study.**

Every research project has limits, and this study was no exception. The main drawback was not conducting interviews with each school's governing body members. The original plan was to interview chairpersons of School Management Committee (SMC) at each school that participated in the study so as to ascertain whether they are involved in budget preparation and monitoring as a requirement for meeting minimum standards for effective management of school funds by National Education Standards (NES). SMC was opted for because it is directly

involved with management issues in the school, school funds inclusive. However, it was found that the schools had been ordered by the Division to dissolve the SMCs and replace it Board of Governors (BOG). At the time the study was conducted, some schools were yet to conduct the elections, in some schools that had the committees elected, the committee members were yet to be oriented and had not started discharging their duties, making it impossible to interview them. The researcher instead interviewed Parents' Teachers' Association (PTA) chairpersons, but it was also discovered that in some schools, SMC and the PTA were disbanded together. Due to this, only 3 chairpersons of PTA were interviewed instead of 9.

### **1.8. Chapter Summary.**

This chapter has presented the background, purpose as well as the significance of the study. In addition to these, the study objectives and theoretical framework which guided the study and the definitions of operational terms have also been provided in this chapter.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.0. Chapter Overview.**

The aim of this study was to assess public secondary school head teachers' management of public funds. This chapter presents a brief review of relevant related literature that is in line with the specific objectives of this study. To determine the relevance of this study in terms of addition of new knowledge to existing knowledge in the field of study as well as exposing knowledge gaps, both international and local literature on the effectiveness of secondary school principals in managing public funds and the competency of responsible officers in the practices of public financial management were reviewed.

### **2.1. Effective Management of Public Funds in Secondary Schools.**

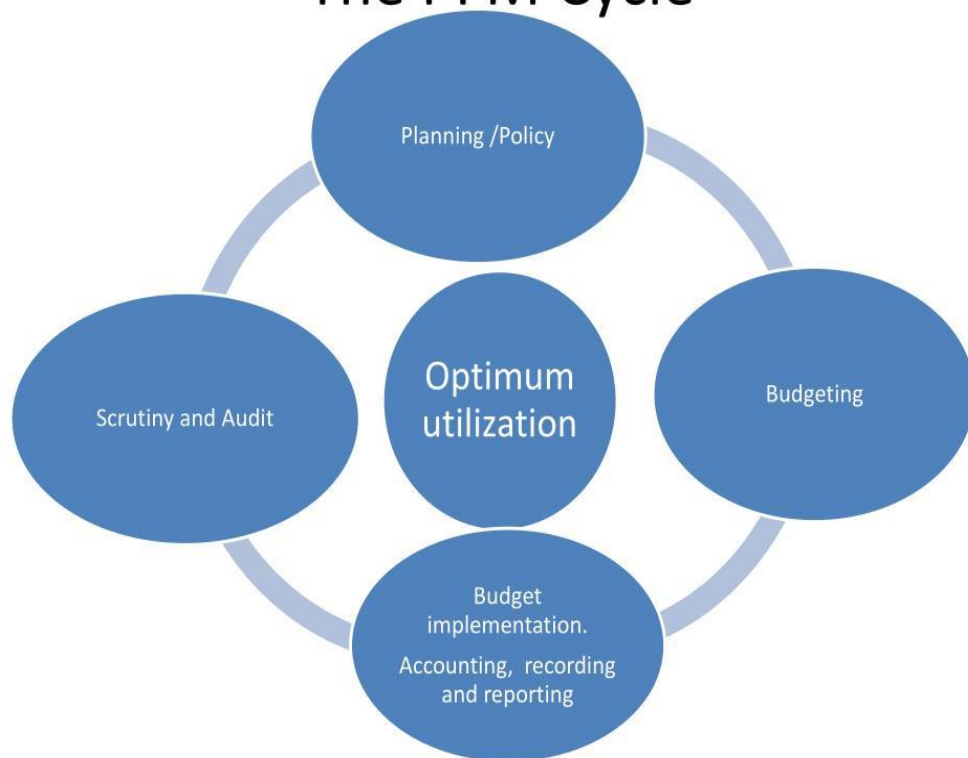
Due to the limiting nature of resources, financial resources inclusive, different authors emphasize the need for their effective and efficient management to ensure the realization of an organization's objectives and goals (Boma, 2018; Bush et al., 2010; English, 2015). These authors' argument assumes there exists a direct relationship between resource management and the attainment of organizational goals. That is, if resources are effectively and efficiently managed, achievement of organizational goals and objectives follows and vice versa. It is this background that makes the effective and efficient use of public finances in schools crucial to the overall functioning of every department, translating into the school's success in terms of achieving its predetermined goals and objectives. Section 14 (1t) of PFMA (2022) highlights how controlling officers must use public resources of which public funds is part of. According to the Act, public resources must be managed in a way that is efficient, effective, cost-effective, transparent and accountable. Not only does the Act emphasize that public funds should not be overspent, but it also demands that procurement and disposal of public assets comply with the Public Procurement and Disposal of Public Assets Act (2017).

The process of financial management is concerned with the planning, sourcing, allocation as well as controlling the usage of financial resources (Rajni & Preeti, 2015). As already highlighted earlier, that effective and efficient resource management translate into attainment

of organizational goals, it implies that the optimal usage of available finances in schools supports students' high academic performance and curricular achievement. Due to this, effective financial management in schools must be an area of great concern for all school principals since it has a positive impact on the growth and development of the school and the education sector in general. Despite the fact that financial resources are limited, they are also more prone to abuse due to the possibility of alternative usages than the planned usage; hence, their management in an organization is a sensitive issue (Rajni & Preeti, 2015). As such, the practices adopted by head teachers as they manage public funds must ensure complete transparency and accountability.

The management of public funds in a public institution must be aligned with the public finance management act of a country since this money is special (it is from taxes, or loans acquired by the government) and it is used to provide social services to citizens of a country with no intention of realizing profits from it (Bandy, 2014). If the controlling officers defy to comply with PFMA (2022), section 110 (2) of the Act charges them with an offence punishable by a MK 50,000,000 fine or 12 years in prison upon conviction. Due to this, the effective and efficient utilization of this money in the provision of quality secondary education by the head teachers on behalf of the government in the public schools becomes a must. They must allocate these public funds strategically, in alignment with the government's key educational policies, and set up an accounting system. The accounting system ensures insightful financial controls and proper accountability in the efficient and effective utilization of the funds in a school (Bandy, 2014; Kristensen et al., 2019; Wagithunu et al., 2014). The best practices for effective public finance management, which include budget formulation, budget execution, financial accounting, and financial reporting, depend on the skills, knowledge, abilities, and competency of the manager (Bandy, 2014). For this reason, the need to have knowledgeable, skilled, and competent head teachers in the field of Finance and Accounting to ensure effective and efficient management of public funds in the public secondary schools arises.

## The PFM Cycle



**Figure 2: The Public Finance Management (PFM) Cycle.** Source: (Kristensen et al., 2019)

Studies conducted on the practices of head teachers in the management of funds in schools confirmed that effective management of funds is dependent on the financial managerial skills, knowledge, and competency of the head teacher. For instance, newly appointed principals who underwent a formal training in educational management and leadership out of their own interest and were stationed in rural schools in South Africa effectively managed public funds, meeting the expectations of the stakeholders (Myende et al., 2018). The effectiveness of their practices could be attributed to their formally acquired capacity to manage and lead. The knowledge gained from the training enabled them to empower and engage all the responsible players in public fund management, thereby achieving accountability and transparency in the process. However, there was need to again consider how newly appointed principals stationed in urban areas performed to ascertain if the effective financial management was due to the formal training attained or the locality of the school. This study was conducted in schools situated both in the rural and urban setting to determine whether the locality of the school could have an effect on the effectiveness of head teachers' public fund management practices. On the other hand, principals' failure to comprehend how the budget and financial control mechanisms work

leads to instances where other key players in the management of public funds are either uninformed of their roles or not engaged in the process (Dwangu & Mahlangu, 2021; Rangongo, 2016). This failure to understand and implement the practices for effective public fund management can only be attributed to a lack of basic knowledge and skills in the field. However, lack of specific knowledge and skills aside, for some principals it is a conscious effort to misappropriate school funds for private gain since they are able to demonstrate a fair understanding of the rules and procedures governing budget and financial control (Dwangu & Mahlangu, 2021). This revelation brings conflicting ideas on whether the mismanagement of public funds in some schools is truly due to the principal's lack of financial management skills and expertise or whether the school administrators are simply using it as a scapegoat.

Following the absence of induction programs for the post of head teacher, novice head teachers in Kenya lack both experience and financial management skills. It was found out that newly appointed school managers struggled to manage finances (Atieno & Simatwa, 2012; Wasiche et al., 2018). According to Mobegi (2012), there is a lot of mismanagement and misappropriation of school funds in Kenyan schools owing to head teachers' ignorance in management and accounting skills, weak internal control mechanisms, and stakeholders who fail to understand their roles or simply disregard their responsibilities in the management of the school funds. Mobegi (2012) noted that the lack of financial management skills in head teachers prevented them from spotting anomalies in public fund management, thereby giving room to dishonest bursars to mismanage school funds and balance the account books for their own benefit without the head teacher knowing. The same was also the case in Eswatini. It was found that the lack of necessary financial management skills and knowledge in head teachers made them vulnerable to mistakes and financial malpractices (Hungwe & Mpofu, 2021).

In Nigeria, it was found that head teachers employ quality assurance strategies in the management of school funds (Aguleke et al., 2022). Their adherence to quality assurance strategies in sourcing and utilization of school funds as well as in financial record keeping and controlling of school finance which falls under the management of school funds in their individual schools was meant to guarantee an effective practice in the management of school finances. Head teachers' abilities in handling school funds and adherence to quality assurance procedures are associated with good school finance management. However, even though both were found to be reasonably under control, malpractices in school fund management in Nigerian secondary schools persists (Nwosu & Ozioko, 2020). Therefore, Aguleke et al (2022)



fall short at exposing the root cause of the problem at hand, mismanagement of school funds. The study's findings exposed few of the stipulated requirements for effective fund management (for example the presentation of all invoices and receipts for every item purchased for auditing) that were not being followed and no justification was provided because the study employed a quantitative research approach. To be able to address 'how' and 'why' research questions in order to get a deeper, more detailed and holistic understanding of the phenomena under study, this study employed a qualitative research approach.

Locally, there is limited literature on the effectiveness of public secondary school head teachers' in managing public funds. Studies conducted do not necessarily focus on the head teachers but rather on other players who also have an important role in the management of public finances. That is why this study shifts its main focus to the head teachers who are entrusted by the Ministry of Education to manage public funds on its behalf. For instance, a study by Phiri (2020) found that the appointment of teachers to act as bursars in some schools has a negative impact on the head teachers' effectiveness in the management of public funds. Due to the appointments of laypeople in the field of Finance and Accounting as school bursars, head teachers are served with financial statements that are meaningless and unreliable to make tangible decisions from, and hence their public finance management practices are compromised. The findings of Phiri (2020) that public secondary school head teachers' management of public funds is compromised agree with Zamula (2019). In an attempt to explore challenges newly appointed public secondary school head teachers face in Blantyre and Chikwawa districts, financial management was amongst the challenges. All the novice public secondary school head teachers that were interviewed lacked financial and accounting expertise. As such, they were entirely dependent on the school accountants for all financial management activities (Zamula, 2019). Definitely, it was impossible for the head teachers to detect any dubious acts in the work of the school accountants.

From the reviewed literature, it was found that effective management of public finances is faced with a lot of challenges in African countries which appoint their public secondary school head teachers based on a successful teaching record. The managers generally face challenges due to lack of basic public finance management skills and knowledge, budgetary skills, transparency, and accountability, as well as empowering stakeholders and ensuring their full participation in public finance management best practices( Atieno & Simatwa, 2012; Dwangu & Mahlangu, 2021; Edmund & Lyamtane, 2018; Ephrahem & Bhoke-Africanus, 2021;

Mobegi, 2012; Nelius & Onyango, 2022; Zamula, 2019). Even though these challenges in the effective management of public funds are evident on the ground, the fact that effective and efficient management of school finances determines the overall performance of the school still remains. As such, the successful goal achievement of schools that mismanage their funds is affected in one way or another.

## **2.2. Budgeting in Management of Public Funds.**

### **2.2.1. A budget as a planning tool.**

The first and foremost step to ensuring effective management of public funds is effective and efficient planning. The process of coming up with a plan on how money will be spent in financial management is referred to as budgeting. Budgeting is a way of planning and forming policies that takes into consideration the limited availability of financial resources and organizational priorities (Shim et al., 2011). The scarce funds are allocated to various specific activities in an attempt to accomplish the desired goals and objectives of an organization. The product of the budgeting process is a budget, which, according to Oliver & Nin (2019), is a quantitative statement of income generation and expenditure allocation for an organization over a specified period of time. The preparation of the budgets, thus, enables organizations to foretell whether they will have enough funds to carry out their desired activities. But since resources are limited in nature, not all the desired activities can be carried out at the same time. The planning process, therefore, helps in prioritizing an organization's spending so that the money is focused on aspects that are most crucial to the organization.

To ensure organizational efficacy, school budgets must be efficient and effective, meaning they must support the accomplishment of the school's objectives and goals whilst ensuring the prudent use of resources in the process (English, 2015). School budgeting, therefore, involves the allocation of finances towards various activities to be carried out at a school to accomplish the desired objectives and goals of the school for a specified period of time. According to Shim et al. (2011), the strategic goals of an institution that are drawn from the strategic plan must be prioritized when drawing the budget. As such, in the schools, the prepared budgets must portray a clear picture of education priorities. As reported by Ghailani & Khan (2004), secondary education's strategic goal is to shape the human capital of a country through the provision of high-quality education that supports the academic achievement of the students. This implies that the allocation of public funds in secondary schools during the budget preparation process

must be biased towards the teaching and learning process, which is the most important activity in the schools. Officers responsible for budget formulation in public secondary schools must, therefore, be conversant with the strategic plan as well as the strategic goals of the school to ensure the prioritization of those areas as far as the allocation of public finances is concerned.

Shim et al. (2011) recommend the active participation of all management members of an institution in the budgeting process to ensure relevant attention is paid to all priority needs when allocating finances. According to Victor (2017), principals demonstrated competency when it came to prioritizing financial allocation according to school needs. On the other hand, the involvement of all responsible officers in the budgeting process is faced with challenges as revealed by Aguleke et al (2022), Kahavizakiriza & Walela (2015), Mobegi (2012) and Ngigi & Tanui (2019). In most schools, only the head teachers and the bursars play an active role in the budget formulation process. This could be attributed to a lack of budgeting skills in the head teachers (Mobegi, 2012; Nelius & Onyango, 2022; Wasiche et al., 2018) as well as a lack of specific knowledge in public fund management, for they might not be aware of the acceptable practices. The misrepresentation of responsible officers in the process of budgeting definitely has an effect on the prepared budget. The budget might fail to capture all the priority needs of the school simply because officers with rich information on the needs in their areas of jurisdiction were left out, leading to the formulation of a substandard budget.

A study on teachers' perspectives on head teachers' financial management practices by (Espinosa, 2017) revealed that teachers were of the view that head teachers should facilitate the preparation and planning for finances in order to prevent situations in which teachers operate with inadequate resources. While it is regrettable that head teachers are not proficient in budgeting, they are undoubtedly conscious of the significance of planning within an organization. This presumption stems from the fact that head teachers were previously teachers and had once held a similar view. The lack of budgeting skills in Malawian head teachers is more worrisome since money was spent when need arose (Zamula, 2019). This type of spending violated section 14 (1f) of PFMA which requires controlling officers to use public money only for the purposes for which it was designated for. This implies that in some schools even the substandard budgets are not prepared at all hence the spending of public money is not in line with the school's priorities as well as Public Finance Management Act as required by

Malawi Government and MoE. However, the lack of budgeting skills in Malawian public secondary school head teachers could not entail that they are not conversant with the whole process of budgeting. That is why this study sought to determine their competencies in the budgeting process using a qualitative research approach.

### **2.2.2. A budget as a monitoring tool.**

As already discussed in the previous section, budgeting focuses on the future; it determines the actions and funds required for the accomplishment of an organization's goals. Following the implementation of the budget, periodic budgetary control, also known as budget monitoring, is recommended. Regular comparisons between the actual expenditures of the implemented budget and the original plan are made during budgetary control. While budgeting looks forward, budgetary control is concerned with reflecting back on the implemented budget to ascertain the conformity of the actual outcomes in terms of expenditure and goal achievement to the planned outcomes. Monitoring the budget can ensure effective management of funds if an effective budget was prepared. This is because effective budget control necessitates corrective action once a mismatch is detected between the actual and planned outcomes (Drury, 2012). The corrective actions that are necessitated ensures that head teachers are reinstated to manage the public funds in line with the interests of Ministry of Education that hires them.

While Drury (2012) recommends routine budget monitoring for simple detection if the management of funds is deviating from expectations, Munge et al. (2016) confirms the enhancement of financial management in public secondary schools following effective budget monitoring. The positive relationship between financial management and budget monitoring could be the one that prompted Ephrahem & Bhoke-Africanus (2021) to urge head teachers to put forth diligent efforts to improve their capacity for budget monitoring and evaluation. However, in South Africa, the majority of public school principals generally disregard budget monitoring (Ntseto, 2009). According to his findings, most principals do not adhere to the financial management regulations set forth by the appropriate educational authorities, one of which is the strict management of funds in accordance with the budget. The few who were able to stick to the budget held monthly finance committee meetings. This implies that budget reflection was possible during those meetings, resulting in effective budgetary control. The majority, on the other hand, bemoaned their non-compliance due to failure in the generation of

sufficient funding; they solely relied on school fees, whose payment was inconsistent. As reported by Atieno & Simatwa (2012), parents in Kenya were reluctant to pay school fees, and the fact that there are occasionally fewer students enrolled, the end result was sourcing insufficient funds than projected. It is a clear case that head teachers in South Africa also faced a similar challenge.

### **2.2.3. The budget formulation process.**

Malawi's public secondary schools must prepare a budget, which, upon approval, enables them to acquire public funding for the implementation of their plans. This is in accordance with section 14 (1g) of PFMA (2022) which permits authorizing officers to collect public money based on approved plans and estimates. The Act emphasizes that the budget be prepared using the format outlined in Treasury instructions (section 14, (1n)). Menifield (2020) views a public budget as a state property that is subject to scrutiny when necessary because it draws and spends taxpayers' money. According to Drury (2012), an organization should have a strategic plan in place before beginning the budgeting process. This is to ensure that the public funds are allocated in line with the stipulated plans. For most public secondary schools in Malawi, most of their plans are dictated by the Ministry of Education. As reported by Ng'ambi (2011), MoE conducts an evaluation on the performance of the previous budget annually and then makes strategic plans for the upcoming budget. Public secondary schools, since they are run by the Ministry of Education, will conform to the plans of the ministry, but they will also be required to make their own plans depending on individual school needs. Since funding public secondary schools is a shared responsibility, in addition to being used as a tool for gaining access to funds from national revenue, school budgets are also used to determine each student's contribution.

A budget committee, accounting staff, and budget manual are the prerequisites for the preparation of an effective budget (Drury, 2012).

#### **2.2.3.1. The budget committee.**

The budget committee is made up of senior executives representing major departments of the organization. Their primary responsibility is to make sure that budgets are realistically established and satisfactorily integrated (Drury, 2012). The presence of a budget committee at an institution corresponds to the argument by Shim et al., (2011) that all members concerned with management issues in an organization should be involved in budget preparation. This is

to ensure that planned activities in all the departments are incorporated in the budget. However, as revealed by Aguleke et al. (2022); Kahavizakiriza & Walela (2015); Mobegi (2012), the involvement of all the responsible officers in the budgeting process in most schools is problematic. Usually, it is only the head teacher and the bursar who formulate the budget. This practice of not involving all the management members when budgeting affects the quality of the produced budget; a poor budget is produced. This study sought to determine if this is also the case in Malawian public secondary schools. The budget committee is also obliged to appoint a budget officer to act as an accountant. The budget officer's responsibility is to organize the different departmental budgets into a budget for the entire organization (Drury, 2012).

#### **2.2.3.2. The accounting staff.**

The accounting staff typically assists managers in budget development (Drury, 2012). Although they do not make the decisions about what goes into the different budgets, the accounting staff offer advice to the managers. They disseminate and offer guidance on budget preparation guidelines as well as historical data that may be helpful for timely budget development and submission. Menifield (2020) acknowledges the lengthy and complex nature of the budget preparation process due to the need to engage accounting personnel as an advisor and supervisor for trained managers for its successful completion. However, most head teachers, are not trained in financial management hence lack budgeting skills (Mobegi, 2012; Nelius & Onyango, 2022; Wasiche et al., 2018; Zamula, 2019). As a result, poor budgets are formulated. Formulation of poor budgets according to Atieno & Simatwa (2012) is one of the major causes of ineffective school fund management. Overspending or underspending sets in once a poor budget is prepared leading misappropriation and mismanagement of school funds.

#### **2.2.3.3. The budget manual.**

The creation of the budget manual is the responsibility of the accountant. This handbook provides important information for managers who oversee budgeting by outlining the goals and steps involved in the process (Drury, 2012; Menifield, 2020). Besides the budget objectives and priorities, the manual must be clear on the government's spending targets. Furthermore, it may include a time frame that specifies the sequence and dates on which budgets should be developed and submitted to the budget committee (Drury, 2012). For the Malawian public sector, the budgets must be prepared and approved before the start of the fiscal year, which runs from April 1st to March 31st, according to PFMA (2022). This implies that public

secondary school budgets must be prepared and approved before every 1st April of the year (the first day of our fiscal year), and by the 31st of March, which is the last day of the fiscal year, the budgets must be fully implemented. In the case of budgets that are funded by students' contributions (SDF), they must be prepared and approved before the first day of the term and by the end of the term, they must be fully implemented.

### **2.3. Internal Financial Controls in Management of Funds.**

Control, according to Drury (2012), is the process of ensuring that an organization's activities conform to its plan and that its goals are accomplished. As this is the case, control is impossible without organizational goals and plans since they act as a yardstick for the measurement of an organization's conformity to them. An internal control system comprise specific principles, policies, and procedures an organization establishes and enforces that offer a reasonable assurance to the management team on the ability to achieve its objectives in terms of efficiency and effectiveness of operations, accuracy and reliability of its accounting data, compliance with prescribed managerial policies and the safeguarding of its assets (Giles, 2013). Thus, internal control can be considered as an inner force that influences all organizational activities and dictates how they must be run to ensure there is order, efficiency and effectiveness in carrying them out. In schools, an effective internal control system has the capability to improve the quality of financial accountability (Widyaningsih, 2015).

Controls are a means to achieve a control, as stated by Drury (2012), the role of "control" ensures that actual work is done to fulfil the original objective, while "controls" are used to offer information to assist in determining the control action to be taken. Controls are thus employed as instruments to achieve the intended outcome, which is a control. Even Public Finance Management Act (2022) emphasizes the need to have internal controls in government institutions. Section 14 (1p) of the act urges authorizing officers to develop and maintain an effective system of internal controls. The internal controls play a significant role in the effective and efficient utilization of public resources. In the public schools, the internal controls provide a yardstick for the assessment of head teacher's duty and ensures they are acting in the interest of MoE's goals when they conform to them in discharging their duties.

Financial and non-financial (administrative) internal controls are the subsets of the internal control system of an organization (Kearney et al., 2013). Internal financial controls are concerned with management of an organization's financial and material resources and they are designed in such a way that enables them to safeguard an organization's assets against misuse and abuse. Internal financial controls are defined as the systems, policies, and means through which an organization monitors and regulates the direction, allocation, and utilization of its financial resources (Kearney et al., 2013). It, therefore, follows that complete adoption of the internal financial controls set by an organization, has the ability to stop or expose mistakes or fraudulent practices in the management of finances at the institution hence effective management of an organization's funds follows. This was proved by a study carried out by Munge et al. (2016) who found out that financial controls had a good and considerable impact on financial management in public secondary schools in Nakuru County, Kenya. The responsible officers who took part in the study were excellent in book keeping such that they kept all records of income and expenditure, and the expenditure of funds allocated to each department was monitored. However, it has to be noted that the complete adoption of the internal financial controls will lead to effective management of an organization's funds if and only if they are strong. Mobegi (2012) revealed that weak internal control mechanisms among other factors played a greater role towards the mismanagement and misappropriation of finances in public secondary schools in Gucha District, Kenya. The absence of checks and balances, internal auditing and poor bookkeeping enabled officers to inflate prices of goods and services as well as carrying out unauthorised transactions just for personal gain. Had it been that the internal financial controls were strong and completely adopted, all these malpractices would be detected and stopped before they materialised. Thus, this study sought to closely examine the internal financial controls developed and maintained by the head teachers' in the public secondary schools and determine their strength in the promotion of effective management of public funds as well as promoting the management of public funds in the interest of MoE.

Effective internal financial controls, besides protection of an organization's assets, also help in accurate recordkeeping, timely production of financial statements and ensures compliance with the laid down company's policies (Lunenburg, 2010). The internal financial controls provides adequacy in the management of finances as backed up by Omwono & Nduruchi (2016). According to them, a positive influence in the monitoring and utilization of financial resources,



compliance to effective accounting procedures leading to effective financial reporting and hence the timely provision of feedback needed in the accomplishment of schools' strategic goals was possible courtesy of internal controls. From their findings, it can be seen that almost all of the pertinent issues in the effective management of finances were adequately addressed just by adhering to the internal financial controls. Atieno & Kiganda (2020) established a significant relationship between principal's financial accountability and control activities. This is in line with Giles (2013) who reported that in financial accounting and reporting, internal financial controls promote leaders' accountability for their decisions in financial management. This being the case, the principal is held answerable for poor results of their financial management activities in the presence of a well-established and implemented system of control activities.

There exist two main types of internal financial controls also referred to as control activities. Both are equally important in an institution. They are the preventative and detective internal financial controls (Giles, 2013).

### **2.3.1. Preventative Internal Financial Controls.**

Preventative internal controls prohibit any malpractice from materialising as the finances are being managed in an institution (Giles, 2013). According to Giles (2013) most organizations employ a robust recruitment process to make sure they only hire deserving employees who have the relevant experience, knowledge and skills to competently perform their duties hence preventing the occurrence of any suspicious acts mainly due to ignorance. But for most African countries, this is just on paper. It has been revealed that most public secondary school head teachers are unqualified to manage public funds in the schools as their appointment to headship position is based on teaching record and induction programmes to the post of head teacher do not exist (Atieno & Simatwa, 2012; Mobegi, 2012; Mugala et al., 2023; Nelius & Onyango, 2022; Wamba, 2015; Wasiche et al., 2018). Therefore, performing their public financial management duties competently to avoid irregularities is definitely compromised. That is why this study sought to find out if public secondary school head teachers are able to perform their public finance management duties competently and in the interest of MoE bearing in mind that they are not qualified to perform the duty. Giles (2013) further recommends that once the skilled and competent personnel in financial management have been recruited, as a first line of

defence in the prevention of fraud and errors; segregation of duties, establishment of responsibility, and physical security controls must be enforced in the organization.

#### **2.3.1.1. Segregation of duties.**

Segregation of duties involves the distribution of different parts of the same transaction amongst a number of employees to ensure that each employee has a limited concentration of power on the transaction (Giles, 2013; Zain, 2018). For instance, employees who authorise, execute, record and reconcile financial transactions must perform only one of such duties. This must be the practice to ensure that an employee in charge should not be a perpetrator and at the same time a concealer of fraudulent acts (Giles, 2013; Lunenburg, 2010). Also, with segregation of duties the finishing point of one employee's work acts as the starting point of another one. This provides a basis for evaluation of one another's work hence detected errors can be corrected immediately.

In Kenyan public secondary schools, segregation of duties related to accounting and financing was a problem due to the appointment of head teachers with no accounting and finance managerial knowledge and skills. In the affected schools, dishonest bursars would mismanage the school funds and conceal the act by balancing the accounts books in their favour without the knowledge of the head teacher. With the limited knowledge in accounting and financing, the head teachers failed to uncover the anomalies (Mobegi, 2012). Only had the related duties been divided amongst different employees, the fraudulent practices would be prevented from taking place. Again, the head teacher being the overall boss in administrative, supervisory and financial management roles, provides room for financial mismanagement due to the absence of checks and balances. As revealed by Mobegi (2012), in Gucha District, Kenya, the head teachers had complete control over the management of school funds. The schools' funds were mismanaged since roles that provide fraud opportunity when combined were not separated. It might be due to the same background that Atieno & Kiganda (2020) are of the view that segregation of duties in the schools should be strengthened. Not only that, but also the roles of principal, bursar, storekeeper, Board of Management (BOM) members, and other employees, must be clearly defined.

Locally, the ideal practice is; there has to be a controlling officer, an accountant and an Internal Procurement and Disposal Committee (IPDC) at each public institution. In the public secondary schools, the controlling officer is the head teacher and he is responsible for authorising every expenditure transaction (PFMA, 2022). The accountants in the schools are the bursars and they are tasked with regular preparation of expenditure records, managing accounts payables and receivables, and paying suppliers (Wagner et al., 2016). The IPDC is tasked with ascertaining availability of funds to pay for each procurement as well as qualifying bids and selection of successful bidder (PPDAA, 2017). The duties of the key players in the management of public funds are segregated such that if the ideal practice is adhered to, transparency and accountability would be enhanced and effective management of public funds would follow since no single person will have complete control over the transactions.

#### **2.3.1.2. Establishment of responsibility.**

With establishment of responsibility, a specific task, like authorizing and approval of transactions is assigned just to one employee (Giles, 2013). This makes it easier for management to determine who is to blame for an error as opposed to when multiple employees are involved. The establishment of responsibility helps to minimise fraud as the responsible individual knows s/he will be the only one held accountable once something goes wrong. As a result, s/he will make every effort to avoid engaging in fraudulent activities.

It has to be noted that an organization's transactions are deemed valid if and only if they have been approved by responsible personnel with whom such powers have been vested into (Giles, 2013). Even though this is supposed to be the effective practice, Mobegi (2012) revealed that unauthorised purchases which were mainly for personal gains were being made in Kenyan Secondary Schools. In addition to that, head teachers were not verifying the expenditures leading to misappropriation of school funds. The lack of honesty and trustworthiness as revealed by Rangongo (2016) forced dishonest principals to use the finance officers to authorise the release of money without proper documents and then share the proceeds. The establishment of responsibility as far as authorisation of release of funds for expenditure is concerned, is met with various challenges as found by Mobegi (2012) and Rangongo (2016). According to their findings, officers responsible for authorising school transactions are influenced by top officials as they carry out their duties.

### **2.3.1.3. Physical security controls.**

Zain (2018) argues that to ensure organizational assets and related information are safeguarded against any damage or loss, any unauthorised access to such information and assets must be denied at all costs. The mechanisms employed to deny unauthorised access to an organization's properties are termed physical security controls. According to Giles (2013), physical security controls are safeguards put in place to prevent unauthorised access to an organization's properties. With physical security controls, an organization's assets and documents are safeguarded from theft and vandalism. The physical and security controls include fences, locks on doors, security alarms, lighting, identity (ID) cards for employees and guarding officers. In most schools, the presence of security guards, lockable doors and locked cabinet files containing sensitive documents during non-working hours as well as in the absence of an authorised officer, definitely prevents the loss or intentional damage of information which can conceal public financial management malpractices.

### **2.3.2. Detective Internal Financial Controls.**

Bearing in mind that sometimes prevention fails, detective internal financial controls are put in place to alert the management team of the occurrence of any irregularity, problem or fault in a transaction that has been carried out (Giles, 2013). The detective financial controls also provide an assurance on the effective functioning of preventative financial controls. In case of an irregularity, with effective detective financial controls in place, the management team is able to figure out what exactly went wrong and immediately devise changes in their policies to fix it. Some of the examples of detective internal controls in an organization include reconciliations of transactions, internal audits, variance analyses, periodic physical inventory counts.

#### **2.3.2.1. Reconciliation of transactions.**

Reconciliation of transactions is an act of periodic matching of internally prepared accounting records (for example payment vouchers) with original records of the transactions from external sources (for example bank statements) to check if they are in agreement. Reconciliation of transactions ensures accuracy and validity of financial information since it exposes any omissions, duplications and errors in the information and provides room for immediate

correction. It is recommended that the reconciliation process should be consistent and the procedure should be clearly documented and communicated to all the responsible departments and personnel. Consistency in the reconciliation process ensures all inaccuracies are discovered hence potential fraud is minimised. On the other hand, procedure for carrying out the task must be clear and well documented. The responsible officers must be fully conversant with the following: the steps in the process of reconciliation of transactions, the responsible officers for performing each step, the mechanism for providing proof that all transactions have been reviewed and reconciled, and procedures for correction of identified errors (Turner et al., 2016).

#### **2.3.2.2. Internal audits.**

An internal audit refers to an independent review, analysis and evaluation of an organization's accounting processes (financial documents and data), internal controls and corporate governance systems to measure their effectiveness. It is designed to add value and improve an organization's operations, thereby helping it accomplish its objectives. From the assessment and analysis of an organization's data and processes, internal audits can expose problems in the control environment and allow the organization to correct them before they are discovered in an external audit. The audits are categorised into three: compliance, financial, and operational audits. The financial audit is an objective review and assessment of an organization's financial statements to ensure that they fairly and accurately reflect the transactions they purport to represent. Its major purpose is to ensure that organizations' financial statements are presented accurately and in accordance with generally accepted accounting principles (GAAP) so that management can make sound business decisions with them. The conduction of proactive financial fraud audits can help in the identification of potentially fraudulent acts, participation in the fraud investigation and conducting post fraud audits to identify the internal control breakdowns and establish financial losses incurred by the organization. Therefore, the internal audits act as an objective source of independent advice for senior management officers since through them, managers can be in a better position to ascertain the accuracy and authenticity of an organization's financial information and accounting records (Giles, 2013).

With weak internal controls in most public secondary schools in Gucha District in Kenya, of which one of it was unavailability of internal auditors for the schools, a lot of mismanagement

and misappropriation of finances was reported (Mobegi, 2012). The loss was too much that Mobegi (2012) had to make a recommendation to the school governing body to put in place an internal auditing system rather than just waiting for the external auditors from the district which were also scarce. The lack of internal audits was also one of the factors that accelerated financial mismanagement in secondary schools in Lusaka District, Zambia (Mugala et al., 2023). In the absence of internal auditing, school leaders knew that no one would hold them accountable for how they spent the school money. As a result, they purposefully mismanaged the school funds. All the purposeful mismanagement of school funds would be stopped if the schools had internal auditors as argued by Giles (2013), the presence of internal auditors detects fraudulent acts and put in place corrective measures immediately.

### **2.3.2.3. Budget variance analyses.**

Sometimes the budgeted amount varies with the actual amount spent. Due to this, it is recommended that a comparison of the budget and the actual spending be carried out regularly. The aim is to determine the budget variance, which is the difference between the budgeted amount and the actual amount spent, justify the deviations, and give managers an opportunity to correct problems if any. Budget variance analysis, therefore, is the quantitative analysis and interpretation of the difference between actual and planned expenditure (Shim et al., 2011). According to Shim et al., (2011), the management team is responsible for monitoring the budget and analysing the variance.

A study conducted by Kahavizakiriza & Walela (2015) revealed that it was only the head teachers and BOG that were involved in the budget monitoring. The Heads of Departments were left out. In some South African schools, the budget was not monitored at all (Ntseto, 2009). This is worrisome since accountability related to spending is compromised, the organization may experience long-term financial setbacks as well as struggle to meet its objectives and goals. However, Dwangu & Mahlangu (2021) found that the mechanisms schools put in place to hold the principals accountable for their poor actions in management of school finances fail to hold them fully accountable of their acts. Due to this, the principals serve sentences that are not severe enough to discourage others from embezzling school money. It is like the budget monitoring yields to nothing and it is doubtful if the corrective measures put in place are implemented.

#### **2.3.2.4. Physical inventory counts.**

Inventory refers to a collection of idle stock of physical goods with economic value that are kept in various forms by an organization while they await to be processed, packaged, used or sold at a later date (Young, 2010). Physical inventory counts involve the manual counting of all items in stock and comparing the actual number of physical stock with the inventory records. It is recommended that it be performed at regular intervals. The regular counting of items in stock, also referred to as cycle inventory count, helps in the detection and correction of inventory errors thereby improving accuracy of inventory records as well as organization's financial statements (Young, 2010).

#### **2.4. Financial accounting and reporting.**

Periodically, all parties interested in an organization need to be furnished with an update of its business activities and financial performance for various reasons. For instance, cost-centres which are institutions or departments that access their funding direct from the Treasury, are required to report on the usage of public funds on monthly basis for further release of funds and internal auditing (Ng'ambi, 2011). Such information is communicated through financial statements. The financial statements are a set of documents that show an organization's financial position at a specific point in time and hence are useful to managers and stakeholders in making informed judgements and decisions (Maynard, 2017). The commonly used financial statements include balance sheet (statement of organization's assets, liabilities and equity), income statement (statement of revenues, expenditures and profit or loss) and statement of cash flow (statement of revenues and expenses). The production of these financial statements in line with the Generally Accepted Accounting Principles (GAAP), is called accounting (Maynard, 2017). Even section 26 of PFMA (2022) requires all financial reports, financial statements, related financial information and accounting procedures to adhere to GAAP. Accounting is a process that involves the collection, recording, classifying, summarising and interpreting a great number of transactions from an organization's operations for a given period of time (Jones & Pendlebury, 2010). The fluctuations in the actual revenues, expenses, assets, liabilities and cash flows, acts as a measure of an organization's financial performance when compared with the anticipated outcomes for that given period. In the course of accounting, International Financial Reporting Standards (IFRS) which are a set of accounting guidelines specifying how

different types of transactions must be reported in the financial statements are employed (Maynard, 2017).

In addition to communicating the financial status of an organization through the financial statements, financial accounting and reporting also enhances accountability and compliance to accepted practices in the utilization of public funds in the schools. According to Omwono & Nduruchi (2016), effective reporting is greatly influenced by an organization's internal control system. This internal control system ensures that effective accounting procedures are strictly complied with in the production of financial reports. It was also found that computerized accounting in the schools promoted positive school fund management (Muthanga, 2017). This could be due to the automation of the computer in performing calculations at a faster rate as well as its accuracy in such operations.

Public secondary school head teachers in Malawi are obliged to maintain accounts (MOEST, 2013). This job responsibility of head teachers as described by MoE, complies with section 14 subsection 1d of PFMA (2022) which urges controlling officers to maintain all the institution's accounts and records pertaining to its functions and operations. The head teachers, therefore, must ensure the safe and proper custody of accurate and updated records of all the financial transactions of the school. Thus, their bookkeeping aspect of accounting is very important as the recorded transactions are used in the preparation of financial statements which reports the financial status of the school to different stakeholders of which one of them is the Minister of Education as dictated by PFMA (2022). According to section 14 subsection 1c of the Act, controlling officers must furnish the responsible minister with enough information on financial allocation and use, revenue collection and acquisition, asset management and disposal. To achieve this, the schools send their financial reports to their respective division offices and the chain continues until the financial information reaches the Minister of Education. Due to the knowledge and skills they possess, accountants are responsible for the accounting process in an organization (Jones & Pendlebury, 2010). Even though this is supposed to be the case, research has revealed that teachers appointed as bursars are assigned the duty of preparing financial statements in most Malawian public secondary schools (Phiri, 2020). This practice may compromise the quality of financial statements prepared by them due to lack of



professionalism in the field of accounting. This will also have a negative impact on the managerial decisions that will be made based on the substandard financial statements.

To be worthy for use in decision-making process in an organization, financial accounting information must be relevant, reliable, comparable and consistent (Maynard, 2017). The relevance of accounting information is determined by its accuracy, timeliness, predictive value and feedback value. It must be free from misstatements, presented at the right time, enable the users to form an opinion of the organizations' future events just from a comprehensive understanding and evaluation of its financial accounting information. Feedback value of financial accounting information is its ability to confirm or refute the user's prior expectations upon comparisons. Reliable financial accounting information is that information which can be verified by independent firms and result into exactly the same conclusion that was arrived at by the organizations' accountants' hence can be fully depended upon with no worries of going astray. Comparability of financial accounting information is concerned with its quality such that users can point out similarities and differences among organizations being evaluated or different financial periods of the same organization. Finally, when it comes to consistency of financial accounting information, the users are interested in the use of the same accounting treatment for the same type of accounting transactions (Loughran, 2020).

All the managerial functions of school managers like planning and using school's resources must point towards the accomplishment of predetermined goals and objectives. But if a mismatch is detected between the actual results and the planned results and targets, school managers and stakeholders may need to make decisions in an attempt to correct the situation especially when it is projected towards the negative end. The decisions they will make will be based on the financial statements. Therefore, accounting acts as a source of essential and timely information for managers and other stakeholders to base their decisions concerning the organization (Maynard, 2017). However, public secondary school managers, even though they are financial controllers and accounting officers, may fail to make sense out of the financial statements because most of them are hardly conversant with them. As such, devising informed decisions from the financial statements gets compromised.

## **2.5. Chapter Summary.**

This chapter has presented a review of literature on management of public funds in schools. The chapter tackled all the areas that are essential in the effective management of public funds in the schools which are budgeting, internal financial controls as well as financial accounting and reporting. From the review of the related literature, it has been noted that the major cause of mismanagement of school funds unskilled workforce and weak internal controls.

## **CHAPTER 3: METHODOLOGY.**

### **3.0. Chapter Overview.**

This chapter presents the research paradigm, approach, design and methodology employed to assess head teachers' management of public funds in Northern Education Division. The location of the study, target population, sampling procedures and sample size, data collection procedures and instruments, data analysis techniques, validation of findings, ethical considerations, trustworthiness as well as credibility are also described in this chapter.

### **3.1. Research Paradigm.**

The study adopted the interpretive research paradigm. The interpretive research paradigm's focus is to understand the phenomenal world of human experience (Cohen et al., 2018). As such, it understands a phenomenon from the point of view of participants who makes an encounter with such phenomenon. It is mainly concerned with how individuals under study interpret and give meaning to their own world (Creswell, 2014). This study sought to assess secondary school head teachers' management of public funds to gain an understanding of the meanings they attach to their practices in the management of public funds.

The researcher wanted to understand the meanings the school management attached to those practices and to why they believed those practices would assist in the effective and efficient management of public funds in the school. The interpretive research paradigm suited this study because it allowed the direct interaction with the main subjects of the research problem. From these interactions, the researcher was able to generate an in-depth understanding to the meanings and interpretations secondary school head teachers attach to their public fund management practices.

### **3.2. Research Approach.**

The study embraced a qualitative research approach. A qualitative research approach according to Creswell (2014), seeks to collect data at the actual place where the participants being studied experience the matter of concern by face-to-face interaction. The aim is to gain a rich explanation of the social experiences and the meanings attached to such experiences from

individual participants. This is because individuals make sense of their reality and how to behave in it by assigning their own meanings to their experiences (Cohen et al., 2018). With the qualitative research approach, the researcher was able to interact face-to-face with head teachers who are controlling officers for public funds in their respective schools and gained a thorough understanding of the meanings they attach to their public fund management practices as well as comprehending both the specific and broad contexts affecting their public fund management practices.

### **3.3. Research Design.**

A case study research design, specifically an explanatory case study was employed in this study. A case study's main objective according to Yin (2017) is to develop a thorough understanding of a case including circumstances leading to its occurrence. Whereas the backbone of the explanatory case study is to explain the origin of a certain effect in a specific context. The explanatory case study's research design major concern is therefore, the cause-and-effect relationships of variables under study.

For this study, the researcher sought to gain an in-depth understanding of why public secondary school head teachers manage public funds in a certain way and to establish the effect of their Finance and Accounting knowledge on management of public funds in their respective schools. These goals could only be fully achieved with the application of an explanatory case study as a research design for the study hence the choice.

### **3.4. Study Site.**

The study was carried out in 9 public secondary schools within Northern Education Division and Northern Education Division Office. Carrying out the study in the Northern Education Division was just as important as carrying it out in any other education division, thus the choice. In addition to this, Northern Education Division was within the researcher's reach hence carrying out the study in NED was cost-effective. The Northern Education Division Office represented the Ministry of Education. In the schools, the study was conducted in each category of public secondary schools (CDSS, CSS, and Grant-aided Secondary School) found in Mzuzu City and Rumphi education districts. Although the organizational structures of the public

secondary schools differ slightly, the researcher wished to get a sense of how head teachers manage public funds in the various categories of secondary schools and then make an assessment of their public fund management. Mzuzu City and Rumphi education districts were chosen because the researcher is fluent in the local language of these places. In case the chairpersons of school committee, who were also participants of the study, were not sufficiently fluent in spoken English, the researcher would still be able to communicate with them in their native language hence the choice of the mentioned education districts.

### **3.5. Study Participants.**

In the public secondary schools, the participants of this study were the head teachers, bursars, chairpersons of IPDC, and chairpersons of PTA. The sample size from the schools was 9 head teachers, 10 bursars, 8 chair persons of IPDC and 3 PTA chairs. From the education division office, the human resources officer, divisional planner, and internal auditor participated in this study. Below is the justification for the choice of the participants:

The head teachers are the overall managers in secondary schools and the management of public funds is their responsibility (MoEST, 2013). Being overall managers in the schools they are controlling officers for public funds and this was the reason behind their inclusion as study participants.

Bursars were taken on board as participants for this study because they are advisors of head teachers on matters relating to public funds (MoEST, 2013). They are also responsible for preparing financial documents which form the basis for informed decisions about public fund management (Coleman & Anderson, 2000). In the course of carrying out the mentioned duties, they assist the head teachers in the management of public funds in the schools.

To ensure proper expenditure of public money and that its expenditure complies with public procurement principles, MoEST (2013) urges head teachers to have an internal procurement committee at the school. Again, section 26 (1) of PPDA (2017) demands the establishment of an IPDC in all procuring and disposing entities. Because IPDC is directly involved in the procurement process which utilizes public money was the reason the chair person was chosen to participate in the study. The information provided by them was used for triangulation purposes to ascertain the adherence to public procurement principles as public money is spent in the public secondary schools.

If a school is to get a high rating for effectively managing public funds, NES mandate that school governing bodies take part in budget preparation and expenditure monitoring. It was for this reason that chairperson of school committee was chosen to participate in the study. They were a source of information on whether their participation in management of public funds, especially SDF, is allowed and valued.

The human resources officer takes part in the appointment of secondary school head teachers. Due to this, he has knowledge of the qualities they consider important, which, in their view, enables head teachers to manage public funds properly. This study analysed whether the valued qualities actually contribute to the effective management of public funds; hence, the human resources officer could not be left out as a participant as he was a source of the valued qualities.

The budgeting and financing responsibility of the Ministry of Education's Planning Division involves the developing and submitting recurrent and development budgets, conducting financial and economic analyses of plans, programs and projects, and monitoring recurrent and development funding (MoEST & JICA, 2002). In line with their duties, during the recurrent and development budget preparation and review meetings, the divisional planner's office is in charge of informing head teachers and other concerned officers about items to be included in the prepared budgets and determining whether budget implementation corresponds to the planned activities respectively. Due to this, the divisional planner was taken on board as a participant because he would help in provision of information about head teachers' competency in budgeting and proper expenditure of public money since the prepared school budgets and reports on expenditure of public funds are submitted to his office.

Internal auditors examine required financial records and advise on issues such as compliance concerns, risks, fraud, and data inaccuracies (PFMA, 2022). As a result of the audits they conduct, internal auditors have knowledge of how head teachers manage public funds in their respective schools through the scrutinizing of the school's financial statements and reports. For this reason, the internal auditor qualified to be one of this study's participant.

### **3.6. Sampling Techniques.**

Stratified random sampling was employed to select the schools. According to Cohen et al., (2018), stratified random sampling involves grouping the study population into homogeneous

sub groups and then randomly selecting participants from the homogeneous groups. For purposes of this study, all the public secondary schools in the study area were divided into three homogenous groups (CDSS, CSS and grant-aided) and the schools to participate in the study were randomly selected from the homogenous groups. Stratified random sampling was opted for because it ensured that each category of public secondary schools was properly represented in the sample. The study was conducted in 9 public secondary schools.

Table 1 below shows the number of schools that were sampled in each category of secondary schools and the number of participants per category of public secondary schools.

Table 1: Number of schools in each category of secondary schools in the sample and number of participants per school category.

<b>School Category</b>	<b>Number of schools in the sample</b>	<b>Number of participants</b>
Grant-aided	1	1 head teacher 1 chairperson of IPDC 1 bursar
CSS	2	2 Head teachers 2 Chairpersons of IPDC 2 Bursars
CDSS	6	6 Head teachers 5 Chairpersons of IPDC 7 Bursars 3 Chairpersons of PTA

The sample representation of the categories of schools in the research site was as follows: grant-aided 100%, CSSs 33%, CDSSs 21%.

Study participants were selected purposively. Individuals were deliberately selected to participate in the study based on researcher's perspective that they were most likely to provide the required information (Cohen, et al., 2018). All the individuals that participated in the study were only those that the researcher was totally sure were custodians of the needed information.

### **3.7. Data Collection Methods and Instruments.**

Semi-structured face-to-face interviews and document analysis were used to collect data for this study. Face-to-face interviews are a flexible method for collecting data since they allow collection of both verbal and non-verbal information from the participants (Cohen, et al., 2018). With the face-to-face semi-structured interviews, the researcher was able to interact with the participants and probe wherever necessary to gain comprehensive data. Interview guides were used as instruments for collecting data from the participants during the interviews. Cohen et al., (2018) suggests the interview guide approach facilitates the systematic collection of data as the interview questions are formulated well in advance. The interview guide was chosen because it enabled the researcher to develop the interview questions in advance and hence allow systematic data collection. Since the interview guide comprised of open-ended questions, room was provided for collection of subjective information which was diverse, deep and detailed. This enabled the researcher to have a holistic and comprehensive understanding of the issue under study, management of public funds in the public secondary schools. The semi-structured interview guides that were used to collect the data have been included in the appendices section (Appendix E to Appendix K on pages 99-105).

Official documents like school budgets, payment vouchers, bank account statements, audit reports and financial reports were analysed. The analysis of these documents provided both primary and secondary data for the study. As put forward by Cohen et al., (2018) that the interpretation of raw materials provides primary data, the researcher directly analysed and interpreted documents like school budgets and financial reports. Hence, they provided primary data since these documents were interpreted by the researcher. On the other hand, the analysis of audit reports provided secondary data since it involved the study of other people's interpretation of other certain documents.

When using secondary sources of data, Cohen et al., (2018) acknowledges a variety of challenges including authenticity and credibility of the documents to be analysed. They suggest that one must first understand why and for whom the documents were prepared. The researcher opted for document analysis because it helped in appreciating what the participants claimed was their practice in managing public funds. The researcher was also aware that documents like school budgets are prepared for purposes of facilitating the effective and efficient management of public funds, financial statements to reflect the financial performance of an



organization, payment vouchers provide checks and balances as far as compliance to school budget is concerned, bank account statements provide information on the school's actual income as well as expenditure, and audit reports document about the accuracy of an organization's financial statements and compliance to laid down Acts and Policies. Since the researcher fully understood why the documents to be analysed are prepared, getting the required information from them was a bit easier. The document analysis form showing the centre of focus when the documents were analysed has been attached in the appendices section as an appendix L on page 106.

### **3.8. Data Analysis.**

According to Cohen et al (2018), the focus of qualitative data analysis is on in-depth, rich, participant-submitted meanings that are specific to the content. Due to its lengthy and comprehensive nature, not all qualitative data is analysed, some of it which is irrelevant is ignored. In the process of qualitative data analysis, the data is reduced, analysed and interpreted (Cohen et al., 2018). During data reduction process, the data is clustered into a limited number of themes which are developed from related codes.

For this study, the recorded interviews with all participants were strictly transcribed word-for-word and all participants were given a pseudonym. The analysis of the content from the interviews was done by generating themes in accordance with the research objectives. The themes were generated from related codes which originated from the process of coding. The process of coding searches and identifies concepts of data which are related and assign a label (code) to them (Creswell, 2014). All the related and relevant coded extracts were clustered together into a theme. This method, enabled the researcher to thoroughly analyse the data using repeating patterns related to the research objectives.

The data obtained from document analysis was merged with the data from interviews.

### **3.9. Trustworthiness.**

The trustworthiness of this study was guaranteed using the following four criteria: credibility, transferability, dependability and confirmability which Lincoln & Guba (1985) suggested are prime when it comes to the establishment of trustworthiness of a qualitative study. Credibility is concerned with the representation of a true picture of phenomena under study. Transferability is concerned with the extent to which qualitative research findings can be justifiably applied to

other settings. Dependability is the measure of the extent to which the research study could be replicated by a different researcher and yield similar results. Confirmability refers to the degree of objectivity of the research findings. To ensure confirmability, researchers must show that conclusions came from the collected data i.e. from the participants and not from their biases (Lincoln & Guba, 1985).

To ensure credibility, data triangulation was employed. Data was collected from multiple sources i.e. a wide range of informants were interviewed (head teachers, bursars, chairpersons of IPDC, chairperson of school committee, divisional planner, internal auditor) as well as from examining official documents. With data triangulation, biases that could originate from collecting data from a single source were eliminated as the same type of data was collected from different sources. This is in line with Stahl & King (2020) who suggests that individual perspectives and experiences can be validated by comparing them to those of others if you use a wide range of participants and any documents referred to by participants in the course of the interview must be examined so as to confirm the specific information they have provided.

Transferability was enhanced through the conduction of the study in a number of schools located in different environments. Since its solely the readers' task to apply the findings of a qualitative research study to other settings(Stahl & King, 2020), background information of the study, detailed descriptions of the research setting, research participants, quotes, and other compelling interpretation and synthesis have been provided to enable readers to contextualise the study and apply the findings to their own context and make comparisons if possible.

The dependability and confirmability of this study's findings have been addressed by leaving an extensive audit trail of all the steps from the start of the research project to the reporting of the research findings. According to Lincoln & Guba (1985), an audit trail is a clear description of research steps taken from the inception to the development and dissemination of research findings. Thus the availability of the audit trail, allows an auditor to confirm the reliability of the study by examining the research methodology, emerging data and interpretations (Amin et al., 2020).

### **3.10. Ethical Considerations.**

Creswell (2013) emphasizes on the importance of respecting participants and their naturalistic sites throughout the whole process of data collection. He goes on by reminding potential researchers to bear in mind all the ethical issues that might surface as the study is in progress and recommends the ways to address them must be suggested in the planning and designing phase of the study.

Ethical considerations for this study included the following: approval from Mzuzu University Research Ethics Committee (MZUNIREC), letter of introduction from Mzuzu University, Faculty of Education, letter of authorization from Northern Education Division, disclosure of study's purpose to participants, obtaining consent from participants before interviewing them, emphasizing voluntary participation to participants and assuring them of their anonymity and confidentiality of data provided. In addition to these, the researcher strictly maintained privacy of the data collected. A copy of the approval from MZUNIREC, introductory letter from Mzuzu University, Faculty of Education, letter of authorization from NED and participants' informed consent form have been included in the appendices section as appendices A – D respectively on pages 91-98.

### **3.11. Chapter Summary.**

This chapter has described in detail the study's research design and methodology, trustworthiness as well as ethical considerations.

## **CHAPTER 4: PRESENTATION OF FINDINGS, DATA ANALYSIS AND DISCUSSION.**

### **4.0. Chapter Overview.**

Results of the data collected for this study, which aimed at assessing public secondary school head teachers' management of public funds in Northern Education Division are presented in this chapter. Face-to-face interviews and document analysis were the methods that were used to collect the data. Data from the interviews was transcribed verbatim and combined with data generated from analysing financial documents. Then codes were developed, and from the codes, themes which are in line with the study objectives were constructed. The results are presented in accordance with the specific objectives.

### **4.1. Head teacher's profile.**

Since the study's aim was to assess head teachers' management of public funds, of all the participants, it was the head teacher's profile that was taken.

Table 2: Head teachers' profile

Head teacher	1	2	3	4	5	6	7	8	9
Gender	M	M	M	F	M	M	F	M	F
Professional Qualification	BED	BED	BED	BED	Dip	Dip	MED	MED	Dip
Grade	TH	TH	TI	TG	TF	TI	TG	TH	TH
Number of years on headship	21	17	4	4	25	3	7	10	< 1
Inclusively trained in public finance management	No	Yes	No	No	Yes	No	No	No	No

Key: M= Male, F=Female, BED=Bachelors of Education, Dip=Diploma in Education, MED=Masters of Education

### Summary

The head teachers' profile shows that out of the 9 head teachers that took part in this study, 6 of them were male while 3 were female. Only one was on grade TF which is the recommended grade for head teacher by MoE, 2 were on grade TG, 4 on grade TH, and 2 were on grade TI. Considering their professional qualifications; 2 possessed a Master's degree in Education, 4 had a Bachelor's degree in Education while 3 had a Diploma in Education. On being trained intensively in public fund management, only two were trained. The rest were not intensively trained in public fund management.

#### **4.2. Competency of Public Secondary School Head teachers in budgeting.**

The first objective was aimed at finding out if public secondary school head teachers are competent in budgeting. The study considered to look at the head teachers' competencies in budgeting following research findings by Zamula (2019) who found that novice head teachers

lacked budgeting skills. Zamula (2019) only considered budgeting as a whole without splitting it into its components, that is, without considering the steps that are followed, the factors considered, as well as the consultations and involvement of different stakeholders in the process of budgeting. This study split the budgeting process into its components in order to determine the head teachers' competency in budgeting using a qualitative research approach. The themes that were generated from the codes that originated from the data which described the steps followed by head teachers in budgeting and the factors considered in the process included: expected income, prioritisation of school needs and activities and expected expenditure. A table showing the codes extracted from the collected data and the themes that emerged from the related codes has been included in the appendices section as appendix M on page 107.

#### **4.2.1. Expected Income.**

When the schools are making their budgets, they consider how much they expect to collect from the students. They do this by estimating the number of students they will possibly have and multiply that number by the amount of money each student will pay. When they do this, they have an estimation of the amount of local revenue they will have.

Since the public secondary schools have got two sources of public funds, they also consider their ceiling from government funding. This ceiling is communicated to the schools soon after the national budget gets approved.

According to the managers, expected income enables them to avoid planning for too many or too little activities which might end up having no financial resources to accomplish them or leaving them with a lot of idle money.

*“We consider this in order to avoid over-expenditures because sometimes you may budget less or more. So we look at the estimated number of students we are going to have. And number of students, that means you have proper estimation of how much you expect to have in the institution. So we plan within that particular number of students which we expect to have.”*

#### **4.2.2. Prioritisation of School Activities and Needs.**

Bearing in mind that financial resources are limited in nature, not all the suggested activities and needs of the school can be carried out in a specified period of time. The needs are prioritised and included on the budget. These needs are drawn from the activities listed in the action plan which is drawn from the school's strategic plan. The practice in most public secondary schools is in agreement with Drury (2012), who is of the view that an organization should have a strategic plan in place before beginning the budgeting process.

The schools had the activities they wished to carry out on paper and could not miss any of them for lame reasons like they forgot about them. The schools ensured that the needs in all the departments were accommodated on the budget by employing a participatory approach when coming up with the budget whereby all the departments had a chance of suggesting the activities to be included on the budget as highlighted by this participant:

*“You can see it's coming from the grassroots, it's not from top to bottom but it's from bottom to top”.*

When this participatory approach is employed in coming up with the school budget, it enables the budget to capture the pressing needs of all the departments at the school hence a good budget is developed concurring with Shim & Siegel (2011) who argue for active participation of all management members for a good budget. On the other hand, the findings of this study are contrary to the findings of Aguleke et al (2022), Kahavizakiriza & Walela (2015), Mobegi, (2012) and Ngigi & Tanui (2019) who found that the school budgets were prepared by the head teacher and the bursar only. Contrary to that, this study has found that the head teachers, the bursars and all the management members which are the Heads of all the Departments at the school as well as the executive members of the school governing body are actively involved in the budget formulation process. Therefore, looking at the process of budgeting in the public secondary schools which this study explored, and relating it to literature, it was found that good budgets which incorporate the pressing needs of all the departments at the school and support the accomplishment of school goals are produced in public secondary schools.

Again, the activities that are costly are allocated at a time the schools are very sure they would have collected enough money. Effective budgeting thus goes hand in hand with managerial skills as this head teacher said:

*“If you are good planners, then you allocate your activities at the time you are very sure that by then we will have money. Yes, if you have got big activities you can’t put them just two weeks after opening school.”*

To run away from issues of getting into debts or re-allocating activities, the allocation of activities also considered the surety of availability of money at that specific time.

In some schools, the members of school committee were part of the budget formulation process and they approved a budget that they felt was good; one which would address the current needs of the school as highlighted by this participant:

*“There is usually a debate and finally we reach a consensus. It’s not that we just approve of everything that is raised.”*

The head teachers thus respected the views of the school governing body members and involving them in budgeting ensured the school committee members were conversant with the school budget hence the head teachers adhered to NES (2015) which requires them to involve school governance committees when budgeting. Involving the school governing body members in the process of budgeting ensures that they are conversant with the budget such that when it comes to monitoring the budget they should not struggle.

However, according to the divisional planner’s office, which is an office that oversees the planning of public funds from national revenue, to be specific, Other Recurrent Transactions (ORT) in the public secondary schools, some head teachers still faced challenges as far as budgeting was concerned. This was revealed when they attend budget meetings. Some head teachers misaligned the monthly allocations mainly because they did not develop action plans in their respective schools as said by the participant:

*“... That’s the assumption that they have already planned at school but the experience has shown that some don’t.”*

In the absence of well written down planned activities, to complete a template from Capitol Hill Planning Section by simply selecting the budget’s activities according to their plans was problematic as highlighted by the participant:



*“The key challenges normally are aligning the activity and the amounts allocated to each activity. And at the same time, the budgets normally they are funded monthly and this is based on the cash flow that they have put across. So normally they misalign the monthly allocations so we do help.”*

Failing to match the suggested activities and the monthly allocations is evidence enough that indeed the planning never took place at school level. The office of the divisional planner comes to their rescue by helping them so that their budget comes out exactly the way the Malawi Government wants it to look like. Contrary to this, all the schools that participated in this study had strategic and action plans which helped them to allocate public money to different activities as highlighted by this head teacher:

*“This is also informed by our school improvement plan because we have a school improvement plan which is about 3 years. So we have targets on how much or what areas we want to focus on within that time frame so as we are budgeting every term, we are being informed by that school improvement plan as well. So we don’t just budget from anywhere but from what we suggested in the school improvement plan.”*

According to the head teachers, the schools have long-term goals to be accomplished which include: to improve the quality and relevance of education, to improve access and equity to education, as well as to improve school leadership and management. These goals form the framework of their school improvement plan which is also termed as the strategic plan of the school. How they are going to achieve their long term goals is addressed in the schools’ action plan. The action plan has a list of activities to be undertaken by the school in order to achieve the goals. From the strategic plans, action plans are developed which according to this head teacher, they act as a guide in the spending of public money as well as a monitoring tool.

*“The activities I was talking about are ordered yeah accordingly, so you don’t just spend. So the budget is like a response to the action plan so whenever you are implementing the budget it’s like you are also implementing the action plan.”*

According to this head teacher, the action plan guides them on how to spend the public money accordingly. In addition to that, it is also a monitoring tool because with it, they can easily track if the implementation of the planned activities which will lead to the accomplishment of their

goals is successful or not. Hence the recommendation by Drury (2012) that organizations should have a strategic plan in place before starting the budgeting process has proved to be a very good one as evidenced by this study that the strategic plan guided the whole budgeting process in terms of deciding what goes into the budget depending on whether it will lead to accomplishment of the school's long term goals or not.

The availability of strategic and action plans in the schools could be attributed to the newly launched NED Strategic Plan which will run for four years from 2023 to 2026. All public secondary schools in NED are mandated to develop strategic plans in accordance with the NED strategic plan and the Division will be monitoring their budgets based on their individual strategic plans which will be drawn from NED Strategic Plan but will be reflecting individual school needs. The NED strategic plan has also played an indirect role in boosting head teachers' budgeting skills because every activity the head teachers plan to implement has a cost implication and timeframe component attached to it.

#### **4.2.3. Expected Expenditure.**

The schools look at their needs and prioritised activities. They cost the needs and the activities by again considering the number of students and number of teachers in case they might need allowances. They then compare the expected expenditure with the expected income and make adjustments if they fail to balance. There is also a certain amount of money which is not allocated to any activity. It is kept for use in times of emergencies as highlighted by this participant:

*“...there is always a contingency but sometimes you can overshoot that because there are so many factors.”*

#### **Summary.**

The study has found that most head teachers are competent when it comes to budget formulation. Most schools that participated in the study produced good budgets courtesy of the team working spirit in the schools. This team working spirit enabled the different stakeholders of the school to make plans collectively by employing an interactive approach. The availability of the school's strategic and action plans also helped them to come up with good budgets since they already had plans they desired to fulfil and when budgeting it was just a matter of

prioritizing and costing the activities on their plans. The findings of this study have contradicted with Zamula (2019) who found that novice head teachers lacked budgeting skills and that some of them even spent public money when need arose, in the absence of a budget. All the head teachers who took part in this research had comprehensive budgets in their respective schools and the process leading to the production of the budget was found to be worthy of producing good budgets.

### **4.3. Analysis of Internal Financial Controls Developed and Maintained by the Head Teachers at the School.**

The second research objective sought to closely examine the internal financial controls that each head teacher had developed and was maintaining at the school and assess their potential in promoting accountability, preventing fraudulent activities, and guaranteeing accuracy of financial accounting data. In general, to find out with certainty if the financial internal controls enforced by the head teachers have the capacity to lead to effective management of public funds in line with the requirements by NES and PFMA. This was the case because PFMA mandates the controlling officers to develop and maintain an effective system of internal controls for the effective management of public funds. Again, Mobegi (2012) found that weak internal mechanisms play a greater role towards the mismanagement and misappropriation of school funds. For instance, he mentioned of those mechanisms that were in absentia in the schools; checks and balances and internal auditing. However, he did not consider how the other mechanisms that were in place were affecting the management of the school funds. This study closely examined all the internal financial controls developed and maintained by the head teachers in the schools and determined their strength in the promotion of effective management of public funds, in the interest of MoE.

Since the internal financial controls are of two types; the preventative and detective internal financial controls, the research findings will be presented in line with the two types of internal financial controls.

#### **4.3.1. Preventative Internal Financial Controls.**

The preventative internal financial controls prevent the occurrence of any dubious activities when public funds are being managed (Giles, 2013). The themes that were generated from related codes that originated from the data which described the functioning of internal financial controls that prevented the occurrence of unwanted scenarios from materializing as the public

funds were being managed in the schools involved: segregation of duties, establishment of responsibility and physical and security controls. A table showing the codes extracted from the collected data and the themes that emerged from the related codes has been included in the appendices section as appendix N on page 108.

#### **4.3.1.1. Segregation of duties.**

Segregation of duties prevents any single individual from having complete control over a transaction, which would enable them to easily commit fraud or embezzle public money and conceal the evidence. Instead, the transaction is split into a good number tasks, each handled by a separate person (Giles, 2013). In so doing, without any duplication of effort, a solid foundation is laid for the employees to assess each other's work. In the public secondary schools, it was found that the establishment of Internal Procurement and Disposal Committee (IPDC), counter signatures on payment vouchers as well as bank account signatories are the mechanisms that ensure duties are segregated.

##### **4.3.1.1.1. Presence of a vibrant Internal Procurement and Disposal Committee (IPDC).**

In all the schools that participated in this study, a functional IPDC was constituted. This is in line with section 25 (2a) of PPDA (2017) which mandates the controlling officer to appoint members of the IPDC. According to section 27 (2) of the Act, the committee should comprise of a senior officer designated by controlling officer as chairperson of IPDC, head or representative of procurement and disposal unit, an accountant or budget professional and other senior officers. In the public secondary schools, the IPDC was comprised of the deputy head teacher as the chairperson, the bursar, the head of departments, and in the case of boarding schools, the boarding master and boarding mistress were also part of the committee. The only setback was that in most schools the committee comprised of teachers only because instead of an accountant, most schools make use of teacher-bursars which are teachers appointed to work as bursars in addition to their teaching duty. The IPDC oversees all the procurement operations of the school. It also identifies the immediate needs of the school. It does that by meeting regularly, looking at the budget and determining what the school would need for the coming two or three weeks from what was budgeted. The members of this committee also take part in the budgeting process hence are well conversant with the school's budget.

*“We meet as IPDC, we have minutes. Then each one signs for the things that are actually to be purchased. The IPDC members then have to go out and source the quotations then compare which one is cheaper.”*

According to the IPDC chairpersons, when they meet, they look at the budget, source at least three quotations from different suppliers per item. They qualify a single quotation based on the item’s pricing and quality. The activities they perform up to the point of selecting a supplier promotes fairness and competition on the part of suppliers while on the part of the committee and the school, accountability, transparency and value for money are promoted. The committees and the schools in general, thus, conform to section 30 of PPDA (2017) as they spend public money. When the supplier is selected, they present the duly signed minutes of their meeting to the head teacher who gives his or her approval indicating that the committee can proceed with the purchase. If there is a requisition from a particular department, since every department of the school comes up with a budget, reference is made to their submitted budgets. Unless need arises, IPDC only authorizes the requisitions that are written in line with their approved budgets.

The lack of knowledge on public procurement principles by members of staff in most schools made chair persons of IPDC to complain on how they are pressurized into attending to requests from different departments as emergencies while they were not. Once some members brought in a requisition, they wanted it to be attended to as a matter of urgency without giving the committee enough time to follow the required procedures as it was said by this participant:

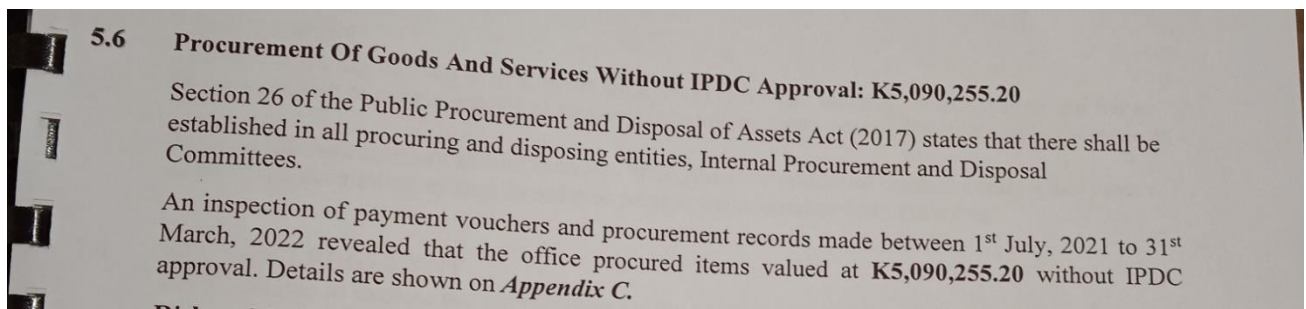
*“When these departments bring their requisitions, sometimes they just bring a requisition today and they want that thing the very same day. They don’t give you time to source for quotations... we have to follow the IPDC procedures but one of the challenges is that they just come today and they need that thing today.”*

Their unnecessary pressure on the committee sometimes made them to skip some required procedures in order to be in good terms with them. In an effort to maintain good friendships with fellow members of staff, some IPDCs abandoned some of the rules and regulations that govern expenditure of public money.

It was also found that IPDC's functionality in some schools was compromised since they did not meet regularly as highlighted by this head teacher:

*“And they have to be meeting regularly because procurement is an on-going process. But because usually in the school, when you convene a meeting you need to give them a word of token, either in form of a drink or whatsoever, so you cannot manage to be convening an IPDC meeting every week. It means the school won't be able to support them.”*

Instead, their meetings were scheduled on the calendar of events. So they had their meetings either once or twice per term according to the calendar of events. With this practice, the schools saved some little money but they might have ended up spending public money in the absence of IPDC approval when the need to procure something arose outside the designated meeting time which is an audit query as indicated on this audit report:



What this head teacher said again confirmed that in some schools' procurement of items is done without approval from IPDC:

*“In that case, we just do shortcuts. We will send someone to go and look for the beans wherever he can find them, buy and bring. What we do is the time IPDC will meet, then we have to bring those things that have been bought without proper procedures to IPDC, that these we bought without consulting you, so the reasons are these, so can you approve them.”*

With this practice, some dishonest controlling officers can take advantage of the situation and misappropriate or embezzle public funds by procuring items for personal gain and never present them to IPDC when they meet. For those items bought without IPDC's approval, chances are very high that even the other recommended procurement procedures are not complied with. Thus, the failure of some schools to strictly comply with Public Procurement and Disposal of Assets Act when it comes to authorization of expenditure transactions weakens

their internal financial controls. With weak internal financial controls, chances of mismanaging public funds are very high as found out by Mobegi (2012). This is the case since the weak controls provide a room for activities that may lead to mismanagement of public funds to take place.

#### **4.3.1.1.2. Bank Account Signatories.**

Section 46 (2) of PFMA (2022) demands that all public funds be deposited into banks. Once deposited, the public money is spent from the bank through the use of certified bank cheques. All the schools that participated in the study had a current bank account in compliance with PFMA (2022). This is what one of the head teachers said on having a current bank account:

*“We are on current account that’s why we have got this, the cheque book”.*

For schools in urban areas, the students deposited their SDF directly into the school’s bank account while those in rural areas where banks are far, the students paid cash to the school bursar or they were encouraged to deposit using bank agents like bank *pakhomo* or bank *pafupi*. Periodically, the teacher bursar went to the bank to deposit the cash. The banks recommend that schools have three signatories who would be in charge of managing the bank account and of those three, any two of them can sign a cheque. The banks need those two signatures to ascertain the authenticity of the cheque. In the schools; the head teacher, the deputy head teacher and the bursar were the signatories of the school’s bank account.

With the fact that the cheque needs to be signed by two of the signatories is a control on its own since no one person can withdraw the public money without the others knowing. Also, the bank alerted them whenever large sums of money were to be withdrawn as hinted by this participant:

*“The bank always alerts us before effecting withdrawals of large amounts of money. They always call and verify, did you sign for this cheque?”*

The fact that the bank makes inquiries from the signatories if they signed a certain cheque definitely prevents the schools from being robbed of their monies in cases where the cheque book gets stolen and signatures forged, the culprits will still not be able to access the money.

Even though the schools are mandated to spend their money through the bank, one participant reported that it was not always the case especially in public secondary schools situated in rural areas where cash was collected from students. This is what he said:

*“You know sometimes money is being spent without being deposited... the head and the bursar can be pocketing the funds in the absence of necessary documentation.”*

He claimed that sometimes the bursar and the head teacher can connive and be sharing the money without any backing documents. He clearly explained that the system in secondary schools is self-checking since teachers have an idea of how much local revenue the school is getting from the number of students in the classes and that they also have an idea of the main expenditures of the school. The practice of sharing school funds between the head teacher and the bursar is concurring with Rangongo et al (2016) who found that some principals could influence the finance officers to authorise the release of school money without proper documents and then share the proceeds. However, according to what the head teachers reported, just considering the number of students in the classrooms could not be used to foretell the income because some students were just accommodated on humanitarian grounds and others were on bursaries. According to the head teachers, most bursary providers normally delayed the disbursement of the funds to the schools:

*“We receive complaints from parents or guardians, sometimes we just consider them to say what else can we do? Should this learner fail just because of support? If there will be any assistance on bursary, then we will board you on what? Bursary. But if that chance doesn't come then we keep this student on humanitarian ground”.*

This act of some head teachers of giving a human face to the rules made others to suspect them of mismanaging public funds on allegations that number of students in the classes and the collected revenue were not talking to each other.

Having a current bank account ensures that the public money in the secondary schools is safeguarded against misuse and theft. It also promotes accountability since the money will only



be accessed when at least two signatories to the bank account have authorised the bank to release the money to relevant people. However, the act of spending from source that occurs in some public secondary schools defeats the whole essence of having a bank account. It also weakens the internal controls because the laid down rules, procedures and policies on expenditure of public money are violated and this may pave way for unwanted acts in the management of public money like fraud and embezzlement to materialize since the signatures will not be put to use, the bank is not involved.

#### **4.3.1.1.3. Head teacher, a counter signatory for payment vouchers.**

The head teacher is the authorizing officer as far as public money management is concerned in the public secondary schools. However, on the payment voucher he is a counter signatory. He or she countersigns to authenticate the voucher. The authorizing officer on the voucher is the chairperson of IPDC, the deputy head teacher. This head teacher had this to say:

*“Though authorizing officer, but on the voucher, I don’t authorize, the deputy head teacher authorizes. I countersign.”*

As the deputy head teacher signs to authorize the transaction, s/he goes through the payment voucher and ascertains that it is a true reflection of the transaction to be effected. The same applies to the head teacher as s/he countersigns. This practice enables both the head teacher and deputy head teacher to assess the quality of bursar’s work as far as payment voucher production is concerned. Assessing the work of a bursar aside, counter signatures also limit the power a single person has on a transaction. A complete voucher is signed by four individuals; the deputy head teacher authorizes the payment to be done, the head teacher countersigns, the bursar signs to ascertain the availability of funds and the recipient of the money also signs to confirm s/he has been paid.

*“So the voucher must be signed by all; the authorizing officer, the approving officer who is the head teacher, and the recipient... the recipient must also sign that he or she has received.”*

The presence of the four signatures on a payment voucher is a control on its own. It limits the power that a single person has on the transaction since a good number of people are required for it to be completed. This is in line with Giles (2013) who argues that the division of a

transaction into different tasks that are performed by different individuals seals all loopholes for any dubious acts because they will be spotted easily by the other individual. Limiting their powers aside, it also promotes transparency and accountability. The countersigning of payment vouchers by head teachers ensures the schools' financial internal controls remain strong. This is so because no one member of the management committee has complete control over the public funds.

#### **4.3.1.2. Physical and Security Controls.**

The study revealed that the most common physical and security controls that were in use in the public secondary schools were security guards, locks and keys, and denying unauthorized access to some rooms and equipment.

All the schools that participated in the study had security personnel who guarded their premises both day and night. The presence of security personnel in the schools prevented the invasion of the school by thieves who might have gotten away with the schools' valuable assets including money for those schools that collect cash from students. It has to be noted that financial resources of an organization include both money and assets because the assets have an economic value and can be converted into money. As such, it implies that once the assets are well taken care of, finances are well managed too since the school will not have to procure the items again because they will not get stolen.

Again, the schools had store rooms with lockable doors where procured items were securely kept. They also had lockable filing cabinets where financial records were securely kept. Even the money that was collected from students was temporarily kept in a safe that was always under lock and key before it was deposited into the schools' bank account. Unauthorised access to the items and offices was denied to make sure things are intact as the one manning the office left them. The office of the bursar was strictly accessible only in the presence of him or her and if s/he left the school premises temporarily, s/he took the office keys with him or her. This was the practice to ensure that no one sneaked into the office and tamper with financial information of the school or anything else. This was what one head teacher said:

*“Bursar’s office has a filing cabinet where all files are kept and safety of the office is in such a way that the keys are kept by one person. Yeah so no one has a chance to go and tamper with documents in the bursar’s office.”*

With the physical controls that denied unauthorised access into the bursar’s office in place, safety of financial information was guaranteed. No one had the chance of getting into the office without the bursar’s knowledge and manipulate figures on the financial documents or even steal or intentionally destroy the financial documents with an aim of concealing evidence of public fund mismanagement.

It was also found that unauthorised access into different rooms that were used to store the schools’ valuable assets was denied during odd hours which is in agreement with Zain (2018) who is of the view that organizations can protect their assets or related information if unauthorised access to them is denied. The school managers ensured this by asking all the responsible officers to surrender keys before they knocked off. The keys of all the rooms and offices except the bursar’s office were kept in the head teacher’s office. In some schools, the access to some items was also restricted to make sure that they were not abused by members of staff as it was said by this participant:

*“One of the public resource is this one. You might be surprised why it is kept here huh, it is being monitored because this one and the heavy duty are different. On heavy duty machine you use muster roll and somebody to buy muster roll need to have a lot of money. But this one, somebody can bring his own ream. If it is put on public forum, anything can happen, people do whatsoever they want so it is put here as a control.”*

Keeping the multifunction photocopy machine in the head teacher’s office ensured its safety since no one could abuse it in the presence of the head teacher. This practice has the tendency of reducing maintenance costs as well as controlling the depreciation of the asset to some extent since abuse is eliminated. The presence of physical and security controls in the schools was a plus to the schools’ financial internal controls; the schools’ assets and financial information were well protected against theft and vandalism. This has a positive impact on the effective management of public funds.

#### **4.3.1.3. Establishment of Responsibility.**

The tasks which are perceived as the most sensitive in the management of public finances are handled by only one person. Such is the decision following recommendation by Giles (2013) that control is most effective when a specific task is only assigned to one person. This ensures that the organization has someone to point fingers at when things go wrong. In the public secondary schools, it was found that some duties were assigned just one individual. For instance, the controlling officer is the head teacher (PFMA, 2022). The duty performed by the head teacher in management of public funds matches the duties of controlling officer as described by PFMA (2022). They collect, disburse, and account for public money. No one else performed the task of approving a transaction so that IPDC can effect it except the head teacher. Again, in the schools which were collecting school fees in form of cash from the students, it was only the bursar who performed such a task. This ensured that the individuals performed their duties diligently to avoid being held accountable once something went wrong in their specific duty. One bursar shared how he handled the students who pay cash to him:

*“Those who pay here, I just write them in a fees register, I write their name, amount and then they sign against their names.”*

One bursar lamented how dishonest students held him accountable for misplacing papers with their names as evidence that they paid school fees. According to him, the dishonest students claimed to have paid school fees and blamed the bursar for not capturing their names in the book where their fellows who had paid were captured. The bursar, being the only collecting school fees from the students, the blame fell on him. Sometimes, he ended up with shortfalls according to his statement:

*“Sometimes we fall short of a certain amount of money not necessarily because we have eaten the money but because some of these learners are wicked. They don’t tell us the truth.”*

Responsibility to account for the shortfall fell on the bursar and no one else since it was his duty only to collect the school fees. As such, the blame could not be shifted to anyone else. With establishment of responsibility in the public secondary schools, the responsible

individuals for a specific task worked to their best capacity to prevent unnecessary acts which may negatively affect the proper management of public funds from taking place.

With the above preventative internal financial controls in place in the schools, one participant still felt that the head teachers still had so much power such that they could not get advice from others. According to him, the head teachers had the capability to do whatever they wished with the public funds as he put it:

*“But the issue is the overseers sometimes they are given too much powers such that they cannot take advice from any person”.*

If the head teachers could do whatever they wanted yet in the presence of the preventative internal financial controls, then the controls could be rated weak. This is because, if the preventative internal financial controls were strong, the rules and regulations governing expenditure of public money would be strictly complied to and the head teachers could not do what pleased them with the public money but rather they could strive to do what would please MoE.

#### **4.3.2. Detective Internal Financial Controls.**

Detective internal financial controls are those measures, rules and regulations that are put in place to alert the management team of the occurrence of any irregularity, problem or fault in the transactions that could result into errors or misstatements on financial reports (Giles, 2013). The themes that were generated from related codes that originated from the data which described the functioning of internal financial controls in place that detect and alert the management team of the occurrence of faults in the transactions involved: internal auditing, documentation and reconciliation of transactions and budget monitoring. A table showing the codes extracted from the collected data and the themes that emerged from the related codes has been included in the appendices section as appendix O on page 109.

##### **4.3.2.1. Internal auditing.**

Since the public finances that are in the secondary schools are a property of the government, they are subject to audit to ascertain how best they are managed. The office of the internal

auditor at the Division is responsible for carrying out these internal audits. When they perform the audits, their main areas of attention are revenue collection and expenditure. To determine how much revenue a school made in a given term, class registers and fees records are checked. For expenditure, they examine the payment vouchers since the policy is no payment must be done in the absence of a payment voucher. The audits reveal that expenditure of public money in the public secondary schools is highly compromised as most officers do not follow the laid down rules and regulations. This is what the participant said:

*“When we talk of public funds usage, there are some steps which they need to follow but most head teachers and teacher bursars do not comply with those rules and regulations they just do short-cuts”.*

The non-compliance can be attributed to negligence, locality of the school for those schools located in the remotest areas as well as ignorance; most head teachers are not formally trained in public fund management and most of them are helped by teacher-bursars who are also not trained.

Since the internal audit’s major aim is to identify areas that proves challenging to school managers as far as management of public funds is concerned and provide the necessary support, the office of the internal auditor provides the necessary support to head teachers by offering orientations on financial management and consultancy services so that the head teachers manage public funds in the way MoE wishes. Following the audit, an audit report is issued and follow-ups are made to ascertain if the recommended modifications are being implemented. However, the internal auditor’s office is not entirely satisfied with how the recommended adjustments are implemented in some schools; some gaps still remain. The participant had this to say:

*“We do the follow-ups so that we see that we found this at the first place, and we told you that this one is not applicable... you are not using the standard laws, then we go there and we find that if they are not still following the procedures, we issue another report or we take another action.”*

With all the effort that the office of internal auditor makes to perfect the head teachers public fund management practices, most head teachers were still not coping up. Hence all the

suggested ways to strengthen the other controls provided through internal auditing were also not been strictly adhered to in some schools.

However, it was found out that some schools were really trying their best to implement the recommendations from the audit report. For instance, one school was faulted for not properly accounting for airtime. As a response to this, they introduced a book where all the beneficiaries of the airtime signed against the serial numbers on the procured credit vouchers. In addition to that, the used scratch cards were also attached to the book.

The study also revealed that even at school level, head teachers audited the bursars to ascertain if they were carrying out their duties correctly. In the process of doing this, the head teachers supervised how the bursars were carrying out their daily operations, checked the financial documents they produced and sent them back if they had some errors for correction. This is what one head teacher said:

*“I audit them. I base on these things, the cheque counterfoils, yeah, so as here it says 12,000 stationery. I go to the vouchers then on my checklist I would mark this 12,000 was really vouchered. If I find gaps, I indicate, I send back the file so that they correct those areas.”*

The bursars were also supervised in terms of collection of revenue by checking with form teachers the number of students in their respective classes, the fees register and receipts issued to students. All these were supposed to be talking to each other if the bursar was doing a great job. In most schools, the bursars failed to do a good job because the schools were using teachers as bursars. These bursars normally got a short brief orientation from their head teachers once appointed. In such cases where both the head teacher and the teacher-bursar were not conversant with best practices for public fund management, the internal financial controls were weakened much further. Another reason that compromised the teacher-bursars' public financial management work was increased work load. The teacher-bursars were also expected to teach in addition to performing duties related to management of public finances. With the increased work load, they surely compromised on the duty they have little knowledge and skills to perform.

*“I’m a bursar but am also a teacher so I am a teacher bursar. There are sometimes that you have lots of work, this office is so involving, and lots of records are involved.”*

With the internal audits, errors on financial documents that could be as a result of incompetency or negligence were rectified immediately after being spotted hence the internal audits improved accountability in the management of public funds. This is because the internal audits had the capacity to expose any irregularities in the management of public funds.

#### **4.3.2.2. Documentation and Reconciliation of Transactions.**

In the course of collecting and spending local revenue at the school, different documents were prepared by the bursars. These documents showed a record of all the money that was collected and how it was used. When it came to collection of revenue, the common document that the bursars prepared were the receipts that were issued to students as proof that they have paid school fees. The bursar had a copy of the issued receipt in the receipt book since it is filled in duplicate. The receipt book in the schools was commonly referred to as the fees book. According to the bursars, they issued a receipt to a student as soon as a student paid cash or brought a certified bank deposit slip.

*“The exact time I collect the funds from the students is the time I also record and the receipts are issued to the students.”*

They did this even if it was just part-payment. However, sometimes the issuing of receipts delayed mainly because most schools were using teachers as bursars. In times where the teacher-bursar was engaged, s/he just wrote down the name of the student and the amount of money paid in a book then the receipt was issued later.

*“Sometimes maybe ten students can come at the same time, maybe they choose to come at break time, so you find that you have a class soon after break so you have to maybe to leave first and to come on later.”*

The practice of just collecting the deposit slips with an intention of issuing a receipt later when the bursar is free is just fine because in cases where the deposit slip gets misplaced, they can just refer to the bank statement to confirm if the student paid the fees or not. The danger is when cash is involved. According to the bursars, when they were engaged, they simply wrote the names of the students in a notebook. This was where some dishonest students found a



loophole and took advantage of the system; they claimed to have paid school fees and accused the teacher-bursar of not capturing their names.

When the money was being spent, the bursars were also tasked to prepare the necessary documents. The common document that they prepared was the payment voucher. According to them, a complete voucher with all the required attachments must be prepared and be duly signed before a transaction could be effected. However, this was not always the practice as this bursar said:

*“It happens sometimes that you are in class then someone wants to be paid quickly or immediately so that person maybe waiting here. So it gives you pressure that I have to go, make those payments and sometimes because of such things, some payments are made in a haste so much so that you think of writing a voucher later on which is one of the things that I feel are not accepted. I was told that you can’t pay before a voucher.”*

Substituting teachers for bursars is compromising with how expenditure of public money is supposed to be done in the schools. The fact that the teacher bursar has two responsibilities makes it impossible for him or her to attend to both responsibilities concurrently and normally it is the financial management duties of the bursar that are compromised in these scenarios. Once the payment has been effected, the bursar might forget or deliberately not prepare the voucher since now what matters is the payment has been done. Due to this, the schools with teacher-bursars lacked some of the necessary records to account for the money they collected. An analysis through the schools’ bank statements and payment vouchers discovered few debits on the bank statements that lacked a payment voucher (there was no voucher for that month with a corresponding amount that was debited from the bank account) which is an indication that indeed sometimes the schools spent public money in the absence of a payment voucher. This observation also concurs with what auditors found at one of the schools as shown on the comment below:

### 5.3 Expenditure Made Without Payment Vouchers: K18,018,319.41

Treasury Instructions (2004), Section 5.19.1 states that payment for goods and services received shall be effected upon verification and confirmation that goods were received or that those services were rendered. Payment shall be made where, a copy of the local purchase order, an invoice and goods received note are attached to the payment voucher.

An inspection of the school's bank statement from July 2021 to March 2022 revealed that payment amounting to **K18,018,319.41** were made without payment vouchers. Details are shown on Table 3 below;

The spending of public money in the absence of payment vouchers may lead to using public money for personal gain since documents to account how the money was spent are not prepared. As it was found out by Phiri (2020) that the use of teachers as bursars compromises the management of funds in the schools, this study has also confirmed the same because schools that used the teachers as bursars had a good number of financial documents missing compared to those schools that had qualified accounts personnel working as bursars.

It has to be noted that the documents that the bursars produce are the very same ones that are used to prepare financial statements for the schools to report their financial status to relevant authorities. There is need therefore that the records must be accurate and well-updated. The common financial statement that the schools produced was the cash flow statement that shows the revenue and expenditure of the school per given time. In the schools, the cash flow statement is commonly referred to as the cash book and it was printed monthly. The bursars could not be certain about the accuracy of the records they produced but the accuracy could be determined by reconciling those documents with other documents produced externally. The figures on the reconciled documents were supposed to tally if the documents were accurate. The following are the documents that were reconciled: Cashbook was reconciled with bank statement, the quantity of items on receipts or delivery notes was reconciled with the actual items delivered by physically counting them. In short, the delivery notes or receipts were reconciled with the stores ledger. The figures in the reconciled documents had to be talking to each other. If they didn't, it implied somewhere an error had occurred which was to be rectified as soon as possible. One bursar had this to say on how she ensured the accuracy of the financial records she prepared:

*“That’s why we do reconciliations at the end of the month to balance cashbook and bank statement.”*

On the part of the procured items, in most schools it was the stores officer that did the reconciliation of procured goods against the quantity of the goods received as said by this head teacher:

*“Our stores officer records whatever we have received from a particular supplier and takes down the cheque number which was used for procurement of those items. And if someone would like to use those items, one has got to sign for whatever he is getting and then the balancing is also done by the stores officer.”*

If the reconciled documents fail to balance, it is an indication that somewhere things did not go right as the public funds were being managed.

#### **4.3.2.3. Budget Monitoring.**

It was found that the budgets in public secondary schools were monitored and reviewed to compare the actual activities being carried out against the activities that were budgeted for. For School Development Fund (SDF) budget, IPDC and PTA normally cautioned the head teacher if they seemed to divert from the budget. One chairperson of IPDC faulted how the system worked since in scenarios where the school was diverting from the budget, they were only supposed to advise the head teacher and it was up to the head teacher to take the advice or not. According to him, most head teachers did not take the advice because they were given more power. This is what he said:

*“Heads normally manipulate the budget because they think they are the overseers and nobody can ask them questions about how things are going”.*

The head teachers’ diversion from the budget without the internal financial controls stopping them is an indication that the controls were weak. Again, failure of the internal financial system to hold the head teachers accountable for diverting from the budget clearly shows how weak the system is. The system of internal financial controls in the public secondary schools can be likened to the mechanisms that were studied by Dwangu and Mahlangu (2021). They were found to fail to hold the principals fully accountable for their finance mismanagement. If when head teachers can choose not to take the advice when advised and nothing follows to hold them accountable, the internal financial controls in the secondary schools need to be strengthened to prevent scenarios like this from taking place. However, according to the head teachers,

diversion from the budget is inevitable because sometimes other things for which they have no control of sets in as this head teacher said:

*“However, there are some situations which you cannot run away from. You have to divert from what you planned. So sometimes the situations dictate, you may end up doing things out of the plan because of the situation at that particular time.”*

Whether the diversion is caused by an emergency or pressure from authorities, it would be best if the head teachers involved IPDC before spending the public money because the head teacher’s definition of an emergency or pressure could not be the same with that of the committee’s. If they could agree before spending, then the misunderstandings would be resolved since it would be IPDC approving the expenditure and would not seem as manipulation of the budget by the head teacher. According to Drury (2012) budget monitoring must necessitate a corrective action once a mismatch has been detected but the study has found that in most schools once mismatches are detected, no corrective action was taken. This is because the head teacher is just advised on the consequences of diverting from the budget and nothing else followed as it was said by this IPDC chair:

*“You only advise that where we are going, things not go according to budget and we may end up running out of funds and things not moving at the school. That’s the only thing you can do.”*

The main aim of monitoring the budget then was not met and this is an indication that the internal financial controls of the schools were weak since no corrective action was immediately taken when the implementation of the budget was seen to be diverting from the original plan. It was either because the head teacher had suppressed the IPDC and was spending public money without approval of IPDC or the funds were insufficient.

The other reason the schools failed to strictly comply with their budgets was insufficient funding. This is in agreement with Ng’ambi (2011) who reported that Malawi’s education system is underfunded. The schools ended up with insufficient funds than the funds they budgeted for because of the following reasons: under-collection of local revenue, inflation of prices on the market, devaluation of Kwacha, late disbursement of bursaries and erratic funding from the government (ORT). Regardless of insufficient funds, some schools especially boarding secondary schools never changed their menu. It meant when it came to menu, they stuck to the budget even though they fell short of money. Sticking to the budget in such

scenarios meant the items were taken on loan. So to continue running according to the plan, some schools got into debts as this participant said:

*“For example, students are supposed to eat beef throughout the term. We cannot say today we are not going to have beef because we don't have money. It means we are supposed to borrow”.*

The schools got into debts to fulfil the menu expectations of the students or else risk vandalism of school property. There was no way to bail the school out from getting debts since perishable consumables could not be bought in bulk for future use. The schools will thus always be hit hard by inflation of prices for such goods.

Accumulating debts by the end of the term was not only faced by boarding secondary schools. Day secondary schools too, got into debts especially for the running of end of term examinations. At one rural community day secondary school, when such was the case, the head teacher convinced the deputy head teacher to contribute their personal money so that students should still write their examinations. These debts were transferred to the following term and it became a continuous thing. The transferring of the loans to the following term meant that the loans were settled with income for that other term. And this has made most schools to be operating on loans. From the look of things, the schools are going to continue operating on loans since when they are budgeting for the new term they do not consider the previous loans accumulated (no head teacher mentioned it despite majority of them complaining of accumulating debts by the end of the term). Again, as the budgets were being monitored, the monitors took note that the school was operating on loans but no corrective actions were being taken to ensure that the loans were completely settled and that the school should no longer accumulate other loans.

Under-collection of local revenue is a big challenge in almost all the schools. In all the schools that participated in the study, no school was able to achieve 100% revenue collection. Poverty is the main cause of under-collection of revenue in the schools. However, for some few students it is because they squander the school fees. With a shortfall in the school income, it becomes hard for the schools to stick to the budget. Instead, they end up slashing down the quantity of

items and in some cases, and they even eliminate some activities from the budget. Below is a comment on an audit report for a school which failed to realise 100% of its local revenue.

**5.2 Under-Collection of Revenue: K19,090,397.45**  
 Treasury Instructions (2004), Section 2.6.1 (g) states that it is the responsibility of Controlling Officers to ensure that; the collection of public moneys is according to approved plans and the estimates;

A comparison of expected collections and actual collections for revenue revealed that the school under-collected school fees revenue by **K19,090,397.45**. Details are shown in **Table 2** below;

**Table 2; Under-Collection of Revenue**

Number Of Students	Fees Per Student For 3 Terms (Mk)	Expected Amount (Mk)	Actual Collection(Mk)	Difference(Mk)
607	150,000.00	91,050,000.00	71,959,602.55	19,090,397.45

Even though the schools come up with measures to fully collect revenue like sending the students out of school to get the fees and striking deals with their guardians from the pledges they make, it seems the poverty levels are very high such that most of the students simply withdraw from school temporarily until the term comes to an end. They come back to start afresh the following term. If worse came to worst, the students were just accommodated on humanitarian grounds while they awaited a chance to be considered on bursary.

For Other Recurrent Transactions (ORT) budget, it is implemented and monitored at division level. The schools only send completed vouchers that are in line with their budgets to Treasury. At the Treasury, the vouchers get processed and the government pays directly to the suppliers' or beneficiaries (in case of subsistence allowance) bank account number. Because this budget is not implemented at school level, there was no complete diversion of activities. Even though cases of diversion in the implementation of the ORT budget were minimal, schools were still failing to implement activities on this budget due to erratic funding from the government as this participant said:

*“Sometimes it happens that you have submitted, the payment is not made, but there in the system they are indicating that you have spent. The moment they have allocated to you, it’s like you are spending. But it’s not automatic. Sometimes the year can end without even accessing those funds, it happens”.*

According to the participant, for three years now, ORT funding has been erratic and this disturbs the implementation of activities on the budgets. This lack of funding for ORT can be one of the factors that triggers diversion of activities on the SDF budget because the schools cannot do without utilities like water and electricity.

The absence or delay in the disbursement of funds from the government (ORT) was not being faced by public secondary schools only but also other public sectors. This was evidenced from an article by Joseph Mwale in the Nation Newspaper of Friday, 13<sup>th</sup> October, 2023. According to Mwale (2023), the proper functioning of Councils was negatively affected due to late disbursement of funds from the government.

*“Funding delays are a big problem. There is no September funding yet. The funding the councils received was for July and August”* reads part of the article.

Some public secondary schools were adapting to the situation such that as a cushioning effect for the erratic government funding, they repeated activities that were supposed to be on ORT ABB on SDF budget as this participant said:

*“Some activities which are meant to be on ORT ABB have been repeated accordingly so that when ORT is not coming our way, we should lean on this one”*.

Repeating the activities from ORT budget on SDF budget seems a good backup when one of the budgets (ORT) is not funded but in cases where both budgets are funded, the other funds might be prone to abuse since the other funds will be left idling. As such, the researcher is appealing to the government to fund the ORT budgets on time to avoid disturbing the implementation of activities in the public secondary schools as well as potential abuse of public funds in cases where a single activity was allocated funds from both budgets.

It has to be noted that failure to implement activities on the budget was not only because of problems of funding, sometimes it was because the concerned department failed to submit a

request coupled with an activity sheet to conduct their activities on the planned date despite having the budget displayed on the public forum. In scenarios like this, the money was channelled to other departments that had deficits as highlighted by this participant:

*“The money still remains there in the bank but because it is the money which is reflected in the budget, and we have not done, we cannot just leave it idling. We push it where we have a deficit”.*

This shows that even in the presence of enough resources, some departments need to be pushed to implement their planned activities which definitely has a negative effect on the achievement of overall goals of the institution. The same happens with ORT as reported by this participant:

*“You go to the Treasury to say no this the time of virements, we have not used money for consumables but we have less money for subsistence allowance, we want to quash this vote. To get money from this vote to go to the other vote. So the Treasury does that and the budget outline of the school changes now it won't have consumables”.*

Again, this is an indication that sometimes, schools do not strictly comply with the budget and this can have a negative effect on how the public money allocated to the failed activity is managed. This money may be prone to abuse.

### **Summary**

An analysis of the internal financial controls developed and maintained by head teachers in the schools has found that they are weak. This conclusion has been arrived at because the mechanisms that are put in place to prevent or detect errors or fraud as public money is being managed were not strictly complied with which could give room for errors or any unwanted occurrences to push through without much difficulty. For instance, the spending of public money before banking it, or without IPDC's approval, or in the absence of a payment voucher was a big loophole that could lead to misappropriation of public money in the schools. What was happening in most public secondary schools is contradictory to what Munge (2016) discovered as a strategy for effective management of an organization's funds; the complete adoption of internal financial controls. In the schools that participated in the study, there was only partial adoption of the controls hence the control system is weak and could hardly lead to



effective management of public funds. As found out by Mobegi (2012) that weak control mechanisms lead to mismanagement of funds, it's a clear case that with the weak internal financial controls developed and maintained by the head teachers in the schools, mismanagement of the public funds was definitely taking place. As such, from the analysis of the internal financial controls of the schools, the study found that the controls were not strong enough to promote accountability, prevent fraudulent activities and ensure accuracy of accounting information or lead to effective management of funds.

The head teachers might be having challenges in developing and maintaining an effective system of internal financial controls due to negligence, locality of the school, or ignorance since the majority of head teachers are not formally trained in public finance management. Their employer, the Ministry of Education through the Education Division Office, employs head teachers by appointing serving secondary school teachers to headship positions. According to the human resource officer, they consider the person's integrity, educational qualification and grade, relationship with others, and experience as the qualities that can qualify one to be a good manager of public funds. The head teachers are normally hired on the assumption that possession of some qualities would enable one to manage public funds competently as hinted by the participant:

*“We look for a person whom when we say okay this is a layman but with his qualification can understand basics of accounting”.*

Understanding the basics of accounting is one thing and putting them into practice is also another thing. Again, there is no guarantee that if someone is qualified in a different field then can automatically understand the basics of accounting.

When experience is taken into consideration, the assumption is; since the head teachers are directly assisted by the bursar and deputy head teacher to manage public funds, then the bursars and deputy head teachers have got a tangible idea of what managing public funds is all about. So appointing someone who has ever served as bursar or deputy head teacher as head teacher, an assurance is there that they will manage public funds effectively and efficiently. But the bursar and deputy head teacher are under the direct supervision of the head teacher which could enhance their performance. Making them the supervisor might not always yield the necessary

results. These might be some of the reasons mismanagement of public funds was still persistent in the public secondary schools. The participant had this to say confirming that the misconduct of mismanaging school funds was still taking place:

*“Oh yes, we have ever disciplined head teachers for mismanagement of public funds and some have even lost headship”.*

Ministry of Education is partly contributing towards mismanagement of public funds by failing to hire qualified personnel to manage the public funds. The observation made by Giles (2013) that organizations only hire deserving employees who are qualified for the post is not put into practice when hiring public secondary school head teachers. MoE just works on assumptions when hiring personnel to manage public funds. There is need therefore to recruit qualified personnel to manage public funds as well as building the capacity of the serving head teachers by intensively training them in public fund management.

According to the employer, gaps were observed which were as a result of lack of induction programs. There were more cases of public funds mismanagement in the schools due to lack of head teachers' induction in public finance management. The head teachers who mismanaged public funds blamed the lack of induction programs for their poor public fund management, which the Ministry of Education believed was only a scapegoat because they were constantly trained on the same issues during the management meetings which are held regularly. Two years ago, the Northern Education Division Office launched an orientation program for newly appointed head teachers and deputy head teachers in an effort to bridge the gap after observing an increase in the misconduct. However, a head teacher who had been on the position of headship for less than a year by the time the study was conducted denied of receiving any orientation in public fund management after being appointed. The researcher did not gather enough information to ascertain whether the orientation program was indeed there from newly appointed head teachers since she only interacted with one head teacher who had served for less than two years because the nature of the study sought the participation of a head teacher regardless of number of years on the headship position.

It is not only the office of human resource management that was concerned with capacitating the head teachers to become better public finance managers. The Planning Section and the Accounts Department also conduct cluster workshops where head teachers are trained in public finance management. All these trainings aim to uplift the head teachers' public finance management skills. But there was a plea to make the trainings intensive rather than just brief as it was the case.

*“No, not enough. Accounting it's, it's a course on its own.”*

Accounting is a wide field of study and the head teachers need to be intensively trained if we are to achieve effective public fund management. The Ministry of Education still has a long way to capacitate its head teachers to manage the public funds in a proper and accountable way.

#### **4.4. Consistency of Financial Accounting and Reporting in the Schools.**

The third and last objective aimed at establishing the consistency of financial accounting and reporting in the public secondary schools. The process of financial accounting involves documenting, summarising and reporting the financial transactions of an organization over a period of time.

##### **4.4.1. Consistency of Financial Accounting and Reporting for SDF.**

Before the government abolished some components of the school fees (tuition fees, general purpose fund and text book revolving fund) in public secondary schools, School Development Fund (SDF) was meant for development activities at the school, to be specific, infrastructural development. The overseer of such kind of development in the schools is the PTA. After the abolition of some components of school fees, SDF is also used for running day-to-day activities of the school.

In most schools, the documentation and summary of income and expenditure of SDF was done on a daily basis. The school bursars wrote both the income and expenditure documents instantly when need arose. For example, they issued receipts immediately upon receiving cash from students or bank deposit slip and prepared payment vouchers before expenditure of public money. Since a day could not pass without doing any of the mentioned duties, that is why it has been concluded that documentation for SDF was done on daily basis.

*“It’s on daily basis because what we have is a cash budget. You spend as you earn... So every day, it’s what we do, we are accounting for, how much have we spent, how much are we remaining with, so it’s an everyday thing because it’s like a cash budget.”*

Most schools were using Microsoft excel to come up with the summary of income and expenditure. Once an income or expenditure was punched on the spreadsheet with formulas, Excel automatically gave them an updated summary of income, expenditure, and balance. However, it was also established that due to pressure of work especially in schools where a teacher also worked as a bursar, some documents were not written at the required time.

The head teachers tried their best to have all the required documents prepared and the necessary attachments attached by supervising and auditing the bursar to make sure their work was perfected. But still, sometimes it happened that some of the required documents were not prepared or sourced. The most common documents that were forgone were the attachments like quotations, delivery notes or receipts from suppliers especially in schools located in remotest areas. This was because they normally dealt with local suppliers who could issue them with such documents as this head teacher said:

*“So there are times they just go and buy without receipts such things happen, and there are times suppliers simply come here we give them a paper can you write here; to say my name is so and so, I come from this place, this is my phone number, I have sold 5 tins of beans to the school at this price, total this price, they have given me the money. That’s the backing document we can have”.*

The locality of the school, to some extent, hindered them from having all the necessary documents to back up expenditure of public money as dictated by PPDA (2017). Even though the head teachers had found an alternative by making the payee sign on a paper, cases of manipulation of the information could be high because there was only the paper and the voucher. If normal channels were followed, there would be the voucher, the cheque counterfoil, the cheque dispatch book, the quotation or invoice, the receipts or delivery notes, and the bank statement, all of them bearing the same information which could make it difficult to manipulate all of them.

When it came to reporting how the money was utilised, in most schools they report termly to members of PTA. At one school, it was found that the PTA members did not just wait for the reports they even accompanied the procurement officer to purchase the items in order to have a clear picture of how the money was utilised:

*“I accompany them. What we want is to see for ourselves how the money is being spent not that they should just report to us.”*

It seems the PTA was suspicious that the financial reports prepared by the bursars could be manipulated or inaccurate hence they wanted to witness how the funds were spent. All this could be the case because they didn't trust the ability and competency of the ones who produced the financial reports, the teacher-bursars.

Even though most schools reported that they report the usage of SDF termly, one school still did it once in a blue moon as the participant said:

*“As for some expenditures in this school and financial status of the school, once in a while I do talk to the PTA though it's unfortunate that at this school, these governance bodies are not yet fully established.”*

Especially in schools located in urban areas, members of the school governance body were not much concerned with school activities needing their attention. They were busy with income generating activities to support their families and normally had insufficient time to attend to school activities. This lack of cooperation between the school administrators and the executive members of the school governing body affected the frequency of financial reporting to them. Due to their frequent unavailability, serving them with a comprehensive financial report of the school's income, expenditure, and financial status regularly became an impossible thing.

The schools did not report to the Education Division Office on the usage of SDF but when the Division asked for that information, they provided it immediately.

*“We report to the Division when there is need because the Division also knows that we don't have fees in schools.”*

Normally, the Division accessed this information when they conducted internal audits in the schools. The schools just made sure to keep their houses in order in case the Division might demand for financial information from SDF.

From the findings, it can be concluded that accounting and reporting for SDF was consistent. The schools prepared the necessary documents as well as reported to PTA on regular basis. Even though some challenges were there such that some documents might not be produced and some PTAs were not cooperative, but on average, the accounting and reporting on the usage of SDF was done on regular basis, daily and termly respectively.

#### **4.4.2. Consistency of Financial Accounting and Reporting for ORT.**

Other Recurrent Transactions (ORT) is a component from the recurrent expenditure of the national budget. Recurrent expenditure covers for costs of running government services and ORT is meant for paying goods and services like utilities. The budget for ORT is implemented at divisional level. The schools only produce fully completed payment vouchers and send them to Treasury for processing. The schools are given monthly allocation of the funds. However, the documentation (voucher preparation) depends on whether the school has an allocation for that given month which depends on their budget. When it came to financial reporting, the schools reported when need arose. They were supposed to be submitting monthly expenditure returns but since sometimes there was no funding, that one was not done monthly as highlighted by this head teacher:

*“But the only problem is sometimes you have nothing to provide as you are putting it we are spending; we are writing vouchers but we are not accessing the funds. So there is nothing to report sometimes or to account for.”*

It definitely makes no sense to account and report for nothing hence their justification for reporting upon been given an allocation was valid.

From the findings, it can be concluded that there was consistency in the accounting for ORT but when it came to reporting on the usage of public funds from ORT, the financial reporting was inconsistent. The only time which the schools were certain that they had to provide a summary of their income, expenditure and balance was during mid-year budget review. Every

six months after the implementation of the budgets, such information was made available to the divisional planner through the budget meetings as hinted by this head teacher.

*“accounting for ORT, now at a higher level it’s done twice because we have a mid-term review, we go for mid-term review of our budget where we are reporting how we have done or we spent the money, how much is remaining, underline the challenges we are facing. So we have mid-term review, this is at divisional level, so we submit those reports.”*

The study found out that of the three activities that are part and parcel of accounting, documentation of transactions and summarising the transactions were done consistently but there were inconsistencies when came to reporting. Reporting for SDF was consistent while for ORT was inconsistent. Even though the accounting and reporting for ORT was irregular, the head teachers still ensured safe and proper custody of accurate and updated information for financial transactions of the school which complied with section 14 (1d) of PFMA.

The study also established that accounting for and reporting for public money from donors is vital since it equips the donors with information on how well the money was spent towards the achievement of the set goals. The donor needs to be furnished with reports on the progress of the projects alongside the expenditure of the donated money. At one school, a donor ceased the continuation of a building project just because they could not be provided with a file for the progress of the project. According to the chairperson of PTA at the concerned school, the handovers between the outgoing and incoming head teachers were not properly done. This is what he said:

*“The head said all projects which he was supposed to do; the donor and we will proceed with the incoming head... the coordinator said just find the donor’s file... here in the office there is no donor’s file. And in hand over notes, there is donor’s file but here no donor’s file.”*

At that time, the whereabouts of the file with the required information were unknown and attempts to find it proved futile. The donor promised to continue the project if and only if the school provided information on the usage of the donated money. From this scenario, the importance of accounting and reporting for public money cannot be overlooked.

#### **4.5. Chapter Summary.**

The study found that management of public funds by public secondary school head teachers was not satisfactorily effective. The public secondary school head teachers are supposed to follow the dictates of Public Finance Management Act and the best practices for public fund management to effectively and efficiently manage public funds. The study has revealed that the head teachers were very good at some practices like budgeting but had challenges when it came to implementation of the budget such that strict compliance to the measures put in place like approval of expenditure by IPDC, necessitating corrective measures upon diversion from budget and production of payment voucher before expenditure of public money were compromised to some extent. This has a negative impact on the effective and efficient management of public funds. Furthermore, being helped by bursars of which majority of them were professionally teachers also had a negative effect especially on the accuracy and reliability of the financial documents that they produced. The study has also shown that even though the majority of head teachers are not inclusively trained on proper management of public funds, the responsible offices at the Division that oversee their operations when it comes to management of public finances are always providing the necessary support to uplift their abilities and competencies in managing public funds even though most head teachers are struggling to cope up. Furthermore, the erratic funding for ORT has compromised with the head teachers' financial reporting to the office of the Divisional planner. Due to lack of funding, they only report when need arises hence their financial reporting for ORT was found to be inconsistent.



## **CHAPTER 5: SUMMARY OF FINDINGS, RECOMMENDATIONS AND CONCLUSION.**

### **5.0. Chapter Overview.**

This chapter provides a summary of the findings, conclusion, and recommendations based on the findings of the study, as well as areas of further study.

### **5.1. Summary of Findings.**

The first objective was aimed at determining whether public secondary school head teachers are competent in budgeting or not. The study has found that public secondary school head teachers are competent in budgeting courtesy of team working spirit and availability of strategic and action plans. The collective effort applied by all members from different departments when budgeting ensures the incorporation of all the school needs in the budget. The strategic as well as the action plans contain well documented goals and objectives that the schools plan to achieve hence they allocate the financial resources to activities that are aligned towards the achievement of their objectives and goals. In conclusion, good budgets were produced in the schools hence public secondary school head teachers are competent in budgeting since they produce good budgets.

The second objective was aimed at examining the internal financial controls developed and maintained by the head teachers in the schools and assess their potential in promoting accountability, preventing fraudulent activities, and guaranteeing accuracy of accounting information. The study has revealed that the internal financial controls of the schools are weak because strict compliance to policies and measures put in place to manage public funds effectively is a challenge, no corrective action is taken when some errors are detected, and the hiring of unqualified personnel to manage public funds compromises everything. Furthermore, the head teachers' effective implementation of the good budgets that were prepared was greatly affected by the instability of Kwacha which led to inflation of prices on the market as well as intermittent funding from the government. There was never enough money to cater for all the prioritised activities such that the schools found themselves getting into debts to continue running. Again, the use of teachers as bursars compromised the accuracy of accounting information they prepared. As such, from the analysis of the developed and maintained internal financial controls in the public secondary schools, the study found that the financial internal

controls were not strong enough to promote accountability, prevent fraudulent activities and ensure accuracy of accounting information. Hence the developed and maintained financial internal controls could not lead to effective management of public funds.

The last objective was aimed at determining the head teachers' consistency in financial accounting and reporting to the relevant authorities at the public secondary school. The study established that financial accounting and reporting for School Development Fund (SDF) was consistent. Different financial documents were prepared regularly, on daily basis to be specific. Parents' Teachers' Association (PTA) was served with a financial report of how the school fared in terms of revenue collection and expenditure as well as the financial status of the school termly.

For ORT, the study found that financial accounting was consistent and it was done monthly though it was dependent on whether the school had an allocation for that given month. Fully completed vouchers, with all the necessary attachments were prepared and sent to the Division, Treasury, for processing. However, most of the times the schools never accessed the funds from the vouchers they sent. As such, the financial reporting for ORT was done when need arose since most of the times the schools had nothing to report as they rarely accessed the funding. Hence the head teachers' financial reporting for ORT was inconsistent.

## **5.2. Contributions made by the Study.**

The study has contributed the following; better understanding of head teachers' budgeting role, confirming the presence of gaps in public finance knowledge and management skills in public secondary school head teachers and valid reasons for failure to comply with Public Finance Management Act as well as public procurement principles by some head teachers.

The study has contributed a better understanding of public secondary school head teachers' budgeting role in a way that it has unveiled the steps they follow, the consultations with relevant sources, as well as the involvement of different stakeholders in coming up with the budget. Head teachers who are struggling with good budget preparation can simply follow how others are doing it as written in this report and they are assured of a great improvement as far as school budgeting is concerned.

The study has also confirmed the presence of a wide gap in head teachers public finance knowledge and skills against the required knowledge and skills for effective management of public funds. The study has found that the majority of head teachers are not intensively trained in public fund management. In addition to that, most schools have teachers working as accounts personnel. With both the controlling officer and the accounts personnel having limited knowledge and skills in public fund management, the public funds are at stake in most schools.

The study has also found reasons which the researcher deems to be valid for the head teachers to fail to comply with Public Procurement and Disposal of Public Assets Act. For instance, locality of the school. Schools located in the very hard to reach areas can hardly source quotations for each expenditure or pay the local suppliers through the bank. The government has a lot on its side for the policies and acts governing public fund management to be fully implemented, one of them being rural development.

### **5.3. Conclusion.**

The study has found that the management of public funds by public secondary school head teachers is partly effective. They are trying their best but they are falling short to meet some of the standards set by the Public Finance Management Act as well as National Education Standards (NES) to rate their management of public funds practices as effective. For instance, education standard 26(1) rates the schools' practices of managing public funds effective if the school has a track record of financial stability and audits have revealed no problems. But most of the schools in which the study was conducted, the schools accumulated debts by the end of the term which showed that they were not stable financially.

On average, the head teachers were able to meet the minimum standards for managing public funds as set by NES. To meet the minimum standards, the school's budgets must be realistic and aligned with the current needs of the schools, the budgets must be prepared with an input from the school governing body which must fully understand the budget and approve it, the governing body must be actively involved in budget monitoring and financial documents must be accurate, updated and well maintained. The schools' budgets were found to be realistic and in line with the schools' strategic plans, the school governing body, the PTA, played an active role both in budgeting and budget monitoring though at some few schools, they were not that cooperative. A bigger challenge was on the preparation of financial documents as in most schools it was teachers assigned to work as bursars who prepared the documents. Due to lack

of professionalism in the field of accounting and increased workload, the quality of the financial documents produced and the sourcing of some financial documents was compromised to some extent. However, even though some financial documents were not prepared or sourced, but with close supervision and internal audits, accurate and updated financial documents for the majority of transactions were produced and kept safely in the schools.

In conclusion, the head teachers' practices of managing public funds in the sampled schools needs some polishing here and there. The study has found that the majority of head teachers are not fully conversant with best practices of managing public funds. This is because they are not capacitated to manage public funds competently. The lack of knowledge and skills on how to effectively manage public funds in the public secondary school head teachers could be a contributing factor for their non-compliance with the policies governing effective management of public funds.

#### **5.4. Educational Implications.**

The study has found that the management of public funds by public secondary school head teachers is partially effective. This finding has an education implication of compromising the quality of education in the schools. With the partly effective management of public funds, the schools are at a risk of lacking essential materials like teaching and learning materials. This may result into failure to achieve the planned activities which are directly linked to quality education. As such, the quality of education in the schools may be compromised.

#### **5.5. Recommendations.**

The researcher made the following recommendations:

##### **a. To Ministry of Education**

- ✓ The Ministry of Education should intensify head teachers' training in public finance management in order to uplift their skills and knowledge in the field.
- ✓ The Ministry of Education should develop induction programs in public finance management for newly appointed head teachers before they assume the office of head teacher so that they are fully equipped with the necessary skills and knowledge to effectively manage public funds.

##### **b. To Malawi Government**

- ✓ The government should recruit qualified Accounts personnel to work as bursars in the schools so that financial documents are prepared by experts in the field. This will ensure that financial documents that are used to detect errors or fraud (detective financial internal controls), to account for, and to report about usage of public funds are accurate and prepared on time.
- ✓ The government should fund ORT budgets on time so that the head teachers' budgeting process when it comes to forecasting the schools' income should not be compromised.

**c. To Secondary School Teacher Training Institutions**

- ✓ Secondary school teacher training institutions should introduce a compulsory course on public fund management so that all teachers should be conversant with management of public money. Once the teachers ascend to the position of headship, they should not struggle to manage public funds effectively.

**d. To head teachers**

- ✓ The head teachers should arrange for civic education for members of staff on principles of public procurement so that they should not exert unnecessary pressure on IPDC and avoid weakening the internal financial controls.

## **5.6. Areas of Further Studies.**

The following are the suggested areas for further study:

- Carrying out the study on large scale using a mixed methods research approach.
- Assessment of head teachers' management of public funds with focus on comparison between those that use teachers as bursars and those that use Accounts personnel as bursars.

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# APPENDICES

## APPENDIX A: Ethical Clearance from Mzuzu University Research Ethics Committee



**MZUZU UNIVERSITY**

**DIRECTORATE OF RESEARCH**

Mzuzu University  
Private Bag 201  
Luwinga  
Mzuzu 2  
MALAWI  
TEL: 01 320 722  
FAX: 01 320 648

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### MZUZU UNIVERSITY RESEARCH ETHICS COMMITTEE (MZUNIREC)

Ref No: MZUNIREC/DOR/23/60

19/06/2023.

Chimwemwe Ziyamba,  
Mzuzu University,  
P/Bag 201,  
Luwinga,  
Mzuzu 2.

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

Dear Chimwemwe,

**RESEARCH ETHICS AND REGULATORY APPROVAL AND PERMIT FOR PROTOCOL REF NO: MZUNIREC/DOR/23/60: AN ASSESSMENT OF SECONDARY SCHOOL HEAD TEACHERS' MANAGEMENT OF PUBLIC FUNDS: A CASE OF SELECTED PUBLIC SECONDARY SCHOOLS IN NORTHERN EDUCATION DIVISION.**

Having satisfied all the relevant ethical and regulatory requirements, I am pleased to inform you that the above referred research protocol has officially been approved. You are now permitted to proceed with its implementation. Should there be any amendments to the approved protocol in the course of implementing it, you shall be required to seek approval of such amendments before implementation of the same.

This approval is valid for one year from the date of issuance of this approval. If the study goes beyond one year, an annual approval for continuation shall be required to be sought from the Mzuzu University Research Ethics Committee (MZUNIREC) in a format that is available at the Secretariat. Once the study is finalised, you are required to furnish the Committee with a final report of the study. The Committee reserves the right to carry out compliance inspection of this approved protocol at any time as may be deemed by it. As such, you are expected to properly maintain all study documents including consent forms.

**Committee Address:**

*Secretariat, Mzuzu University Research Ethics Committee, P/Bag 201, Luwinga, Mzuzu 2;  
Email address: [mzunirec@mzuni.ac.mw](mailto:mzunirec@mzuni.ac.mw)*

Wishing you a successful implementation of your study.

Yours Sincerely,



**Gift Mbwele**

**SENIOR RESEARCH ETHICS ADMINISTRATOR**

**For: CHAIRMAN OF MZUNIREC**

## APPENDIX B: Letter of Introduction.



**MZUZU UNIVERSITY**

**Department of Teaching, Learning and  
Curriculum Studies**

Mzuzu University  
Private Bag 201  
L u w i n g a  
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M A L A W I

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[mdolo.mm@mzuni.ac.mw](mailto:mdolo.mm@mzuni.ac.mw)

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**21<sup>st</sup> June 2023**

**TO WHOM IT MAY CONCERN**

Dear Sir/Madam,

**LETTER OF INTRODUCTION: MS CHIMWEMWE ZIYAMBA**

Ms Chimwemwe Ziyamba is a registered Master of Education (Leadership and Management) Program student at Mzuzu University. She has been cleared by the Mzuzu University Research Ethics Committee (MZUNIREC) to collect data for the research study she is conducting as a requirement for the program.

Kindly assist her accordingly.

Yours faithfully,



**Dr Margaret M. Mdolo**  
**Program Coordinator**



## APPENDIX C: Authority to Collect Data from Northern Education Division

REF NO: NED/ADMIN/2/1A

28th June, 2023

FROM: THE EDUCATION DIVISION MANAGER, P.O BOX 133, MZUZU

TO WHOM IT MAY CONCERN

Dear Sir, Madam

### AUTHORITY TO COLLECT DATA

I hereby write to authorise the bearer Chimwemwe Ziyamba a registered Master of Education program at Mzuzu University to collect data in our institutions.

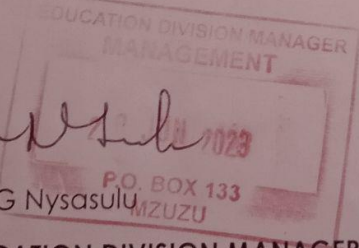
This is to fulfil her research study she is conducting as a requirement.

Please assist her accordingly.

Yours faithfully,

  
Enious W.G Nysasulu

For: EDUCATION DIVISION MANAGER (N)



## **APPENDIX D: Informed Consent Form.**



### **Mzuzu University Research Ethics Committee (MZUNIREC)**

#### **Informed Consent Form for Research in Master of Education (Leadership and Management)**

##### **Introduction**

I am **Chimwemwe Ziyamba**, a **Master of Education in Leadership and Management** from Mzuzu University. I am doing a research titled “**Assessment of Secondary School Head Teachers’ in Management of Public Funds**”. This consent form may contain words that you do not understand. Please ask me to stop as we go through the information and I will take time to explain. If you have questions later, you can ask them of me or of another researcher.

##### **Purpose of the research**

This research aims to assess secondary school head teachers’ management of public funds.

##### **Type of Research Intervention**

This research will involve your participation in a group discussion and/or individual interview.

##### **Participant Selection**

You are being invited to take part in this research because **you are one of the head teachers, bursars, chairperson of internal procurement and disposal committee (IPDC), chairperson of school committee, human resource officer, divisional planner, internal auditor in the Northern Education Division.**

### **Voluntary Participation**

Your participation in this research is entirely voluntary. It is your choice whether to participate or not. If you choose not to participate nothing will change. You may skip any question and move on to the next question.

### **Duration**

The research takes place for a period of **about 3 months from May to July 2023**.

### **Risks**

You do not have to answer any question or take part in the discussion/interview/survey if you feel the question(s) are too personal or if talking about them makes you uncomfortable.)

### **Reimbursements**

You will not be provided any incentive to take part in the research.

### **Sharing the Results**

The knowledge that we get from this research will be shared with you and your community before it is made widely available to the public. Following, we will publish the results so other interested people may learn from the research.

### **Who to Contact**

If you have any questions, you can ask them now or later. If you wish to ask questions later, you may contact: Ms. Chimwemwe Ziyamba, Chankhomi Community Day Secondary School, P.O. Box 217, Rumphi. Phone (+265) 995169440/0888631505

This proposal has been reviewed and approved by Mzuzu University Research Ethics Committee (MZUNIREC) which is a committee whose task it is to make sure that research participants are protected from harm. If you wish to find about more about the Committee, contact Mr. Gift Mbwele, Mzuzu University Research Ethics Committee (MZUNIREC) Administrator, Mzuzu University, P/Bag 201, Luwinga, Mzuzu 2, Phone: 0999404008/0888641486

Do you have any questions?

**Part II: Certificate of Consent**

*I have been invited to participate in research about “Assessment of Secondary School Head Teachers’ Management of Public Funds”.*

**I have read the foregoing information, or it has been read to me. I have had the opportunity to ask questions about it and any questions I have been asked have been answered to my satisfaction. I consent voluntarily to be a participant in this study**

**Print Name of Participant** \_\_\_\_\_

**Signature of Participant** \_\_\_\_\_

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

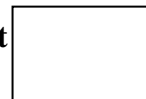
**Day/month/year**

*If illiterate <sup>1</sup>*

**I have witnessed the accurate reading of the consent form to the potential participant, and the individual has had the opportunity to ask questions. I confirm that the individual has given consent freely.**

**Print name of witness** \_\_\_\_\_

**Thumb print of participant**



**Signature of witness** \_\_\_\_\_

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

**Day/month/year**

**Statement by the researcher/person taking consent**

**I have accurately read out the information sheet to the potential participant, and to the best of my ability made sure that the participant understands the research project. I confirm the participant was given an opportunity to ask questions about the study, and all the questions asked by the participant have been answered correctly and to the best of my ability. I confirm**

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<sup>1</sup> A literate witness must sign (if possible, this person should be selected by the participant and should have no connection to the research team). Participants who are illiterate should include their thumb print as well.

**that the individual has not been coerced into giving consent, and the consent has been given freely and voluntarily.**

**Signature of Researcher /person taking the consent**\_\_\_\_\_

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

Day/month/year

## **APPENDIX E: Interview Guide for Head teachers.**

1. Which factors do you take into consideration when budgeting? Why?
2. How does the development of an action plan assist you in budgeting and management of public funds?
3. How do you ensure the involvement of all departments when budgeting?
4. How do you ensure that budget implementation strictly complies with the budget estimates?
5. Would you explain how you ensure that expenditure of public money is in line with public procurement principles at this school?
6. Which internal financial controls (checks and balances) are vibrant at this school? Can you explain how they assist you in managing public funds?
7. How do you ensure that all expenses are properly recorded? And all financial records are properly managed?
8. How often do you account for public funds allocated to specific votes and report to the division office/ relevant authorities?
9. How do you ensure safe custody of public resources?
10. Do you face any challenges when managing public funds? What are they? How do they affect your public fund management practices?

**Thank you very much for sparing your precious time to participate in this interview. May god bless you.**

## **APPENDIX F: Interview Guide for Chairperson of IPDC.**

1. What role do you play in school budgeting? Please explain what you actually do.
2. How do you ensure budget implementation is in line with the budget estimates?
3. Would you please explain how the procurement of school materials comply with public procurement principles?
4. Can you comment on the school's financial internal controls/ checks and balances? Of what assistance are they in the management of public funds at this school?
5. Are there challenges you face when carrying out your duties as chairperson of IPDC? What are they? What negative effect(s) do they have on your duty?

**Thank you very much for your participation. God bless you.**

## **APPENDIX G: Interview Guide for Bursars.**

1. What role do you play in school budgeting? Please explain briefly what you actually do.
2. How do you ensure that all the financial records you prepare (for revenue and expenditure) are accurate and up-to-date?
3. How often do you produce financial statements for the school?
4. How do you ensure compliance with the Generally Acceptable Accounting Principles when producing financial statements?
5. What informs the basis of your advice to head teacher on issues related to public finances?
6. What challenges do you face when you carry out your duties as a bursar? How do they affect your duty?

**Thank you very much for sparing your precious time to participate in this interview. May god bless you.**



## **APPENDIX H: Interview Guide for Chairperson of PTA.**

1. Do you play any role in school budgeting? What is it that you actually do?
2. How are you involved in budget monitoring at the school?
3. What are the challenges you are faced with when carrying out this duty?

**Thank you very much for participating in this interview may god bless you.**

## **APPENDIX I: Interview Guide for Human Resource Officer.**

1. When appointing secondary school head teachers, what qualities do you consider in terms of their ability to manage public funds?
2. Explain how the mentioned qualities provide an assurance that public funds will be properly managed in the schools?
3. Has your office ever taken a disciplinary action against a head teacher for mismanaging public funds?
4. If yes, what were the causes of the misconduct? Based on the causes of the misconduct, what recommendations can you make to relevant authorities on head teacher appointment?
5. If no, should we conclude that head teachers are managing public funds competently? Please explain briefly why we should come up with that conclusion.

**Thank you very much for sparing your precious time to participate in this interview. God bless you.**

## **APPENDIX J: Interview Guide for Internal Auditor.**

1. As you conduct financial audits in the schools, which areas seem to be highly compromised as far as effective public financial accounting and reporting are concerned?
2. In your view, what do you think are the causes of the problems mentioned in 1?
3. Have you ever come across cases of fraud and misappropriation of funds as you audit schools? How do you handle such cases?
4. Can you comment on financial statements prepared in the schools?
5. What kind of support do you provide to schools regarding the effective financial reporting?
6. Do you make follow-ups to see if your suggestions are being implemented?
7. If no, why? If yes, are you satisfied with the changes you observe? Why?

**Thank you very much for sparing your precious time to participate in this interview. May god bless you.**

## **APPENDIX K: Interview Guide for Divisional Planner.**

1. When you have communicated to the head teachers what is to be included in the budget during budget meetings, do all the submitted school budgets meet the required standards?
2. If yes, what is the reason behind the success? If no, why?
3. Based on the budget review meetings, does the implementation of the school budget comply with the budget estimates in the expenditure of public funds?
4. If yes, what is the reason behind the compliance? If no, why the non-compliance?
5. What measures do you put in place to ensure schools are effectively utilising public money?

**Thank you very much for sparing your precious time to participate in this interview. May god bless you.**

## APPENDIX L: Document Analysis Form

Table 3: Areas of focus for document analysis

<b>DOCUMENT</b>	<b>CENTRE OF FOCUS</b>
School budgets	Comprehensiveness (showing expected income, suggested activities and their cost implications)
Payment Vouchers	Authorizing signatures and stamp, availability of supplier invoice or quotation, Date of payment, proof of payment e.g. attachments of receipts and alignment of amount of money on voucher to amount on bank statement and amount on cheque counterfoil.
Audit reports	Challenging areas detected by the audit  General comments and recommendations.
Minutes of IPDC meetings	Alignment of items approved to be purchased to items on receipts or delivery notes  Duly signing of the minutes
Financial reports(income statement)	Adherence to Generally Acceptable Accounting Principles (GAAP)
Bank account statements	Alignment of account income and debits to budget  Alignment of account debits to amounts on the payment voucher and on receipts

## **APPENDIX M: Codes and Themes for head teachers' competency in budgeting**

Table 4: Codes and themes under the competency of secondary school head teachers' in budgeting.

<b>CODES</b>	<b>THEME</b>
<ul style="list-style-type: none"> <li>• Expected enrolment</li> <li>• Amount of money (SDF) per student</li> <li>• Ceiling from government allocation</li> </ul>	Expected income
<ul style="list-style-type: none"> <li>• Suggested activities</li> <li>• School/student's needs</li> <li>• Student's welfare</li> <li>• Number of teachers</li> <li>• Salaries/wages</li> <li>• Strategic plans</li> <li>• Action plans</li> <li>• Number of students</li> <li>• Directives from Division</li> </ul>	Prioritisation of school activities and needs
<ul style="list-style-type: none"> <li>• Costing needs and items</li> </ul>	Expected expenditure

## APPENDIX N: Codes and Themes for preventative internal financial controls in the schools

Table 5: Codes and themes for preventative internal controls in the schools.

CODE	THEME
<ul style="list-style-type: none"> <li>• Presence of a vibrant IPDC</li> <li>• H/T countersigns vouchers</li> <li>• Bank signatories</li> </ul>	Segregation of duties
<ul style="list-style-type: none"> <li>• Only bursar collects fees from students</li> <li>• Only head teacher approves a transaction</li> </ul>	Establishment of responsibility
<ul style="list-style-type: none"> <li>• Presence of security guards</li> <li>• Presence of lockable cabinets and doors</li> <li>• Prohibition of unauthorised entry into offices</li> </ul>	Physical and security controls

## APPENDIX O: Codes and Themes for detective internal financial controls in the schools

Table 6: Codes and themes for the detective internal financial controls in the public secondary schools.

CODE	THEME
<ul style="list-style-type: none"> <li>• Physical counting of number of students in class</li> <li>• Checking receipts</li> <li>• Reviewing income and expenditure documents/records</li> <li>• Supervising work of bursar by head teacher</li> </ul>	Internal auditing
<ul style="list-style-type: none"> <li>• Writing cheque number on voucher</li> <li>• Cheque counterfoil</li> <li>• Cheque dispatch book</li> <li>• Stock book</li> <li>• Cash book</li> <li>• Payment vouchers</li> <li>• Proof of payment (receipts, delivery notes)</li> <li>• Quotations/invoices</li> <li>• Bank statements</li> <li>• Double entry of transactions</li> </ul>	Documentation and Reconciliation of transactions
<ul style="list-style-type: none"> <li>• Monitoring usage of SDF by PTA and IPDC</li> <li>• Budget review meetings</li> </ul>	Budget monitoring