



MANAGING SCHOOL FINANCE FOR ADMINISTRATIVE EFFECTIVENESS IN NIGERIA SECONDARY SCHOOLS

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Abstract

A school's financial management system (including the school's accounting system) must provide effective control over and accountability for all funds received from the state ministries of education, Parents Teachers Association levies among others. Fund refers to the sum of money saved or made available for a particular purpose. School effectiveness refers to the level of goal attainment of a school. This paper examined financial management in secondary schools which is the administering of funds under the guidance of a body of knowledge and in a disciplined way of proceedings, sources of funds in secondary schools which include the: PTA levy, government grants among others, also, how secondary school principals manage the funds made available to them was discussed (the preparation of the budget, payroll and others). The key characteristics and features of effective secondary schools were listed and they include teacher involvement in decision making, climate of respect between all participants, an emphasis on learning and the learning environment just to mention a few. The impact of school fees and internally generated funds on the provision of infrastructural materials, impact of salaries and allowances on the management of secondary schools (motivation and commitment) were looked into. And lastly, some problems associated with managing school finance were listed and suggestions were given.

Keywords: Financial Management, Funds, School Effectiveness.

Introduction

Financial management in education is the most vital realm, the effective dealing of which ensures the promotion of educational quality achieved by the provision of resources. Educational expenditures are considered as investment, which forms one of the tangible inputs.

Proper ratio of expenditures can be maintained by keeping a balance between spending on teachers and instructional processes as well as expenditures on management and pupils. Effective supervision of these ensure control over both over spending and money lapsing. The financial aspect of schools also merits



consideration as the allocation of funds and its proper utilization on students' learning enhance the internal efficiency of schools. But unfortunately a meager amount is allocated annually to schools and that is not adequate to help promote the efficiency of schools. According to Masood et al (2004) Government's spending on education shows how much priority is given by Government to the education sector. The financial category includes revenues, grants, expenditures and use of funds.

According to a report of European Research Associates (2006) the efficiency of education is calculated on the basis of total spending on education. Total educational expenditure is composed of inner and outer institutional costs. There are a number of indicators that could be considered in relation to total spending, which are educational spending, spending on education per student (purchasing power standards), total expenditure on education as a percentage of GDP, educational spending per student compared to GDP per capita, and cumulative spending. The European Research Associates (2006) reported in a study that total educational costs consist of spending on goods and services of educational institutions which includes all direct public, private and international expenditure whether educational or non-educational, private expenditure on educational goods and services purchased outside of educational institutions, public subsidies to students for students' living costs as well as transfers and payments to other private entities.

Asian Development Bank (2008) documented in a report that schools' expenditures can be evaluated by inputs

each year. Recurring expenditure includes: salaries of teaching and nonteaching staff, operation and maintenance, instructional aides, workshops, training activities and study visits, and non-recurring expenditure includes: construction, furniture and equipment.

Conceptual framework

Finance: Ezra (1969) defined finance as a body of facts and principles and theories dealing with the raising and using of funds by individuals, business, educational institutions and government. Horby. (1974) defined finance as the issue of management of money especially public money.

Fund: this refers to a sum of money saved or made available for a particular purpose. It could be called money or financial resources. Fund takes any of the following forms:

1. Physical cash, credit facilities (trade credits, bank credit) allowances for discount. Received, differed expenses such as differed taxes, rents, rates, bills among others
2. Undistributed profits in the form of retained earnings, reserves and depreciation provisions.

School Finance: means the management of school money. That is the raising and using of schools' money by individuals, business, educational institutions and government.

Finance management: Pandey. (1995) explained it as that management activity which is concerned with the planning and control of an organizations financial resource. What one can deduce from this definition is that financial management is concerned with how to procure expend and give account of funds provided for the



implementation of programmes of an organization or educational institution.

School effectiveness: In the most general sense, 'school effectiveness' refers to the level of goal attainment of a school. Although average achievement scores in core subjects, established at the end of a fixed program are the most probable 'school effects', alternative criteria like the responsiveness of the school to the community and the satisfaction of the teachers may also be considered.

Secondary school: a secondary school is a school which provides secondary education, between the ages of 11 to 16 after primary school education and before higher education. It is a school. That is intermediate in level between elementary school and university and that usually offers general, vocational or college-preparatory curricula.

Financial Management in Secondary Schools

Ogbonnaya (2005) defined financial management in secondary school is the direct responsibility of the post primary school management boards. This board can also be called secondary education management board or teaching service commission. This board disburses fund provided to it by the state ministries of education and ensure annual auditing of accounts. The chairman of post primary education or the secretary of secondary education management boards as the case may be are the seat of accountabilities of their boards or commissions. These boards have account units and the head of the account unit is usually called an accountant.

Importance of Funds in the Implementation of School Programmes in Nigeria

Adesina (1981) summarized the importance of funds in the implementation of school programmes when he stated that the cost of goods and services embedded in the schools system is a sufficient justification of the emphasis commonly placed on school finance. The magnitude of the number of employees, the buildings, equipment's used in the school; accounting and principles of financial resources allocation are to the educational administrator. Other importance of funds include

1. Funds are necessary for setting up of infrastructural facilities such as classroom blocks, administrative blocks, library and laboratory blocks. It is obvious that without funds it would be difficult to achieve this.
2. Funds are required for the provision of school equipment and furniture including desks, tables, chairs, typewriters, computers, electronic equipment's, chemicals as well as stationeries. It is obvious that with rapid advances in information technology, computers are needs for collection, storage and retrieval of information.
3. Funds are required for setting up of educational projects such as educational technology centers, bookshop, complexes, and poultry farms. These projects supplement and complement existing educational programmes of a school.
4. Funds are also necessary for the purchase or provision of appropriate instructional materials for the implementation of educational (school) programmes. Instructional materials include all forms of



information carriers that can be used to promote and encourage effective teaching and learning activities.

Sources of Funds in Secondary Schools

According to Ogbonnaya (2005), the funding and management of secondary schools in the states are the responsibilities of the state governments through the state ministries of education, makes funds available to the school boards or commissions. This boards or commission then provides funds to secondary schools in the states. This boards or commission are responsible for the payment of teacher's salary, allowances and promotions with the money given to them by the state governments.

Another source of fund for the management of secondary schools is the Parents Teachers Association levies. These levies are not the same in all state. It is dependent on the need of the schools in the states and the ability of parents to pay the levies. The rates are uniform irrespective of the age or class. The collection of the levy is done by the principal who can delegate the duty to his staffs. The funds raise are generally used in the construction of classrooms blocks or repair of dilapidated ones, mending of teachers table and chairs, cracked walls and blown-off roofs, doors and windows and the purchase of sport equipment's.

Funds are also raised through the registration of students for external examinations which include the senior secondary school certificate examination and the junior secondary school certificate examination .Secondary schools across state charge what is called running costs are also generated for which is used by them to

procure necessary materials for the school. the management of secondary schools through admission of new students. This new students pay orientation fees, building fund levies, sports and equipment fees. The funds generated are used

Another sources of fund for secondary school is the Alumni association. The Alumni of most secondary schools particularly federal government colleges usually organize activities to raise fund for their Alma matter. This has happened in many cases especially during prize giving days, founder's day celebration and during inters house sports competitions. Donations are made by invited dignitaries, politicians, top government officials, companies operating in the locality and well spirited individuals. The funds raised are used to equip school libraries, renovate dilapidated classrooms, desks and some other projects the school want to undertake.

A major source of fund for management of secondary schools in Nigeria is government grants. Government grants are used in two categories namely:

- a. Capital expenditure
- b. Recurrent expenditure

6 Funds are also raised through commercial and industrial firms like shell petroleum development companies, Texaco, Mobil among others. These firms at times build classroom blocks and supply science equipment and textbooks to secondary schools.

How secondary school principals manage the funds made available to them

School financial management is one of the crucial functions of secondary school principals and it is necessary therefore that the providers of financial resources know



how funds are spent by principals (Ogbonnaya, 2005). The first step in managing funds in secondary schools is the preparation of the school budget. The school budget covers the proposed programmes of the school, the expenditure necessary to support such programmes. The preparation of the school budget is the responsibility of the principal. The principal may sometimes delegate this duty to the bursar. The budget is sent to the post primary school management board or the teaching service commission. The board or commission will then send it to the ministry of education and thereafter ministry of finance for approval.

The school budget covers capital and recurrent expenditure. The principal normally states the nature of the capital projects to be embarked upon. The recurrent expenditure section of the budget specifies staff salaries and allowances, maintenances of building, furniture, equipment, local transportation and travelling allowances, printing and stationeries as well as the amount required for the organization of games and sports.

However, the principal must ensure that money is spent wisely. He should keep proper account of revenue and expenditure. He should also keep the receipts of payments and expenditure and prepares voucher with each receipt. Before staff salaries are paid or before payment of any job is made, relevant vouchers have to be prepared. A voucher explains the reasons and the authority for expenditure.

A teacher or non-teaching staff is only pay trolled on the basis of a certified notice from the principal to the account clerk or bursar of the school. Secondary

school principal of course are not involved in pay roll computations. Rather, this is the responsibility of the school bursars who are under the direct supervision of the principals. Payroll computations are necessary especially for staffs that are coming into service for the first time. Promotions are also notified immediately to the payroll officer. Principals ensure that terminated or suspended staffs are not pay rolled. In secondary schools, evidence of service is normally sought for by the bursar or payroll clerk. Records are kept of absentees so that appropriate deductions can be made from employees pay.

In fund management, secondary school principals use what is called "local purchase order". All the items for which the school agreed to purchase are written together with the prices on. They also issue cheque book, they issue cheques and person whose name is on the cheque goes to the bank to cash it or pay into the bank.

Another way in which secondary school principals manage funds is through imperest. An imperest is money advanced to the school for meeting its financial needs with a specified period. Usually, such fund helps principals in meeting incidental expenses. It is normally retired at the end of the spending period. There is an exercise book called an imperest account book which shows how the principal spent a particular imperest given to him or her.

The principal also manage funds through the authority to incur expenditure. Authority to incur expenditure is the power given to the secondary school principal to spend money within the approved estimate. Principals of secondary schools in Nigeria use some percentage of equipment fee,



development levy, admission fees, registration for external examinations, orientation fees paid to by students for running the schools. The post primary school management boards or commission gives particular amount of money to secondary school principals as running costs.

Principals of secondary schools keep records for all funds received from the government to be used by the school administration in vote books. The vote books are usually consulted before spending is undertaken. The amount of money agreed to be spent in all items are recorded in the vote books.

How secondary school principals account for funds made available to them

The procedure for accounting for funds involves checking to ensure that the order to pay is legal, that payment is effected and recorded in account books. This is entirely the responsibility of the secondary school principals who are assisted by their bursars or account clerk (Ogbonna, 2005).

The basic accounting procedure includes the preparation of financial statements such as income statements, balance sheets, reconciliation statement and flow of funds statement. It also involves the analysis and preparation of financial statements to arrive at hidden facts and draw corresponding conclusions. The duty of the secondary school principals as financial controller is to initiate plans for the board of governors or Parent Teachers Association to adopt. They are at the center of their school financial plans and therefore need to help those with whom they work to formulate proper plans. Secondary school

principals have two audiences: the first audience is the government represented by the ministry of education, the post primary school management boards or the secondary education management boards as the case may be. The ministry of education or the post primary schools management boards are mainly interested in accounting for school fees. The second audience is the parent teachers association levies (PTA) which concerns itself with accounting for development fees and levies. The unusual practice is that secondary school principal's record collections from each class separately from others. The record of the collections are made daily, weekly or monthly and then posted to the cash book.

A second register is the register of school fees. This register shows the amount of collections paid to the school board or commission. This second register of fees is necessary only if students do not pay fees direct into the government account. Where a bank is located close to a school, students are normally required to pay their school fees into the government account which is the prevailing situation now. Where fees are paid directly into government account, a stamped copy of the bank of the bank teller is taken to the school accounting officer as evidence of payment. It is in basis of this that receipts will be issued.

Impact of Salaries and Allowances on the Management of Secondary Schools

Salary in this context means the monthly instrumental reward system agreed upon between the management and the employee or staff but also stretches beyond the regular pay to cover the fatness of the pay, its adequacy and ability to purchase goods and services at the time in question.



Most times, the noticeable attitude of staff of any organization is as a result of unsatisfactory condition of service especially on the issue of low salary or allowance paid and sometimes not regular and promptly as compared to other professionals. According to Okebukka and Jegel (2003), the disinterestedness, low commitment to work, lack of steam among Nigerian staff in many organizations are connected with the issue of low salary take home and allowances and poor condition of service.

Akpakwu (2008) maintained that the issue of salaries of staff in any organization goes beyond the institutional development. This is because according to him, it affects the families of the staff if well paid and promptly. According to him, most staffs are denied of their salaries and allowances and this is capable of affecting their social status, their family and their ability to in their best towards performance. He further maintains that, most staffs are discouraged and reluctant especially when they cannot meet the social obligations to their families, relations and other social financial functions. If this is not taken care of through the payment of their salaries regularly and promptly, then it will adversely affect their work performance. One of the factors contributing to the success of most organizations is the relatively high salaries the staff enjoy when compared to their counterparts in their country.

Dugguh (2004) writing on the issue of staff welfare in an organization (school) stated that prompt payment of salaries and allowances, bonuses, rewarding of staff, goes a long way in motivating the staff

towards better and higher work performance which measures the profitability of the organization. Similarly, Donald (2011) asserted that an increased salary of workers in any organization is synonymous to an increased work performance whereas a delayed and non-payment of staff salaries leads to low performance of workers. Kpev (2001), asserts that allowances and other fringe benefits that make up workers monthly salary when not adequately paid or paid but in low amount in a galloping inflation, it reduces the workers' salaries to nothing.

Problems of Managing School Finance

The management of school finance can be of the most challenging of principals responsibilities because for many, it is an area in which they have little or no training or expertise. It is also likely that the elected members of the school governing body may be equally ill equipped for the task (Clark, 1998). The constraints encountered in managing school finance include;

1. Employment of untrained or unqualified personnel for the task of financial management. These personnel have little or no knowledge on how to manage funds and this may lead to mismanagement of funds. (UNESCO, 1998)
2. Lack of proper planning. In managing finance, effective and efficient planning is very important. Planning means to decide or make arrangement for in advance. In financial management, it is the process of deciding or making arrangement for what use the funds will be put into in advance.
3. Inadequate or insufficient finance to carry out school programmes. The little funds available are often very difficult to manage. This is because there are so many



important programmes and so many uses to put the fund into. The resources been insufficient, there may be difficulty in choosing what to do and what not to do.

4. Poor implementation of the use of the funds available. Sometimes even though the money is available, it is mismanaged of some personnel will use the money for their own selfish use.

5. Lack of proper supervision of the use of fund available or lack of supervision to ensure that funds are used according to plan. Supervision is very important because it ensures that what needs to be done is done and corrections are made when and where necessary.

Suggestions

1. Government should at all-time employ qualified personnel who can carry out the task of financial management effectively and efficiently. And from time to time, there should be training for new intake personnel and re-training for those already in-service this way, they will have more knowledge on how to manage school finance and new trends that are coming into financial management.

2. Proper planning should be made using any fund. This will enable efficient use of fund and the best use of resources is achieved. This is because planning gives direction.

3. Enough funds should be made available. This makes it possible for the most of the important things to be taking care of.

4. The use of resources of finance should be well implemented. This requires that what has been planned should be followed.

5. Competent supervisors should be assigned to guide and direct the use of the funds. They should ensure that what needs

to be done is done and offer advice where necessary.

Conclusion

In conclusion, we have seen why we need to manage funds in order to run an effective school. Funds are used to pay teachers salary, organize seminars, setting of infrastructural facilities (classrooms and administrative blocks), provision of school equipments (tables, desks and chairs), purchase instruction materials and setting of school projects. It is not just about the funds been available but how well they are managed. The provision of all these makes a school or the teaching and learning more effective. It is therefore important for school heads to understand the concept of financial management in order to use funds wisely.

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