

**FACTORS INFLUENCING FINANCIAL CONTROL PRACTICES IN PUBLIC
SECONDARY SCHOOL IN KIBRA SUB COUNTY IN NAIROBI COUNTY, KENYA**

BY

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DECLARATION

This research project is my original work and has not been presented for a degree in any other university

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DEDICATION

To my family members, Mr. Alex K. Munyau, my sons, Moses and Andrew for their patience and accepting the fact that mum had turned out to be a nocturnal creature. This work is also dedicated to my mother, Ruth Amoit, whose tireless effort, sacrifice and devotion to her first born ensured that her daughter is now qualified to be a ‘master’ in her own right.

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ABSTRACT

Financial controls is important for effectively and efficiently in order to attain organizational objectives. Fruitful financial control includes the process, policies, operating metrics, and segregation of duties, audit, duties and responsibilities and approval of all the transaction by the concern authorities. Public Schools receive funds from two sources that is the government and parents; this calls for good management of the financial resource by placing good financial control in place to avoid mismanagement of funds hence attaining its intended objective.

This study was conducted to evaluate factors that influence financial control practices in public secondary schools in Kibra Sub County in Nairobi County in Kenya. Specifically, examine how governance structure, budget and financial literacy influences financial controls.

The researcher used descriptive survey design to accomplish the research objective. To collect the sample size simple random sampling was used. Primary data was collected to achieve the objective of the study. Nairobi County has ninety-eight public schools sample size of 10% of the target population was used. Respondents of the study was constituted of School Principals, Bursars/Accounts clerks, store keepers and internal auditors. The study therefore will use a total of 321 respondents. Statistical information was generated via administration of questionnaires. The test and re test method was used to test for reliability. The relationship between the study variables were evaluated using regression analysis. The data collected was analyzed using stata. The output of this study tabulated, presented in charts and interpreted centered on the objective of the study which was also the ground of conclusions and recommendations that was presented from this study.

The findings indicated that governance structure enhances the managements ability to implement management and the boards ability to exercise oversight. Governance structure in public schools ensures that financial controls are put in place to ensure prudent funds management. From the findings it can be concluded that budgets for all departments prepared for all significant activities were somehow in sufficient detail to allow meaningful monitoring of subsequent performance. The duty bearers were in compliance with this important indicator of governance. The employees are conversant at least to some small extent with the financial policies and procedures in his/her school. Strategic plan and budgets are important tools in financial controls to what extend do you refer to them. From the findings, It is recommended that the school management to enhance the governance Structure since it was found to influence the financial control. This can be done by laying down proper structures to guide the performance of the school governance through the Ministry of Education. This study only covered three factors; governance, budget and financial literacy and therefore it is recommended that another study be conducted other factors influencing financial control practices in public secondary schools in a more detailed context.

CHAPTER ONE: INTRODUCTION

1.1. Background of the Study

1.1.1 Financial Control

Financial control is described as the practice in which administrators ensures that the financial resources of an organization are used for the intended purposes and ensure that its objective has been achieved, (Webster, 2000). Premper, Twumasi and Kyeremeh (2015) defined financial controls as policies within a company set to ensure smooth running of the financial system and guarantees that errors and fraud are detected. They further stated that financial controls help in production of good financial report, safeguarding of organization resources to avoid wastage and ensures that rules and regulations are followed. Good financial report helps in making an informed decision that leads to good performances in financials matters which is key to all institutions.

According to Captio (2017), with the absence of financial controls within an organization, financial performance will have no meaning, financial controls ensures that finances are allocated as per the needs of the institution following the laid down budget, that has been approved by the administrators. Therefore, plans to ensure that all the financial controls are implemented and evaluation done as per the objectives consistent with the current state of the institution and its upcoming projects must be put in place.

Spacy (2016) emphases that financial controls consist of guidelines, practices and measures employed in the management of financial resources of an organization and helps in attaining its objectives, ensures that there is accountability, good leadership skills, delegation of duties and responsibilities. Implementation of financial controls may involve ensuring that there is

accountability of every financial resources that are received and spent, duties and responsibilities for every employee in an organization should be clearly stated and automation of systems should be done in every department. Spacy noted that tools used in financial controls are budgets, proper record keeping, financial polies, delegation of duties, receipts, authorization to spent by the administrators, auditing and communication skills.

Coy and Dixon (2004) linked financial controls with public accountability whereby he defined public accountability as giving of full report that present a true and fare view of an organization a financial resources received and spent in a particular period of time, factoring in all the finished and the ongoing project.

1.1.2 Global Perspective of Financial Controls in Public Schools

UNESCO report (2014) showed that most developed countries use an estimation of between 5% to 6% of their GDP in education. This compete with the increases social needs like health, housing food and security worldwide each sector compete to use the available minimal resources (Psacharopolous, 2004).

Don Mullinax, former inspector general for the Los Angeles Unified School District, stated that several district leaders have no means to unearth fraud and in cases where fraud is identified and reported the authorities tend to step on it so as not to disclose it. In addition, Mullinax claims that managers and departmental heads don't really take fraud detection and prevention as part of their responsibilities because they were trained to be teachers and have not been trained financial management or accounting (Dessoiff, 2009).

Tooley and Guthrie (2007), in a study carried out in New Zealand secondary schools, demonstrated that accounting and management techniques are being used for political purposes and not as intended by reform architects. Administrators who are responsible for learners have little financial training or knowledge of internal controls systems in secondary schools. There is a general belief that funds generated for student end up being mismanaged and not used for the intended purpose.

Financial control entails how income is being raised in an institution and if its being spent in a prudent way; that is all the items in the budget both income and expenditures have been approved by the relevant authority (Warren, 2005). Financial management involves careful planning and efficient use of resources. Good financial control ensures that needs of an institution are priorities from the most important to the least important in line with the goals and objectives of an institution, Authorization of expenditures are done in consideration of availability of funds and the current policies and procedures.(Schelker, 2008). Most developing countries have ineffective governmental financial control structure which has created lots of loopholes in the financial control systems leading to misappropriation of funds, increase in corruption and fraud cases in most of these countries (El-Nafali, 2008).

1.1.3 African Perspective of Financial Controls in Public Schools

It is a concern globally on how public school are being faced with the challenges of financial management, examples of these countries are, South Africa,Nigeria and kenya. Van Rooyen, (2012) stated that financial management in schools is affected by the larger local community and beyond. For a country that wishes to compete globally, it must put into consideration both the positive and negative factors that influence the global trends. (Van Rooyen, 2012). In many

emerging market economies such as South Africa, financial mismanagement in schools is regarded as a key hindrance in the progression of economic growth and development (Ahmed & Ahmed, 2012; Van Niekerk, 2012).

Alemu (2015) posits that financial management problems in schools in Ethiopia are bedeviled by inexperienced personnel who are short of requisite skills in financial control systems. The other problem is lack of adequate rules and regulations to monitor and evaluate school finance. According to Ackom-Wilson (2015), the major issues hampering proper financial management in Ghana's public schools are delays in release of money by the central government and most school managers have no or little know how on financial controls in schools.

Due to pressure and the urge to have a better education system in developing countries and factoring in the limited resources available, developing countries are really struggling to grow their education system. Schiefelbein, (1983) on his article noted that between 1960-1977 developing countries have spent 60% of its gross national income to fund education. According to UNESCO (2014) report shows that the expenditure on education is more than 7% gross national income in developing countries. This indicates how matters education is taken with seriousness in developing countries.

Alin et al. (2006) argued that financial control is attained by putting systems and procedures in place to fit the designed needs of an institution. Just like in public sector's organizations, for there to be financial control and accountability of NGOs, it is essential that an overall financial policy be put in place to provide guidance. In order to have effective financial control, a firm's staff and other stakeholders are supposed to be in the know with and participate in the budgeting process that affects the line items for which they are held responsible (Vincent & Emil, 2000).

1.1.4 Public Secondary School in Kenya

Education system in Kenya runs way back when Kenya got independence when the system was 7-4-2-3 that was 7years in primary,4 years in lower secondary and 2 years in upper secondary and three years in university. Wanjohi (2011) due to the shortcomings of the 7-4-2-3 system the government came up with a new system 8-4-4. Owino (1997) stated that this education system was rigid to the current needs of the labour market. It was too academic and not realistic to the employment world that is there was little linkage between what is taught in class and what the job market needs.

The 8-4-4 system was introduced in 1985 after the failures of 7-4-2-3 that is 8 years in primary school, four years in secondary school and four years in university. Ominde (1964) he recommended the 8-4-4 system because it was in line with the labour market and equip the student with wide knowledge that introduce him to the job market.

Njeru and Orodho (2003) stated that Public secondary school since its introduction cost sharing strategy was used to finance this is where by both the government finances by education administration and professional service while the parents, communities and sponsors provide tuition materials, foods stuffs and other consumable in order to sustain the kids in school. Hence the low level of enrolment. Since the introduction of 8-4-4 the government has given the much leeway to decide on the type of education levies to impose on parents most of this levies are hiked regardless of the parents ability to pay.

Economic survey report (2017) indicated that there are 8,592 public secondary schools in Kenya. The main objective of the national government introducing free day and secondary school education in 2008 was to ensure that all children get access to education. Hence the

government subsidies kshs. 12,870 per student to ease the parents burden and also to attain its key educational agenda which was to attain 100% transition from primary school to secondary school.

In 2016 the government increased the capitation of the free secondary education from Kshs. 12,870 to Kshs. 22,244. The government has allocated more finances to guarantee the attainment of 100% transition in the education sector therefore it is essential to have appropriate financial accountability and transparency in our public secondary schools hence adequate financial controls should be instituted.

The education ministry (ministry of education, 2005a; 2005b; 2006a; 2006b; 2007) Stated that all the guidelines on how to finances should be managed must be followed, there should be good record keeping, all monies received and spent as per the allocated vote head must have an authorization from the school administrators and reports made to show all the completed projects and the ongoing.

The new constitution which was enacted in 2010 (Constitution of the Republic of Kenya, 2010) lays emphasis on the need to for prudent management of financial resources because it's one of the factors that will lead to attainment of its agenda. There should be transparency and accountability in our systems to avoid errors and fraud that can occur.

The money collected are used in tuition, operation and parents fund account in different vote head as stipulated in the budget. The education act 2013, states that the school administrators are accountable for the controlling of financial resources in so as to not only realize school objectives but also to effectively manage school finances.

Lack of proper controls systems in place, will lead to mismanagement of funds, increased errors and fraud, corrupt dealings, insecurity among the education stakeholders which includes parents, government, students, suppliers, teachers, board of management and the community in general. To avoid this all every financial resources received should be put in the correct use as per the budget, without financial controls in place then the financial performance will have no meaning because the strategy to control finances are not well defined.

The objective of a public secondary school is to serve the students by making sure they learn and attain good grades after their fourth year in school. This can only be achieved when the school is well financed and the finances are well managed.

The auditor's report further indicated that the percentage of fees defaulters in public school in terms of schools fees collection continue to raise and the percentage of recovering the said amounts are below the required percentage, which stands at 50% of the fees defaulters in a given financial year. There is also increased in legal issues where suppliers are going to court because of non-payment or delay payment of the goods and services supplied in school and the non-teaching staff joining unions with the reasoning that the union will bargain for them when it comes to payment of salaries with a claim that they are underpaid yet whatever is charged from both parents and the government is reasonable enough to cater for their personal emoluments. This raises a question on financial controls in public schools and If their exist governance structure, budgets and the managers have the know-how of what it involves when it comes to financial controls in public secondary school.

Transparency, accountability and governance of public monies are key constituents for any institution to succeed in financial management. All school managers should be responsible

enough to ensure that all the financial controls are in to place in order to manage the school finances well. Though there is increasing literature relating to factors influencing financial control practices in public secondary school, there is, similarly, increasing diversity of the outcomes. The theories applied, chosen research methods, performance measurement and opposing perspectives on the participation of boards of management in making decisions, the behavioral nature of school administrators are some of the factors that explain the differences in outcomes and also majority of studies carried out, were limited to other counties.

1.1.5 Public Secondary Schools in Kibra Sub-County, Nairobi City County

Kibra Sub-County is a sub-county situated to the Southwest of Nairobi city county and includes Kibra slums and its adjoining estates it covers an area of 12.1 kilo metres, the sub county constitutes of five wards which includes Makina, Lainisaba, Lindi, Woodly and Sara ngombe. Kibra Sub County is one of the leading slums in kenya and it is characterized by its high level of poverty (Kenya Population and housing census volume one, 2019).

Kibra Sub-County has a total of 13 public schools, which is being financed by parents,well wishers and sponser like Kibra children foundation, Fred Outa foundation and education for all Onyino, (2020) and the government through the ministry of education's Free Secondary Education Programme and is governed by the board of management under the ministry of education (Ministry of Education, 2012). Examples of public secondary school in Kibra sub-county include Moi girls secondary school, Upperhill school, Raila educational centre, Olympic secondary school, Mbagathi secondary school, Shadrack Kimalel secondary school and Soweto secondary school.

1.1.6 Factors Affecting Financial Control in Schools

Lefter, Roman and Roman, (2007), stated that internal and external factors have an impact in the way in which we manage our finances in public schools. Internal factors are those that affect an organization directly and this factors are within the organization examples of this factors are the policies on staffing and financial controls, the current technology, leadership style and the culture in an organization. External factors are those factors that affect the school indirectly. These factors are very important in the daily running of the school finances because they save as an active, protective and real –time delivery of information hence resulting in making of informed decision by the management. Implementation and evaluation of a budget is very important factor in an organization because its helps in communicating to the managers the way they are performing financially and assessment done between the budget and the real situation. Examples of external factors includes technology, the state of economy, social environment, legal and political environment.

Hansray, (2007) did a research on the financial management role of principals in schools in South Durban, KwaZulu-Natal The qualitative research method was used and concluded that principals have a crucial role in management of finances in South Durban. The researcher limited himself to the principals of school, but there are other players in the governance structure of a school that take part in decision making and planning like the head of department, the parents, the government and the board of management.

According to Nyaga (2000), both the internal and external factors affect financial controls in organizations. Such factors include accounting standards, policies, segregations of duties, security of informations, audit, budgets approvals and reconciliation All these factors have an

impact on how public schools manage their finances and hence being key part of financial controls in public secondary school.

This study focused on the following factors that formed the objectives of the study; governance structure, budget and budgetary control and information literacy.

1.2. Statement of the Problem

Considering the fact that the government increased capitation in public schools, the stipulated fees from parents and other sources of income like hiring of buses, play grounds and buildings during holidays. Public schools continue to lobby for extra levies like fundraising, Lunch levies, developments fees and teachers motivation fees and at the same time accumulate more and more debts each year as evident by the report of the internal auditors' ministry of education 2015-2019.

Maina, (2016) did a study on factors influencing financial management in public secondary schools in Nakuru County, Kenya, stratified random sampling method was used and the conclusion of the research was that there is a positive relationship between budget management and financial management. Apart from budget the researcher did not come out clearly on other financial controls that can be used to as tools to manage the finances healthy.

Kahavizakiriza, Walela and Kukubo (2015) did a study Financial Management In Public Secondary Schools In Kenya: A Case Study Of Lurambi Sub-County Kakamega County the researcher found out that most of the finances are from the parents and the government and most schools don't have other income generating activities and most of the decision making was done solemnly by the principles regardless of the organization structure. Leaving most of the stakeholders including the government on the financial matters of the schools can create loop

holes which can be used by other administrators to mismanage the school finances, because the government is the makes the policies to be used in financial controls in school hence it should be consulted often.

Mpolokeng (2011) did a study in the effectiveness of financial management in schools in the Lejweleputswa education district and concluded that most of the school administrators lack the knowledge and skills needed in management of financial resources in schools. Due to this most school start to experience financial constraint like inability to pay supplies, impulse buying of goods and services and not following how the budget states. Most of the board of management chairperson and parent representative were not professionally trained to be finance persons hence creating a big gap on matters finance in the institutions.

The purpose for this study was to seal major gaps in knowledge by examining the factors influencing financial controls practices in public secondary school in Kibra Sub County, ascertaining how governance structure, budgetary controls and financial literacy influences financial controls in public secondary schools in Kibra Sub county.

1.3 Objective of the Study

1.3.1 General Objectives

To determine factors influencing financial control practices in public secondary school in Kibra Sub County in Nairobi County.

1.3.2 Specific Objective

1. To determine the effect of governance structure on financial control in public secondary schools Kibra Sub County

2. To establish the effect of budget on financial controls in public secondary schools Kibra Sub County.
3. To determine the effect of financial literacy on financial controls in public secondary schools Kibra Sub County

1.3.3 Research Questions

1. To what extent does governance structure affects financial controls in public secondary schools in Kibra Sub County?
2. How does budget influence financial controls in public secondary schools in Kibra Sub County?
3. What is the influence of financial literacy on financial controls in public secondary schools Kibra Sub County?

1.4. Significance of the Study

This study is important to the following parties;

1.4.1 Principals of Public Secondary Schools

Will help add more knowledge on their financial skills and to ensure there is accountability and transparency for every money received in school.

1.4.2 Education Officers (Audit Section)

This acts as ground to advance on their financial monitoring skills by comparing the income verses expenditure for over expenditure or under expenditure and advice the school management accordingly.

1.4.3 Board of Management of Public Secondary Schools

The board of management runs the school on behalf of the government hence this research will help to increase the know how about the school financial controls which will form a basis of informed decision making.

1.4.4 The Government

To improve and update the policies used in financial management controls and making sure that its being followed to the later.

1.4.5 Scholars

This research helps the future researchers to attain more knowledge when they are doing the research work.

1.5. Justification of Study

The study focused on factors affecting financial control practices in public secondary school in Kibra Sub county in Nairobi county. With the introduction of Free Day Secondary School (FDSE) in 2007 which had an objective of 100% transition from primary school to secondary school, the government build more secondary schools through Central Depository Fund, (CDF) and increased the numbers of funding each student in public secondary school had to get from Kshs.12,870 to Kshs. 22,244. In the 2018/2019 budget allocated 59.4 year the government has spent billion to Free Day Secondary education which comes from the public money, the choice of public secondary schools in Kibra sub-county in Nairobi City County was because most Schools in that county experience financial constraints yet disbursement of funds from the government is evident, therefore there was need to conduct a study to find out the factors which influences the financial controls.

1.6 Scope of Study

This research covered public secondary schools in Kibra sub-county in Nairobi City County.

The study established how governance structure, budgets, and financial literacy affect financial controls.

The target response included the school principals, school bursars, store keepers and school audit unit.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter presents the literature review relation to the study objectives. It also presents the theories that guided the study and the conceptual framework. It identifies the research gaps that the study filled.

2.2 Theoretical Review

In this chapter will analysis of theories of financial management. These include, theory of financial control, agency and the Bucket Theory of Financial Management Practices.

2.2.1. Financial Control Theory

This theory was advanced by Ostman (2009). This theory explains that all the financial control tools both the internal and external correlate in order to achieve good financial control in an organization.

This theory places institutons to be viewed from four different latitudinal areas; the first one is that it views human beings from several dimensions. To begin with, it stresses that every person in an organization has a role to play for the achievement organization goals, hence human factor is one of the key component in financial management and it's the engine that makes an organization to run smoothy. The second latitudinal area that the theory explains is the organization structure, Hs. Kim (2005) defined organization structure as a system in which organization outlines how activities are carried out and coordinated in order to achieve organizational objectives, which in this case we focus on the public school organization structure which starts with the board of the management, the principal,deputy principal,heads of department down to the non teaching staff this structure provides leadership and precision on

definite individual resource matters, such as administrative powers. The third one is about the activities in which the institution carries in this case this is a public secondary school which deals with learning activities as its core business the fourth one is the way the organization carries on its businesses and the procedures used. Ostman (2009).

This theory also states that an organization cannot stand alone in totality without the influence of its immediate environment. There must be a give-and-take relationship which is either a long term, or short term, hence putting emphasis on both the internal and external factors.

The relevance of this theory to the research is that it helps one to understand and expand the financial knowledge on the factors affecting financial controls such as governance structure and organizational budget; for any institution to achieve its objectives; the financial theory states that in allocation of the limited resources to the endless list of expenditure a budget should be a guiding pillar which should be inline with the financial controls present in the organisation hence increasing the capabilities of managing finances in public secondary schools in kenya.

2.2.2. Agency Theory

This theory was developed in 1970s by Stephen Rose and Barrymrt Nice it states that the owner of the business who is the principal hires a manager now the agent to work on his behave. Bruce, Buck and main (2005) stated that both principal and agents are inspired towards self interest hence conflict of interest will arise. Jensen and Meckling (1976) observed that where there is no 100% control of the business by the principal the conflict of interest would arise because the agents will tend to carry on with their own objective that is short term rather than the long-term objective of the shareholders, which is maximization of shareholders' wealth.

This theory states that there is a possible conflict of interest between the shareholder (principal) and the management (agent). Managers will pursue their own interests and these may not be congruent with the shareholders' interests. Shleifer and Vishny (1997) propose that conflicts between shareholders by managers can occur in many ways including empire building, benefits, frauds, insider trading, wrong decision-making in terms of investment they can chose short-term investment instead of long-term and management entrenchment.

In the case of financial management in public secondary schools, the government, parents and other financiers such as corporate organizations and churches are the principals. On the other hand, the principal, board of management, teachers, parent's representatives, head of department, suppliers and bursar are the agents. The government through the Teachers Service Commission (TSC) and the parents through parents representatives and the Board of Management (BoM) hire the services of the school principals, and bursars respectively. These employees are tasked with the responsibility of prudent management of the funds disbursed to school by the government through the ministry of education and fees paid by parents, in return they are paid salaries and allowances for executing their services.

According to Jerzemowska (2006), conflicts between owners (parents and government) and managers (principals and bursars) caused the government to result in to performance contract as a one of the ways to resolve the conflicts of interest. The foregoing is in line with the government of Kenya's calls and requirement that all staff with Public schools must sign performance contracts. Agency theory and the financial control literature recognize and advise on a range of strategies that can be implemented by the principle to safeguard their investment

from the agents which consist of auditing, board of management' control and employment of qualified staff.

2.2.3. The Bucket Theory of Financial Management Practices

The Bucket theory of financial management was developed in 1990 by Dr. Barbara Rowe, Kay Hansen and Marsha Peterson, this theory state that it's possible to appear financially relaxed through a common sense approach, he gave a case in point of five container hanging on stair step with water, which in this case stands for the financial resources (Mapunda, 2013). As water flows into the top bucket, the bucket continues to fill, the procedure continues till all the buckets gets filled up.

According to this theory, the buckets basic financial priorities from the most pressing to the last we start with the basic needs, which are food, shelter and clothing. The second buckets represent emergency funds and savings plan; we come to the third, which is the insurance needs of the students. The fourth bucket represents the quality of life the students are living and the fifth bucket represents investment for the future (Guess, 1981).

According to this theory, the first bucket represents a basic financial priority of a public secondary school, which includes food, shelter, teaching and learning materials. The first priority when allocationg the scarce resourses of the school after the first busket is filled up we go to the second basket deals with emergency funds and saving plan which in a school set up includes matters like sickness,accidents that can occer while studunts are in school, teachers workshops and academic trips, the third basket consist of the insurance needs this includes insurance of students and school properties the forth and the last basket to be filled represents the student secondary need which includes future developments and entertainment.This theory

explains how a budget is made and how the school expenditures are prioritise in order to meet its purpose. (Zietlow, Hankin, Seidner, & O'Brien, 2018). This theory is relevant to this study because it explains how a budget in an institution is a basic tool in financial control and assists the school administrators in prioritizing projects in public schools.

2.2.4. Empirical Literature

This section will examine critically the objectives of the study covering the governance structure, budgetary controls and financial literacy.

2.3 Governance Structure and Financial Controls

Ysa, Albareda and Forberger. (2014) defined governance as policies and procedures, accountability, responsiveness, culture, oversight board and infrastructure. For any institution to succeed financially it must uphold its governance structure therefore the school administration should come up with ways to implement the structures set and there should be an oversight board in place to look at all matters arising and be able to advice the school administrators accordingly. Governance structure plays a very vital role in a school set up; to begin with there is board of management which is made up of different committees like infrastructure, budget and finance, staff and student welfare and academics. Each committee has its defined roles to play the infrastructure committee deals with the long term development of a school, the budget and finance committee deals with planning and monitoring on how school finance are being used academic and the welfare committee deals with academic matters and students' welfare in general which is the core business in a public secondary school.

The most authoritative governing force is the national government. They regulate the fundamentals of how schools should operate and educate.

Sun, Stewart and Pollard, (2011), did a study on financial control and corporate governance structure he came out with the following suggestions; there should be a standard way in which governance structure are set so that it can fit the financial control tools that are used in financial management, the board of management have a key part in the development of corporate governance mechanism and the role of the oversight committee should be enhanced to safeguard the financial control system from the intention of corporate governance mechanism.

Miglani, Ahmed, and Henry (2015) did a study on voluntary corporate governance structure and financial distress: Evidence from Australia and found out that's the underlying information proves that the implementing and approval of these structures have a positive impact on the levels of financial risk, this proves that corporate governance is a key factor in financial controls.

Zheng, Chang and Li, (2015) did a study the relationship between corporate governance and firm financial performance, the study proved that corporate governance structure and firms' financial performance is affected by an administrator's personality. Other components of corporate governance like policies and procedures, accountability, responsiveness, culture, oversight board infrastructure and leadership style were not considered much in the study and yet they still play a very important part in financial control in public secondary school.

2.4 Budget and Financial Controls

A budget is an official document that shows the anticipated income and expenditure over a prescribed period in monetary terms. A budget gives a guideline on how all the monies received in a school will be spent. It acts as a guideline to avoid over expenditure or under expenditure. Its shows all the anticipated income and expenditure per vote head. A budget is made by

consultations of all the departments in school from the academic department, infrastructure and co-curricular activities department.

Budgetary control is whereby approved budget is followed, using the laid down policies by comparing the actual expenditure versus the income received if there is any under expenditure or over expenditure per vote head the issue must be addressed. Robinson and Last, (2009) stated that budgeting is used by organization as a structure for all incomes received and all the expenditure incurred. This is a way to ensure that there is no wastage of resource and the set targets are achieved.

Budgetary control is an important factor in financial control in that it assists the administrators to plan for the future, it also promotes good flow of information from top to bottom and motivates employees because of their involvement in the budgetary process. Opiyo (2014) performed a survey of budgeting on implementation of development plans in secondary schools Iriri district Migori county Kenya the researcher concluded that budgeting must be there for effective implementation of school development plans. In his study he did not factor in ways in which the budgetary controls are useful in financial management because finances are key for any development project a school plans to undertake.

While Kisang (2011) conducted a survey on the impact of the school budget on secondary schools' administration in Marakwet West district, Kenya and found out there is a positive correlation amid school budget and good administration of a school that public secondary schools in the district.

Kpedor, (2012) did also a study in Budgeting, budgetary control and performance evaluation: evidence from hospitality firms in Nigeria the findings indicated that a budget is a foundation

under which evaluation of financial performance is done . To add on that the study revealed that there is a substantial disparity in the budget, budgetary control and performance evaluation of hospitality firms in Nigeria. Therefore, with good budgetary controls techniques in place there will be a reduction of the disparity in the budget, budgetary control and performance evaluation.

Growth of any given economy can be caused by sufficient implementation of the budget particularly in areas of economic and socio community services, which culminates into economic development in the long run and general overhaul of ministries, government agencies and parastatals to curb, increase and correct loopholes impeding effective and efficient implementation of national budgets in the country (Olaoye, Oaoye, & Afolabi, 2017). Poor and insufficient level of budget implementation impedes desired development. Poor budget implementation is attributable to inadequacy in the budget implementation plans, non-release of budgeted funds and lack of budget performance monitoring (Edeme & Nkalu, 2017).

In order to attain the goals of the budget there should be budget discipline; that we only spent on the laid down expenditures within the limits of the budget. Problems with budget implementation usually occurs when the desired results on the targeted beneficiaries is not achieved. Such problems are associated to deficit budgeting, delay in passage of the budget by the legislature and ineffective oversight by the legislative arm of government (Olurankinse & Oloruntoba, 2017). They further noted that there could be implementation gap as a result of factors which could arise from the budget implementers or the environment in which the budget policy has been made. Implementation gap arises from the budget itself when such budget emanates from the government rather than from the target groups. The challenges of budget implementation could be related to institutional constraints, capacity on use of IFMIS and oversight and audit function (Nyakarura, Ileri, & Lyria, 2016). Institutional constraints include

resistance to change, inadequate technology and lack of human resource capacity to effectively implement budget in the organization.

2.5 Financial Literacy and Financial Controls

Huston (2010) stated that financial literacy is how well one understands and plans on how to use personal finance-related information to make informed decisions about financial matters. Financial literacy plays a big role in financial controls in public schools because it helps in management of income and expenditure by making sure that the school budget is being followed and issues raised aren't ignored.

Abdullah and Chong (2014) defined financial literacy as the capacity to make informed decisions concerning financial matters in an organization. All assets and liabilities must be managed well in order to attain the intended objective and this requires one to be financially literate. The Organization for Economic Corporation and Development OECD (2003) defined financial literacy as the ownership skills and knowledge that makes one to be able to make an informed and effective decisions regarding the financial matters hence leading to good management of financial resources.

Hoyt (2018) stated that there are five components of financial literacy which include budgeting basis, he described a budget as a tool to measure over expenditure or under expenditure on the total income received from an organization; impact on interest is another component and this is the price we pay as a result of borrowing money, staying savvy by saving, credit debt roller coaster and identifying theft issues and safety. All the stated components are important for an individual to become financial literate.

Malatji (2013) in his book financial literacy: basic requirement for financial freedom stated that financial literacy among the people in both developing and under developing countries is a major drawback to financial actualization. Several studies have been done on financial literacy and how it affects both individual financial planning and institutions.

Huston, (2010) did a study on Linking Financial Management Practices to Financial Literacy: Evidence from Turkey the regression analysis results showed that all explanatory variables were related to financial literacy except the non-investment borrowing. The findings highlight the importance of financial literacy as a factor for any financial benefits to be realized.

Gachango, (2014) did a study on effect of financial literacy on personal financial management practices: A case of employees in finance and banking institutions in Kenya The results showed there is low connection between the individual high level of education and financial literacy. This means that high education levels does not certainly lead to financial literacy but fairly improves personal financial management practices. Nevertheless, the chief influence of personal financial management practices is an individual financial literacy.

Kunovskaya (1986) did a study on the impact of financial literacy on use of financial services in Russia, the conceptual framework underlying the study was the Andersen Behavioral Model. Data for this study came from the 2008 nationwide financial literacy survey conducted by the world bank in Russia. Methodology used were chi-square tests and Logistic regression. The study concludes that financial literacy influences the use of financial services.

Lusardi and Mitchell (2011) show that financial well-being is a function of financial literacy and retirement planning. Little income amidst soaring cost of living makes financial decision

prudent for retirees because the decline in income requires that they are financially literate as espoused by the life-cycle theory of consumption and savings. The simplest exposition of the life-cycle model posits maximization of lifetime utility, consumption smoothing, and decision making under certainty. The central predictions of the life-cycle theory rest on the assumptions that individuals are far-sighted and rational and that they are correctly informed about the various factors which determine wealth accumulation.

Huston (2010) in a study measuring financial literacy showed that a person who is financially literate, that is he/she has the knowledge and the ability to utilise the knowledge, may not exhibit predicted behaviours or increases in financial well-being because of certain influences. Such impacts could come from behavioural/cognitive biases, self-control problems, family, economic, community, and institutional factors. However, Sabri, Cook, and Gudmunson (2012) found that financial literacy significantly influenced students' perceived financial well-being. Taft, Hosein, Mehrizi and Roshan (2013) in their study on financial literacy, financial well-being, and financial concerns revealed that higher financial literacy leads to greater financial well-being. Thus, for financial well-being to be achieved financial literacy is needed.

2.6 Financial Control

Financial control is defined as measures put in place to safeguard assets of an organization by ensuring that all transactions are authorized and recorded to prevent errors and fraud. (Nkuah, Tanyeh & Asante, 2013).

For sound and efficient financial controls there must be an overall guiding framework .The importance of having a strong financial control system is that it helps the organization to attain its goals and objectives, streamlines the usage of income and expenditures,improves record

keeping, reduction on wastage of resources, organizational control and boosting observance to the laid down rules and regulations. The structures of financial control in an organization helps in risk management, protects stakeholders investments, improves the effectiveness and efficiency of operations and finally assists in compliance of law and regulations in place. Hayles (2005) Defined effective financial control as the process of maintainance proper records of accounts which helps to ensure that the institutions is not exposed to unnecessary financial risk. (ACCA, 2010) emphasised that safeguarding of assets includes prevention and detection of fraud.

Walters and Dunn (2001) added that having adequate information of the internal financial wheels, both information technology controls and application controls, are necessary to guide in the purpose of the audit strategy and to carrying out measures.

Owizy (2011) evaluated the effectiveness of internal control in government ministries taking a case of Benue State ministry of finance. According to the study findings, it was proven that Benue State ministry of finance make annual budget on time and also have sufficient expenditure tracking to prevent financial irresponsibility. As a result, it was suggested that, the ministry of finance should firmly stand by the policies in order to guarantee that slack are built into the budget.

According to El-Nafabi (2009) when studying the role of public sector audit and financial control systems in Sudan, his findings were that audit and control system is important in certifying accountability for the use of public funds, and safeguarding the limited public resources against exploitation, embezzlement and illegal practices. The study found out that

weak and ineffective financial control systems and insufficiencies in accounting systems are some of the factors of financial corruption in Sudan.

2.7 Conceptual Framework

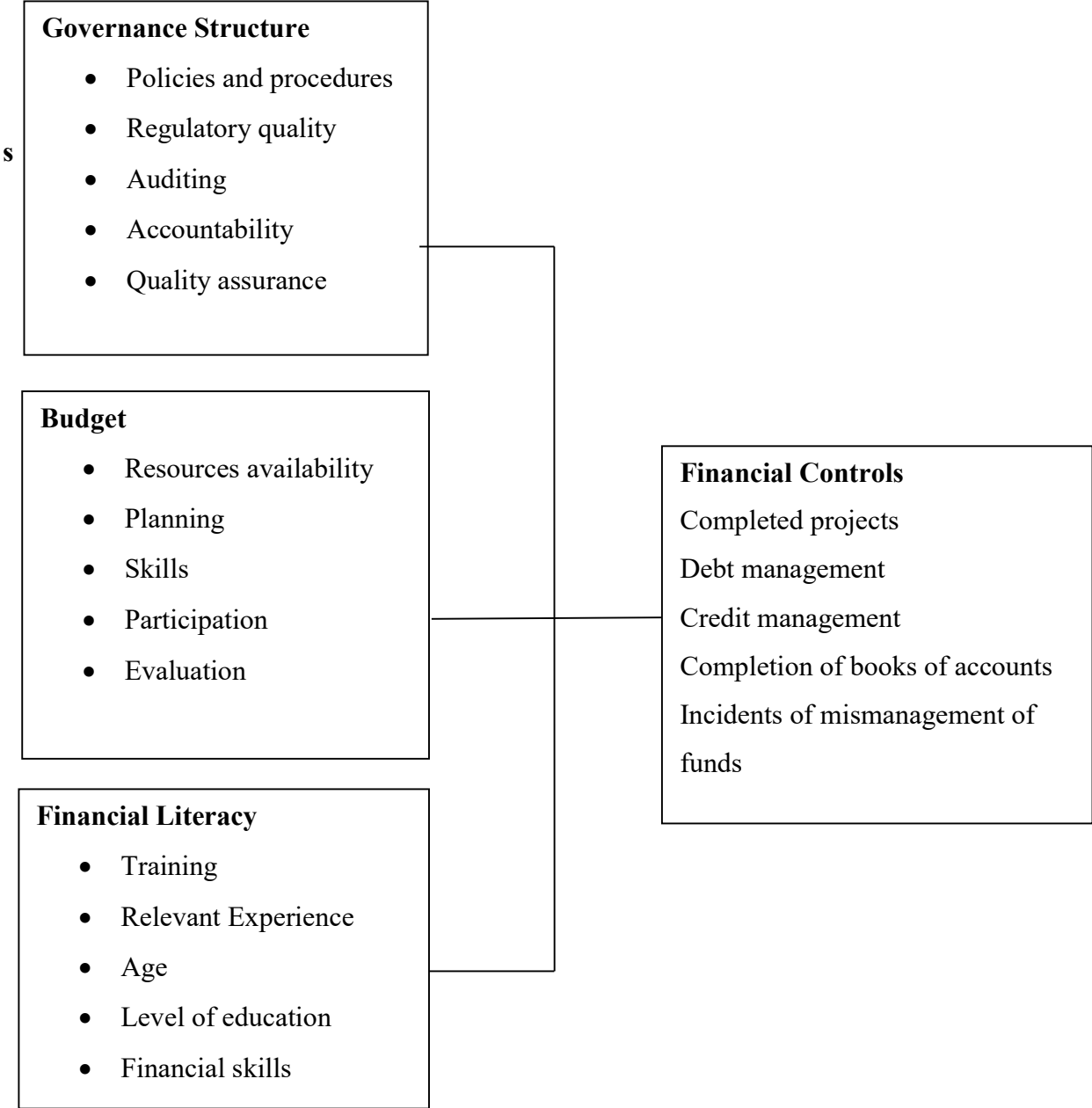


Figure 2.1: Conceptual framework

Table 2.1: Operationalization of variables

OBJECTIVES	TYPE OF VARIABLES	INDICATORS	MEASUREMENT	LEVEL OF SCALE	DATA COLLECTION METHOD	DATA ANALYSIS
1. To ascertain how governance structure influences financial control	Independent variable governance structure	<ul style="list-style-type: none"> • Policies and procedures • Regulatory quality • Auditing • Accountability • Quality assurance 	Approval of final accounts by internal auditors and monthly submissions of trial balances	Nominal	Questionnaire	Descriptive Inferential
2. To determine the effect of budgetary controls on financial controls	Independent variable budget and budgetary controls	<ul style="list-style-type: none"> • Resources availability • Planning • Skills • Participation • Evaluation 	Surplus/Deficit	Nominal	Questionnaire	Descriptive Inferential
3. To determine the effect of financial literacy on financial controls	Independent variable financial literacy	<ul style="list-style-type: none"> • Training • Relevant Experience • Age • Level of education • Financial skills 	Likert Scale	Nominal	Questionnaire	Descriptive Inferential

<p>4. To determine factors influencing financial control practices in public secondary school in Kibra sub-County.</p>	<p>Dependent variable financial control</p>	<ul style="list-style-type: none"> • Completed projects • Debt management • Credit management • Completion of books of accounts • Incidents of mismanagement of funds 	<p>Likert Scale</p>	<p>Nominal</p>	<p>Questionnaire</p>	<p>Descriptive Inferential</p>
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CHAPTER THREE: RESEARCH METHODOLOGY

3.1. Introduction

This chapter consist of the research design, target population, sample design, data collection procedures and instruments, data analysis and procedures, model specification and ethical considerations.

3.2 Research Design

The study used a descriptive design. Zigmund (1999) defined research design as a strategy that guides on data collection procedure, instruments used for data collection, measurement of associated variables and the statistical analysis to be applied to the data obtained to achieve the objectives of research. A research design is a basic plan that guides the data collection and analysis phases of the research project. It outlines the precise kind of data to be collected, its bases, collection and procedure (Hyde, 2000). This method was appropriate because it enables intensive study on the factors that influence the financial controls in public secondary school in Nairobi Cointy, a case study of Kibra Sub-County.

3.3. Target Population

The target population that was used consisted of school principal, school bursars²/accounts clerks, store keepers and auditors. The following were selected because they deal with public school finances, budget and stores, therefore they were in good position to provide information that would assists in achieving the objective of the study that is to determine the factors affecting financial control practices in public secondary school in Kibra Sub-County in Nairobi county.

According to Bryman and Bell, (2003) defined target population as a group of people, services, elements, events groups of things or household that possess common characteristics that can be

classified properly to distinct them from the whole population and should be applicable to the study.

Level	Target Population	Percentage
School principals	10	29%
School bursars/accounts clerk	10	29%
Store keepers	11	29%
Internal auditor	4	13%
Sub Total	35	100.0

Table 2: Target Population (MOE 2021)

3.3. Data Collection Procedure and Instruments

3.3.1. Data Collection Instruments

This study used primary and secondary data methods of data collection. A questionnaire was developed with closed ended questions. The closed ended questionnaire enabled responses of the respondents to be limited to stated alternatives. These questions were structured in such a way as to be simple for the respondents to understand. Berg and Gall (1989) stated the benefits of using a questionnaire as economical, the respondents can be easily be reached, privacy and the questions are easy to analyse and visualize, questionnaire are practical and its faster to get results using questionnaire.

3.3.2. Data Collection Procedure

Wright, S., O'Brien, B. C., Nimmon, L., Law, M., & Mylopoulos, M. (2016). Defined data collection procedure as the means both quatitative and qualitative data is collected are in form of words sentences from the relevant sources to find answers to the related research problem.

An introduction letter was issued by the university to enable the researcher to collect data from the respondece.The researcher administered the questionnaire to the respondents after making

a previsit. Questionnaires were hand delivered or emailed to all respondents which they were required to complete. Follow-up was done through personal visits and telephone calls to enable high responses rate. Most questionnaires were completed and collected on the same day of issuance while the rest were collected a week later. The secondary data was collected from Ministry of Education website library textbooks and journals.

3.4. Validity and Reliability of Research Instruments

3.4.1. Validity of Instruments

Mugenda and Mugenda (2003), It's the degree to which the research is well founded and relates to the phenomenal being studied. This applies to research design and methodology used. Validity is normally explained as the degree that items in the instruments represent a satisfactory operational definition of the construct of concern. Examples of validity test include tests face to face validity, content validity, construct validity, criterion (predictive) validity and convergent validity. This study employed construct validity and face to face validity tests. The choice of these two methods was because these tests measures the degree that the set of questions (scale items) determine the presence of the target constructs (Saunders et al., 2019). The researcher discussed with the supervisor in the area to be studied to evaluate the applicability of content to be used in questionnaire development.

3.4.2. Reliability of Instruments

Onen, (2016) this is the degree in which research results was consistent over time, place and methods used. The test re-test method was used to evaluate the reliability of the instrument. As indicated by Saunders et al., (2019) it is important to test on whether the instrument produces steady results at various conditions and at different timings, for example, with various respondents. External/Stability reliability involves either test-retest and split half reliability.

Test-retest reliability indicated that there was a degree to which the results (scale scores) gotten from the same information remain consistent over brief periods during which the subject's competencies are not likely to be different from the previous one done.

Test-retest reliability requires two administrations of the instrument over a time when no change in the target concept has occurred. This test was done by measuring subjects at two distinct occasions on the instrument and then calculating the correlation. If the correlation is large, this is considered evidence for good test-retest reliability. Nevertheless, the test-retest procedure creates the assumption that the construct being measured does not change over time.

Establishment of reliability of the survey instrument was done by carrying out a test-retest on three respondents carefully chosen from the pilot site. After the test-retest, Cronbach's Alpha coefficient was done to establish internal consistency of the instruments. Cronbach coefficient provides a means through which assessment of internal consistency or the mean correlations of matters within the test. The ranges of alpha coefficient values are between 0 and 1. An item is considered to be highly correlated when the coefficient is also high among themselves which implies existence of consistency among the elements in the subject of interest. Hinton (2014) pointed out four cut-off points for reliability, which contains excellent reliability which is 0.90 and above, high reliability is between 0.70 to 0.90, moderate reliability (0.50-0.70) and finally low reliability (0.50 and below). A threshold of 0.7 Cronbach's Alpha coefficient was considered as the point of reference in determining the reliability of the questionnaires.

3.5. Data Analysis and Procedures

As asserted by Zikmund, Babin, Carr, and Griffin, (2013), data analysis alludes to the use of interpretation to make meaning from the collected data with the purpose to determine a consist pattern and summary of the relevant inferences from a given research. The information gathered from the respondents constitute of both the qualitative and quantitative data. The data was summarized by use of both qualitative and quantitative analysis. The data was edited to verify accuracy, completeness and uniformity. To carry out quantitative analysis, data was first converted into numerical codes representing measurements of variables and analyzed using Stata version 14. Descriptive statistics such as percentages, means and standard deviations was used to analyze the data. The outcome of the research was summarized in the tables and charts for easy interpretation.

3.6. Model Specification - The Regression Model

Regression analysis is a statistical tool used to investigate the of relationships between variables. The researcher sought to establish the causal effect of one variable upon another. The underlying variables under study are put together and using regression analysis to estimate the quantitative effect of the causal variables upon the variable that they influence. The following regression model was used in this study:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

Where Y = financial controls

Return on Asset β_0 = defines value of return on financial control without inclusion of predictor variables

X_1 = Governance structure

X_2 = Budget and budgetary control

X_3 = Financial literacy

e = the “error” term reflecting other factors that influence performance, $\beta_1 - \beta_3$ regression coefficients- define the amount by which Y is changed for every unit change in predictor variables.

The test was whether the independent variables (financial controls has an effect governance structure, budgetary control and financial literacy which are dependent variables).

3.7. Diagnostic Tests

This researcher ensured that before performing the inferential statistics by calculating regression equation, the assumptions that include test of linearity (F-test), homogeneity, normality (Q Test), multi-Collinearity – VIF Test and homoscedasticity – Graphical Exam Tests.

3.7.1: Linearity (F-test)

This was to ensure that the dependent variable and independent variable relationship is linear. Linearity test determines the connection between the variables. Multiple linear regression analysis requires that dependable variable is linearly related with all independent variables. ANOVA test was used to test for linearity, which computes the non-linear and linear elements of the two variables. According to Zikmund, Babin, Carr and Griffin (2010), p-value that is above 0.05 shows that linearity is significant.

3.7.2: Homogeneity

This refers to the extent that the data values of dependent and independent variables are of one type (homogeneity). To determine the homogeneity of variance, the Levenes test was performed. A P-value of 0.05 or less led to a conclusion that the null hypothesis is rejected and hence the variances are significantly dissimilar.

3.7.3: Normality (Q Test)

The information for factors of the independent and dependent variables ought to be distributed normally. To test for normality, skewness and kurtosis test was used. Skewness is the degree to which a dispersion of values goes away from symmetry (Zikmund, Babin, Carr, & Griffin, 2013). A zero value implied that the data set is symmetric while a positive skewness demonstrated a greater number of smaller values and a negative shows a greater number of bigger values. Utilizing SPSS, the multiple regression model was used to test the relationship between the factors.

3.7.4: Multi-Collinearity – VIF Test

Test of multi-collinearity was done using VIF (Variance Inflation Factor) where: $0 \leq \text{VIF} < 5$ Insignificant multi-collinearity; $5 \leq \text{VIF} < 10$ Moderate multi-collinearity; $\text{VIF} \geq 10$ Large multi-collinearity. At a 95% confidence level, the overall model significance was tested using the F-test. Fischer distribution alludes to the ratio between the model mean square divided by the error mean square. The robustness of the model was determined by use of the P-value for the F-test.

The deductions were founded on p-value, the overall model was insignificant if the null hypothesis was accepted and was significant if the null hypothesis is rejected. Multi-collinearity results into several problems; increase in the size of standard errors and coefficient of determination (R^2). Multi-collinearity was taken care of through eliminating the variables that was highly correlated. The model was taken to be significant if the p-value is less than 0.05 and hence have good predictors of the dependent variable.

3.7.5: Homoscedasticity – Graphical Exam Tests

Homoscedasticity means the variation in error terms remains the same across all observations (constant). The opposite occur where there is no constant variance in the error terms (Collis & Hussey, 2013). In such a case, heteroscedasticity is assumed to be present. Homoscedasticity indicates that the relationship under investigation is the same for the entire range of the dependent variable (Kumar Ranjit, 2019). Lack of homoscedasticity is witnessed in higher errors (residuals) for some parts of the investigation as compared to others. When homoscedasticity is met, residuals will form a shapeless cloud of dots. Graphs was used in the test statistic during the study.

3.8. Ethical Issues

The study explained the purpose of the study clearly to the respondents so that data collection becomes easier, observe the confidentiality of the respondents by assuring them that the information obtained was only used for academic purposes and was not divulged to anyone under any circumstances. Very sensitive and personal questions were avoided, children under the age of twelve years were not interviewed without the permission of their parents or guardians, there was no pre-determined or pre-conceived outcomes, intellectual dishonesty of leading respondents to give desired responses or misinterpreting or twisting what they say was not allowed, falsifying or manipulating reports or findings to give a particular result was not acceptable and deliberate omissions or expunging of data or some sections of the data findings were not entertained.

CHAPTER FOUR: DATA ANALYSIS, PRESENTATION FINDINGS AND INTERPRETATION

4.1 Introduction

This chapter presents the analysis of data, presentation, findings and interpretation of the study. It constitutes of the questionnaire return rate, descriptive and inferential data analysis. The objective of the study was to determine the factors influencing financial control practices in public secondary school in Nairobi city county, kibira sub county.

4.2 Reponse Rate

A total of 35 questionnaires were issued and all questionnaires were answered to make a response rate of 100%. Which suffices the requirement to use the data to draw reliable conclusions for the study (Mugenda & Mugenda, 2003).

4.3 Reliability of the Data Collection Instruments

The instrument was subjected to reliability test to ensure the degree to which the instrument gave consistent results upon being repeatedly used. the cronbachs Alpha test was used in determining the reliability of the instrument. The 43 items in the instrument resulted in an alpha value of 0.8 which was greeter than 0.7 and hence the instrument was considered reliable (Tavakol & Dennick, 2011).

4.4 General Information of the Respondents

This section sort to identify the the general information of the respondent including designation, gender, working experience, type of school and average school population, education levels and training. this features are importance influencial to the variables in this study.

4.4.1 Designation and Response Rate

The summary of designations of interviewed respondents is presented in the table below.

Table 4.1: Designation and Response Rate

Designation	Frequency	Percentage
Principal	11	31.43
Bursar	10	28.57
Finance officer	1	2.86
Accounts Clerk	3	8.57
Store keeper/Ass procurement	10	28.57
Total	35	100.00

4.4.2 Gender of Respondents

In order to ensure that both gender participated in the study, respondents were asked to indicate their gender. The results for gender distribution of respondents was as indicated in the table below. 58.33% were male while 41.67% were female this shows that the study was gender sensitive.

Table 4.2: Gender of Respondents

Demographic Information		Frequency	%
Gender of respondent	Male	20	58.33
	Female	15	41.67
Total		35	100.0

4.4.3 Working Experience of the Respondents

The study sought to assess the level of working experience among those who bear responsibility in school financial management. The respondents consisted to individual with significant level of experience. Over two thirds of the interviewed respondents had over five years working experience. Below is a summary of working experience of the respondents.

Table 4.3: Working experience of the respondents

Working experience	Frequency	Percent
Below five years	10	28.57
5 - 10 years	16	45.71
10 - 15 years	5	14.29
15 years and above	4	11.43
Total	35	100.00

4.4.4 Type of School and Average Student Population

The study focused on three types of schools namely county, extra-county and national schools with varying student population. Nine out of the 35 had a student population of below 500, 15 had a student population of between 501 and 1000 while the remaining 11 schools had a student population of between 1001 and 1500. A summary of student population of the sampled schools is presented in the table below. The type of school and its population helps us to understand the amount of funds each school receives given the fact that each school is funded using the number of students population the higher the population the higher amount of funds a school receives.

Table 4.4: School population

Population of school	Frequency	Percentage
Below 500	9	25.71
501 - 1000	15	42.86
1001 – 1500	11	31.43
Total	35	100.00

4.4.5 Education and Financial Training of Respondents

In order to assess the capacity of duty bearers the results indicated that the respondent were literate enough to engage in sound financial controls.

Table 4.5: Education level

Level of education	Frequency	Percentage
Certificate	10	28.57
Diploma	9	25.71
Degree	16	45.71
Total	35	100.00

Most of the respondent have undergone some training which means that they have enhanced the financial knowhow on financial controls and are kept upto date with the current controls used in school because of the workshop and seminars that each attended.

Table 4.6: Type of training attended

Type of training Attended	Freq.	Percent
Workshops	23	65.71
Seminars	4	11.43
on job training	2	5.71
None	6	17.14
Total	35	100.00

4.5 Influence of Governance Structure on Financial Control

Respondents were asked their perceptions on the extent to which governance structure and related aspects influence the financial controls in public secondary schools in Kenya. First, respondents were asked on the extent to which governance structure enhances the management's ability to implement governance and the board's ability to exercise oversight. Out of the 35 respondents 19 reported that this was at a small or moderate extent while 16 reported it to be to a large or a very large extent. Notably is that all respondents perceived that governance structure management's ability to implement governance and the board's ability to exercise proper oversight to at least some extent. Ysa, Albareda and Forberger. (2014) defined governance as policies and procedures, accountability, responsiveness, culture, oversight board and infrastructure. For any institution to succeed financially it must uphold its governance structure therefore the school administration should come up with ways to implement the structures set and there should be an oversight board in place to look at all matters arising and be able to advise the school administrators accordingly. Governance structure plays a very vital role in a school set up; there is a policy board of management which is made up of different

committees like infrastructure, budget and finance, staff and student welfare and academics. Each committee has its defined roles to play the infrastructure committee deals with the long term development of a school, the budget and finance committee deals with planning and monitoring on how school finance are being used academic and the welfare committee deals with academic matters and students' welfare in general which is the core business in a public secondary school. The most authoritative governing force is the national government. They regulate the fundamentals of how schools should operate and educate.

The study also sought to find out the perception of the respondents on the extent to which governance structure in public schools ensures that financial controls are put in place to ensure prudent funds management and that their perception on the opinion that "The national government regulates the fundamentals of how schools operate on financial matters" The results indicated that all the sampled respondents agreed that this happens at least to some small extent. Five, fourteen, nine and seven respondents agreed that this happens to a small, moderate, large and very large extent respectively. Sun et. al., (2010) did a study on financial control and corporate governance structure he came out with the following suggestions; there should be a standard way in which governance structure are set so that it can fit the financial control tools that are used in financial management, the board of management plays a very important role in building of corporate governance mechanism and the role of the oversight committee should be enhanced to safeguard the financial control system from the intention of corporate governance mechanism.

The study also sought to find out whether or not there are written policies and procedures covering all routine financial management and related administrative activities. Attached this question, the study inquired as whether the existing financial policies and procedures clearly

define conflict of interest and related party transactions (real and apparent) besides providing safeguards to protect the organization from them. Out of the 35 respondents, 34 of them perceived that these policies existed and were being followed at least to some extent.

When asked whether Governance structure in a public school ensures that financial controls are put in place to ensure prudent funds management, 97.15 percent of respondents agreed that this happens at least to some extent. Zheng, Chang, & Li, (2015) did a study the relationship between corporate governance and firm financial performance, the study proved that corporate governance structure and firms' financial performance is affected by an administrator's personality. Other components of corporate governance like policies and procedures, accountability, responsiveness, culture, oversight board infrastructure and leadership style were not considered much in the study and yet they still play a very important part in financial control in public secondary school.

All fundamentals on how public schools operate on financial matters are regulated by the national government. Respondents were asked whether or not there are written policies and procedures covering all routine financial management and related administrative activities. All respondents agreed that these policies and procedures exist at least to some extent. Approximately 45.72 of respondents agreed that these policies exist at least to large extent. Miglani, Ahmed, and Henry (2015) did a study on Voluntary corporate governance structure and financial distress: Evidence from Australia and found out that's the underlying information proves that the implementing and approval of corporate governance structures leads to lower levels of financial risk, this proves that corporate governance is a key factor in financial controls.

Table 4.7: Influence of governance structure on financial control

Statements		No extent	Small Extent	Moderate extent	Large extent	Very Large Extent	Total
The Governance structure enhances management's ability to implement governance and the board's ability to exercise proper oversight.	No.	0	6	13	13	3	35
	%	0.00	17.14	37.14	37.14	8.57	100
The Governance structure in public school ensures that financial controls are put in place to ensure prudent funds management.	No.	0	5	14	9	7	35
	%	0.00	14.29	40.00	25.71	20.00	100
The national government regulates the fundamentals of how schools operate on financial matters?	No.	1	2	13	12	7	35
	%	2.86	5.71	37.14	34.29	20.00	100
There written policies and procedures covering all routine financial management and related administrative activities?	No.	1	4	12	12	6	35
	%	2.86	11.43	34.29	34.29	17.14	100
The financial policies and procedures clearly define conflict of interest and related party transactions (real and apparent) and provide safeguards to protect the organization from them?	No.	0	6	13	9	7	35
	%	0.00	17.14	37.14	25.71	20.00	100
The school accounting policy and procedure manual are updated regularly in line with the ongoing project activities	No.	0	8	15	9	3	35
	%	0.00	22.86	42.86	25.71	8.57	100

4.6 Effect of Budget on Financial Controls

The study also sought to assess how budgeting affect financial controls in public secondary schools. This was done by asking respondents there perception on various related statements.

The results are presented in the table below:

Table 4.8: Effect of the budget on financial controls

Statement		No extent	Small Extent	Moderate extent	Large extent	Very Large Extent	Total
The budgets for all departments prepared for all significant activities in sufficient detail to allow meaningful monitoring of subsequent performance.	No.	1	6	17	10	1	35
	%	2.86	17.14	48.57	28.57	2.86	100
The actual expenditures rarely vary with their actuals	No.	0	2	19	7	7	35
	%	0.00	5.71	54.29	20.00	20.00	100
The budget performance is always communicated to the relevant authorities	No.	1	4	15	12	3	35
	%	2.86	11.43	42.86	34.29	8.57	100
The perceived level of over- or under budgeting of major vote heads over the Last 3 years	No.	0	4	14	14	3	35
	%	0.00	11.43	40.00	40.00	8.57	100
The procedures in place to plan project activities, collect information from the units in charge of the different components, and prepare the Budgets?	No.	0	3	20	11	1	35
	%	0.00	8.57	57.14	31.43	2.86	100
To what extend are the long term project budgets realistic, based On valid assumptions, and developed by knowledgeable individuals.	No.	0	4	17	12	2	35
	%	0.00	11.43	48.57	34.29	5.71	100
The perceived level of budget monitoring and control in your institution	No.	0	2	12	15	6	35
	%	0.00	5.71	34.29	42.86	17.14	100

Respondents were asked the extent they agreed with the statement “budgets for all departments prepared for all significant activities in sufficient detail to allow meaningful monitoring of subsequent performance” Results indicate that 34 out of 35 respondents perceived that this statement was true at least to some extent. Only one respondent disagreed with this statement. A budget is an official document that shows the anticipated income and expenditure over a prescribed period in monetary terms. A budget gives a guideline on how all the monies received in a school will be spent. It acts as a guideline to avoid over expenditure or under expenditure. Its shows all the anticipated income and expenditure per vote head. A budget is made by consultations of all the departments in school from the academic department, infrastructure and co-curricular activities department.

The study asked respondents on the extent to which they agreed with the statement “the actual expenditures rarely vary with their actuals”. The results indicated that 2 respondents agreed to a small extent, 19 agreed to a moderate extent, while 7 agreed to a large extent and another 7 to a very large extent. Notably none disagreed with his statement which means that the duty bearers were in compliance with this important indicator of governance. Budgetary control is whereby measures are put in place to ensure that the approved budget is followed, by comparing the actual expenditure verses the income received if there is any under expenditure or over expenditure per vote head the issue must be addressed. Robinson & Last, (2009) stated that budgeting is used by organization as a structure for all incomes received and all the expenditure incurred. This is a way to ensure that there is no wastage of resource and the set targets are achieved.

Another result indicated that only 2.86 percent of respondents did not agree with the statement that “budget performance is always communicated to the relevant authorities”. The rest agreed that this is true at least to some extent with 11.43 per cent agreeing to some extent, 42.86 percent to a moderate extent, 34.29 percent to a large extent and 8.57 percent to a very large extent. Budgetary control is an important factor in financial control in that it assists the administrators to plan for the future, it also promotes good flow of information from top to bottom and motivates employees because of their involvement in the budgetary process. Opiyo (2014) performed a survey of budgeting on implementation of development plans in secondary schools Iriri district Migori county Kenya the researcher concluded that budgeting must be there for effective implementation of school development plans. In his study he did not factor in ways in which the budgetary controls are useful in financial management because finances are key for any development project a school plans to undertake.

Respondents were also asked the extent to which they agreed the statement “there was some perceived level of over- or under budgeting of major vote heads over the Last 3 years” Results indicated that all respondents agreed that this happens to at least to some extent. Specifically, 11.43 percent agreed to some extent 40.00 percent to a moderate extent, another 40.00 percent to a large extent and 8.57 agreed to a very large extent. While Kisang (2011) conducted a survey on the impact of the school budget on secondary schools’ administration in Marakwet West district, Kenya and found out there is a positive correlation amid school budget and good administration of a school that public secondary schools in the district.

Respondents were also asked how much they agreed with the statement that “procedures are in place to plan project activities, collect information from the units in charge of the different components, and prepare the Budgets”. All the respondents agreed at least to some extent with

57.14 percent agreeing to a moderate extent while 31.43 and 2.86 percent agreeing to a large and very large extent respectively.

All respondents agreed with the statement that “long term project budgets are realistic, based on valid assumptions, and developed by knowledgeable individuals” at least to some extent. A total of 88.7 percent of respondents agreed that budgets are realistic to moderate large and very large extent cumulatively. Kpedor, (2012) did also a study in Budgeting, budgetary control and performance evaluation: evidence from hospitality firms in Nigeria the findings indicated a budget forms a basis under which financial performance can be evaluated. To add on that the study revealed that there is a substantial disparity in the budget, budgetary control and performance evaluation of hospitality firms in Nigeria. Therefore, with good budgetary controls techniques in place there will be a reduction of the disparity in the budget, budgetary control and performance evaluation.

Similarly, all respondents agreed with the statement that “there is some perceived level of budget monitoring and control in your institution” at least to some extent. A total of 94.29 percent of all respondents agreed that monitoring and control does exist in their respective institution to all moderate, large and very large extent cumulatively’.

4.7 Effect of Financial Literacy on Financial Controls

The study also sought to assess how financial literacy affects financial controls in public secondary schools. This was done by asking respondents the extent to which they agreed with various related statements.

The results are presented in the table below:

Table 4.9: Effect of Financial Literacy on Financial Controls

Statement		No extent	Small Extent	Moderate extent	Large extent	Very Large Extent	Total
To what extend are you conversant with the financial policies and procedures in your school	No.	0	3	15	12	5	35
	%	0.00	8.57	42.86	34.29	14.29	100
Strategic plan and budgets are important tools in financial controls to what extend do you refer to them	No.	0	2	15	12	6	35
	%	0.00	5.71	42.86	34.29	17.14	100
To what extend are all expenditure both recurrent and capital reported to the board and minutes written authorizing the expenditure	No.	4	9	14	7	1	35
	%	11.43	25.71	40.00	20.00	2.86	100
To what extend to you overspent school money without authority to vire	No.	0	6	14	9	6	35
	%	0.00	17.14	40.00	25.71	17.14	100

Respondents were asked a question on the extent to which each one of them was conversant with the financial policies and procedures in his/her school. All respondents agreed that they were conversant at least to some small extent. A total 91.44 percent mentioned that they were conversant to moderate, large and very large extent. Huston (2010) stated that financial literacy is how well one understands and plans on how to use personal finance-related information to make informed decisions about financial matters. Financial literacy plays a big role in financial

controls in public schools because it helps in management of income and expenditure by making sure that the school budget is being followed and issues raised aren't ignored.

Respondents were also asked on the extent to which they agreed with the statement that "strategic plan and budgets are important tools in financial controls to what extent do you refer to them". All respondents agreed at least to some small extent. The highest percentage (42.86) agreed to a moderate extent. Abdullah and Chong (2014) defined financial literacy as the capacity to make informed decisions concerning financial matters in an organization. All assets and liabilities must be managed well in order to attain the intended objective and this requires one to be financially literate. The organization for economic corporation and development OECD (2003) defined financial literacy as the ownership skills and knowledge that makes one to be able to make an informed and effective decisions regarding the financial matters hence leading to good management of financial resources.

Respondents were also asked to what extent are all expenditure both recurrent and capital reported to the board and minutes written authorizing the expenditure". The highest proportion of respondents (40.00%) agreed that this happens to a moderate extent while 88.57 percent agreed at least to some extent. Hoyt (2018) stated that there are five components of financial literacy which include budgeting basis, he described a budget as a tool to measure over expenditure or under expenditure on the total income received from an organization; impact on interest is another component and this is the price we pay as a result of borrowing money, staying savvy by saving, credit debt roller coaster and identifying theft issues and safety. All the stated components are important for an individual to become financial literate.

Finally, respondents were required to state the extent to which school money is overspent without authority to vire. All respondents agreed that this happens at least to some extent and the highest proportion of 40.00 percent agreed that this happens to a moderate extent. Malatji (2013) in his book financial literacy: basic requirement for financial freedom stated that financial literacy among the people in both developing and under developing countries is a major drawback to financial actualization. Several studies have been done on financial literacy and how it affects both individual financial planning and institutions. Huston, (2010) did a study on Linking Financial Management Practices to Financial Literacy: Evidence from Turkey the regression analysis results showed that all explanatory variables were related to financial literacy except the non-investment borrowing. The findings highlight the importance of financial literacy as a factor for any financial benefits to be realized. Gachango, (2014) did a study on effect of financial literacy on personal financial management practices: A case of employees in finance and banking institutions in Kenya The results showed there is low connection between the individual high level of education and financial literacy. This means that high education levels does not certainly lead to financial literacy but fairly improves personal financial management practices. Nevertheless, the chief influence of personal financial management practices is an individual financial literacy. Kunovskaya (1986) did a study on the impact of financial literacy on use of financial services in Russia, the conceptual framework underlying the study was the Andersen Behavioral Model. Data for this study came from the 2008 nationwide financial literacy survey conducted by the world bank in Russia. Methodology used were chi-square tests and Logistic regression. The study concludes that financial literacy influences the use of financial services.

4.8 Finance Control

The study also sought to evaluate financial controls in public secondary schools. This was done by asking respondents the extent to which they agreed with various related statements. The results are presented in the Table 4.10:

Table 4.10: Financial Control

Statement		No extent	Small Extent	Moderate extent	Large extent	Very Large Extent	Total
To what extent are projects done in school completed in time	No.	15	12	0	3	5	35
	%	42.86	34.29	0.00	8.57	14.29	100
To what extent is debt management done properly	No.	12	2	15	0	6	35
	%	34.29	5.71	42.86	0.00	17.14	100
Credit management is handled properly by school management	No.	14	9	4	7	1	35
	%	40.00	25.71	11.43	20.00	2.86	100
Completion of books of accounts is done professionally	No.	14	6	0	9	6	35
	%	40.00	17.14	0.00	25.71	17.14	100
Incidents of mismanagement of funds has happened in the school	No.	12	3	15	5	0	35
	%	34.29	8.57	42.86	14.29	0.00	100

Respondents were also asked on the extent to which they rated the statement that “To what extent are projects done in school completed in time”. The highest percentage (42.86) of the respondents indicated to no extent. According to Captio (2017), with the absence of financial controls within an organization, financial performance will have no meaning, financial controls ensures that finances are allocated as per the needs of the institution following the laid down

budget, that has been approved by the administrators. Therefore, plans to ensure that all the financial controls are implemented and evaluation done as per the objectives consistent with the current state of the institution and its upcoming projects must be put in place.

Respondents were also asked on the extent to which they agreed with the statement that “To what extent is debt management done properly”. The highest proportion of respondents (42.86%) agreed that this happens to a moderate extent while 34.29 percent indicated to a no extent. Spacy (2016) emphasizes that financial controls consist of guidelines, practices and measures employed in the management of financial resources of an organization and helps in attaining its objectives, ensures that there is accountability, good leadership skills, delegation of duties and responsibilities. Implementation of financial controls may involve ensuring that there is accountability of every financial resources that are received and spent, duties and responsibilities for every employee in an organization should be clearly stated and automation of systems should be done in every department. Spacy noted that tools used in financial controls are budgets, proper record keeping, financial polies, delegation of duties, receipts, authorization to spent by the administrators, auditing and communication skills.

Respondents were also asked on the extent to which they agreed with the statement that “Credit management is handled properly by school management”. The highest percentage (40.00) indicated to no extent. Coy and Dixon (2004). Linked financial controls with public accountability whereby he defined public accountability as giving of full report that present a true and fare view of an organization a financial resources received and spent in a particular period of time, factoring in all the finished and the ongoing project.

Respondents were also asked on the extent to which they agreed with the statement that “Completion of books of accounts is done professionally”. The respondents highest percentage (40.00) indicated that it was for no extent. Owizy (2011) assessed the effectiveness of internal control in government ministries taking a case of Benue State ministry of finance. According to the study findings, it was established that Benue State ministry of finance prepare annual budget promptly and also have adequate expenditure tracking to prevent financial recklessness. The recommendation given was that, the ministry of finance should strictly abide by the principles and procedures in order to ensure that slack are built into the budget.

Respondents were also asked on the extent to which they agreed with the statement that “Incidents of mismanagement of funds has happened in the school”. The highest proportion of respondents (42.86%) agreed that this happens to a moderate extent while 34.29 percent indicated to no extent. According to El-Nafabi (2009) when studying the role of public sector audit and financial control systems in Sudan, found that audit and control system is paramount in ensuring accountability for the use of public funds, and safeguarding the limited public resources against corruption and other misappropriation and unlawful practices. The study found out that weak and ineffective financial control systems and deficiencies in accounting systems are some of facilitating factors of financial corruption in Sudan.

4.9 Regression Analysis

The study sought to carry out regression analysis to establish the statistical significance relationship between the governance structure, budget and budgetary control, financial literacy on financial controls in public secondary schools. The results presented in Table 4.11 present the fitness of model used of the regression model in explaining the study phenomena.

Table 4.11: Model Fitness

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.788a	0.621	0.615	0.396

Governance structure, budget and budgetary control and financial literacy were found to be satisfactory variables in explaining effectiveness of financial controls in public secondary schools. This is supported by coefficient of determination also known as the R square of 0.621. This means that governance structure, budget and budgetary control and financial literacy explain 62.1% of the variations in the dependent variable, which is effectiveness of financial controls. This results further means that the model applied to link the relationship of the variables was satisfactory. The Analysis of Variance (ANOVA) results are shown in Table 4.12.

Table 4.12: Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	66.932	4	16.73	106.809	0.000
	Residual	40.889	31	1.319		
	Total	107.822	35			

The findings further confirm that the regression model of is significant and supported by $F=106.809$, $p<0.000$) since p-values was 0.000 which is less than 0.05. The study conducted a regression of coefficient analysis to establish the statistical significance relationship between the independents variables notably governance structure, budget and budgetary control and financial literacy on the dependent variable that was effectiveness of financial control. According to Captio (2017), with the absence of financial controls within an organization,

financial performance will have no meaning, financial controls ensures that finances are allocated as per the needs of the institution following the laid down budget, that has been approved by the administrators. Therefore, plans to ensure that all the financial controls are implemented and evaluation done as per the objectives consistent with the current state of the institution and its upcoming projects must be put in place. The regression of coefficient results are as shown in Table 4.13.

Table 4.13: Regression of Coefficients

	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
(Constant)	1.996	0.08		24.931	0.000
Governance structure	0.124	0.035	0.235	3.493	0.001
Budget and budgetary control	0.093	0.036	0.163	2.559	0.011
Financial literacy	0.104	0.039	0.173	2.693	0.008

The regression of coefficients results show that governance structure and effectiveness of employee productivity is positively and significantly related ($\beta=0.124$, $p=0.001$). The results further indicated that budget and budgetary control and effectiveness of financial control are positively and significantly related ($\beta= 0.093$, $p=0.011$). Further, results showed that financial literacy and effectiveness of financial control were positively and significant ($\beta =0.104$, $p=0.008$). The most significant factor influencing financial control in public secondary school was governance structure that had the least (0.001) p-value. Sun, Stewart and Pollard, (2011), did a study on financial control and corporate governance structure he came out with the following suggestions; there should be a standard way in which governance structure are set so that it can fit the financial control tools that are used in financial management, the board of

management plays a very important role in building of corporate governance mechanism and the role of the oversight committee should be enhanced to safeguard the financial control system from the intention of corporate governance mechanism. Miglani, Ahmed, and Henry (2015) did a study on Voluntary corporate governance structure and financial distress: Evidence from Australia and found out that's the underlying information proves that the implementing and approval of corporate governance structures leads to lower levels of financial risk, this proves that corporate governance is a key factor in financial controls.

The multiple regression model was laid as below.

$$Y = 1.996 + 0.124X_1 + 0.093X_2 + 0.104X_3$$

Where: X_1 = Governance structure, X_2 = Budget and budgetary control, X_3 = Financial literacy

4.10 Diagnostic Results

4.10.1 Test for Normality

The study applied Shapiro-Wilk test and normal plots to check for normality of the sample data distribution. The results are presented in Table 4.14.

Table 4.14: Normality Test Results

	Tests of Normality					
	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Governance structure	.041	35	.200*	.991	35	.077
Budget and budgetary control	.114	35	.000	.937	35	.054
Financial literacy	.075	35	.006	.987	35	.155
Financial Control practices	.390	35	.000	.623	35	.064

*. This is a lower bound of the true significance.
a. Lilliefors Significance Correction

Normality tested using the Shapiro-Wilk showed that all the variables were above 0.05 ($p > 0.05$) hence confirming data normality. As shown in Table 4.14, p-values for the Shapiro-Wilk tests were 0.077 governance structure, 0.54 for budget and budgetary control, 0.155 for financial literacy, 0.065 and 0.064 for Financial control practices. Since all the p-values were greater than the cutoff point of 0.05, this confirms the hypothesis that data was collected from a population, which is normally distributed.

4.10.2 Test of Multicollinearity

The Variance Inflation Factor (VIF) Test was used to test for the assumption of multicollinearity. A common rule of thumb is that VIFs of 10 or higher points to severe multicollinearity that affects the study (Newbert, 2008). A tolerance threshold value of below 0.2 indicates that collinearity is present (Menard, 2000). Table 4.15 presents the result of tests for Multicollinearity.

Table 4.15: Multicollinearity Test Results

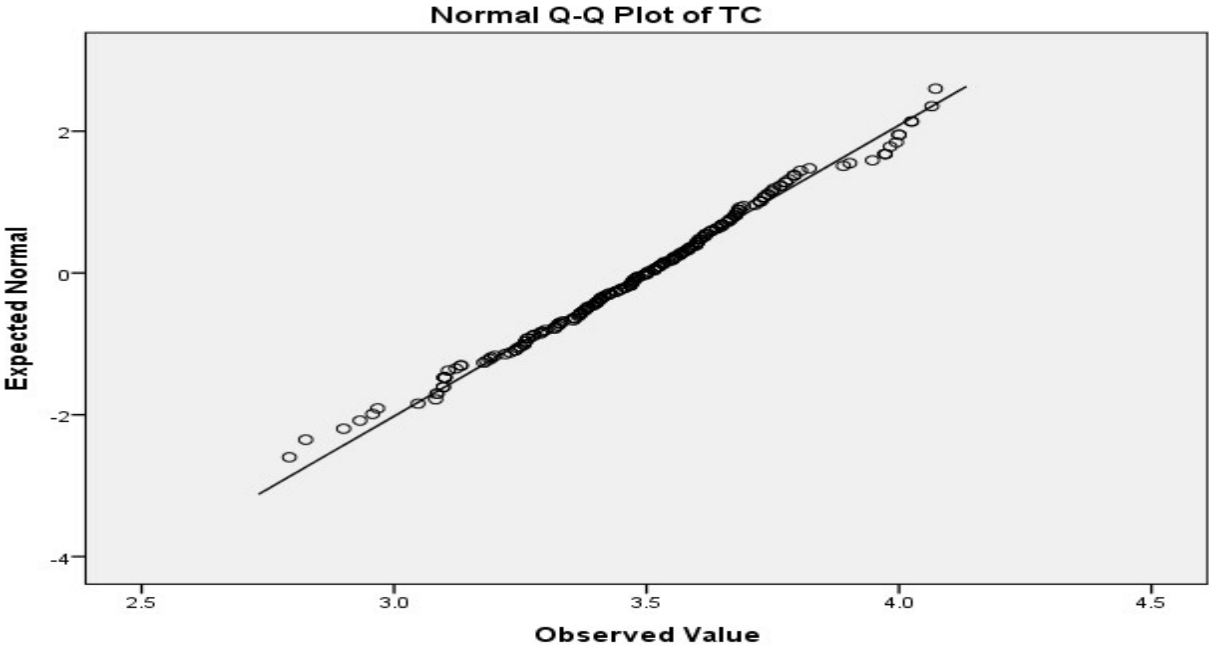
Model	Collinearity Statistics		
	Tolerance	VIF	
1	(Constant)		
	Governance structure	.646	1.547
	Budget and budgetary control	.363	2.756
	Financial literacy	.687	1.456
	Financial Control practices	.918	1.090

The results show that all the variables of the study indicated VIF values of between 1.090 and 2.756 which are less than 10; the figure recommended by the rule of thumb. This indicated that no multicollinearity was detected in the data.

4.10.3 Test of Homoscedasticity

The study assessed homoscedasticity assumption by observing the patterns of the residual plot which assumes that residuals are normally distributed and the variances are normal across all the values of the independent variables. Thus for the data to align to the assumption, then the pattern of the plot has to be evenly distributed around the line of best fit (Kline, 2011). This means that the error term is the same across all independent variable values, thus eliminating standard error biases and giving correct conclusions about the regression coefficients significance (Hair Jr. et al., 2014). The results are shown in Figure 4.1.

Figure 4.1: Residual Plot



The results shows that the pattern of the data points of the plot is evenly distributed around the line of best fit for all variables. This means that the error term is the same across all independent variable values thus eliminates standard error biases and give correct conclusions about the multiple regression coefficients significance.

4.10.4 Test for Linearity

Test of linearity assess whether two variables show linear relationship. The study used ANOVA test of linearity to asses if there is a linear relationship between two of the independent variable and the dependent variable and also applied deviation from linearity test to determine if the relationship between two variables is linear in nature. If the p-values for the deviation from linearity test will be more than 0.05, then it was concluded that there is a linear relationship between the two variables. The results are presented in Table 4.16. Testing for the significance of deviation from linearity implied testing the null hypothesis that deviation from linearity is not significant. The decision is to reject the null hypothesis whenever p-value if less than .05.

Table 4.16 Linearity Test

	Significance of Deviation from Linearity (<i>p-value</i>)	Conclusion
Governance structure	.644	Linear relationship
Budget and budgetary control	.174	Linear relationship
Financial literacy	.098	Linear relationship
Financial Control practices	.141	Linear relationship

The results of the ANOVA test of linearity showed all significance values were greater than 0.05 hence confirming linear relationships (constant slope) between the predictor variables and the dependent variable.

4.10.5 Autocorrelation Test

Furthermore, the researcher tested the autocorrelation assumption that implies zero covariance of error terms over time. That means errors associated with one observation are uncorrelated with the errors of any other observation. Durbin Watson test was used to detect serial correlation where the hypothesis states that serial correlation in a certain order of residuals is not significant.

Table 4.17: Autocorrelation Test (Durbin-Watson test)

Variables	Durbin-Watson	Remarks
Governance structure	1.980	Autocorrelation absent
Budget and budgetary control	1.811	Autocorrelation absent
Financial literacy	1.957	Autocorrelation absent
Financial Control practices	1.995	Autocorrelation absent

As indicated through the Durbin-Watson test whose statistic ranges from zero to four. In the current study, the test results ranged between 1.811 and 1.995, which are near to 2 thus supporting independence of error terms thus implying no or absence of autocorrelation problem. This therefore shows that error terms are uncorrelated to each another.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This part provides the summary, conclusions and recommendations of the study. This is according to the findings of the study.

5.2 Summary

5.2.1 Influence of Governance Structure on Financial Control

From the findings, it was revealed that out of the 35 respondents 19 reported that this was at a small or moderate extent to which governance structure enhances the managements ability to implement governance and the boards ability to exercise oversight while 16 reported it to be to a large or a very large extent. Notably is that all respondents percieved that governance structure managements ability to implement governance and the boards ability to exercise proper oversight to at least some extent.

The results indicated that all the sampled repondents agreed that the governance structre in public schools ensures that financial controls are put in place to ensure prudent funds management and that their perception on the opinion that “The national government regulates the fundamentals of how schools operate on financial matters.” This happens at least to some small extent. Five, fouteen, nine and seven repondents agreed that this happens to a small, moderate, large and very large extent repectively.

The study inquired as whether the existing financial policies and procedures clearly define conflict of interest and related party transactions (real and apparent) besides providing safeguards to protect the organization from them. Out of the 35 respondents, 34 of them perceived that these policies existed and were being followed at least to some extent. When

asked whether Governance structure in a public school ensures that financial controls are put in place to ensure prudent funds management, 97.15 percent of respondents agreed that this happens at least to some extent.

All fundamentals on how public schools operate on financial matters are regulated by the national government. Respondents were asked whether or not there are written policies and procedures covering all routine financial management and related administrative activities. All respondents agreed that these policies and procedures exist at least to some extent. Approximately 45.72 of respondents agreed that these policies exist at least to large extent.

5.2.2 Effect of Budget on Financial Controls

Respondents were asked the extent they agreed with the statement “budgets for all departments prepared for all significant activities in sufficient detail to allow meaningful monitoring of subsequent performance” Results indicate that 34 out of 35 respondents perceived that this statement was true at least to some extent. Only one respondent disagreed with this statement. The results indicated that 2 respondents agreed to a small extent, 19 agreed to a moderate extent, while 7 agreed to a large extent and another 7 to a very large extent. Notably none disagreed with his statement which means that the duty bearers were in compliance with this important indicator of governance.

Another result indicated that only 2.86 percent of respondents did not agree with the statement that “budget performance is always communicated to the relevant authorities”. The rest agreed that this is true at least to some extent with 11.43 per cent agreeing to some extent, 42.86 percent to a moderate extent, 34.29 percent to a large extent and 8.57 percent to a very large extent.

Respondents were also asked the extent to which they agreed the statement “there was some perceived level of over- or under budgeting of major vote heads over the Last 3 years” Results indicated that all respondents agreed that this happens to at least to some extent. Specifically, 11.43 percent agreed to some extent 40.00 percent to a moderate extent, another 40.00 percent to a large extent and 8.57 agreed to a very large extent.

Respondents were also asked how much they agreed with the statement that “procedures are in place to plan project activities, collect information from the units in charge of the different components, and prepare the Budgets”. All the respondents agreed at least to some extent with 57.14 percent agreeing to a moderate extent while 31.43 and 2.86 percent agreeing to a large and very large extent respectively.

All respondents agreed with the statement that “long term project budgets are realistic, based on valid assumptions, and developed by knowledgeable individuals” at least to some extent. A total of 88.7 percent of respondents agreed that budgets are realistic to moderate large and very large extent cumulatively. Similarly, all respondents agreed with the statement that “there is some perceived level of budget monitoring and control in your institution” at least to some extent. A total of 94.29 percent of all respondents agreed that monitoring and control does exist in their respective institution to at moderate, large and very large extent cumulatively’

5.2.3 Effect of Financial Literacy on Financial Controls

All respondents agreed that they were conversant at least to some small extent on the extent to which each one of them was conversant with the financial policies and procedures in his/her school. A total 91.44 percent mentioned that they were conversant to moderate, large and very

large extent. Respondents were also asked on the extent to which they agreed with the statement that “strategic plan and budgets are important tools in financial controls to what extent do you refer to them”. All respondents agreed at least to some small extent. The highest percentage (42.86) agreed to a moderate extent.

Respondents were also asked to what extent are all expenditure both recurrent and capital reported to the board and minutes written authorizing the expenditure. The highest proportion of respondents (40.00%) agreed that this happens to a moderate extent while 88.57 percent agreed at least to some extent. Finally, respondents were required to state the extent to which school money is overspent without authority to vire. All respondents agreed that this happens at least to some extent and the highest proportion of 40.00 percent agreed that this happens to a moderate extent.

5.3 Conclusions

5.3.1 Influence of Governance Structure on Financial Control

It can be concluded that governance structure enhances the managements ability to implement management and the boards ability to exercise oversight. Governance structure in public schools ensures that financial controls are put in place to ensure prudent funds management. The existing financial policies and procedures clearly define conflict of interest and related party transactions (real and apparent) besides providing safeguards to protect the organization from them.

5.3.2 Effect of Budget on Financial Controls

From the findings it can be concluded that budgets for all departments prepared for all significant activities were somehow in sufficient detail to allow meaningful monitoring of

subsequent performance. The duty bearers were in compliance with this important indicator of governance like policies and regulatory framework. There is some perceived level of over- or under budgeting of major vote heads. The procedures are in place to plan project activities, collect information from the units in charge of the different components, and prepare the Budgets. The long term project budgets are not so realistic, based on valid assumptions, and developed by knowledgeable individuals. There is some perceived level of budget monitoring and control in the institution.

5.3.3 Effect of Financial Literacy on Financial Controls

The employees are conversant at least to some extent with the financial policies and procedures in his/her school. Strategic plan and budgets are important tools in financial controls to a large extend. The schools have expenditure both recurrent and capital reported to the board and minutes written authorizing the expenditure.

5.4 Recommendations

From the findings, it is recommended that;

- i. It is recommended that the school management to enhance the governance Structure since it was found to influence the financial control. This can be done by laying down proper structures to guide the performance of the school governance through the Ministry of Education.
- ii. The researcher recommends that there should be a training done on how to making a budget since it affects financial controls. This can be done through in-service training of the staff under the budget making department.

iii. It is recommended that there should be enhancement of financial literacy since it affects financial controls. The employees should be informed of financial policies and procedures in his/her school. Strategic plan and budgets are important tools in financial controls.

5.5 Limitation of the Study

The main limitation experienced was that most respondents considered some information as confidential and did not want to reveal everything. However, confidentiality and protection of information was assured to the schools' management and the respondents. Information was coded to avoid direct reference to particular schools and individuals. The study was also limited to institutions of learning specifically public secondary schools although issues of financial control practices traverse all organizations.

5.6 Recommendations for Future Research

This study was not exhaustive since it only covered three factors; governance, budget and financial literacy and therefore it is recommended that another study be conducted other factors influencing financial control practices in public secondary schools in a more detailed context.

Further research should be carried out in other counties to ascertain whether these findings are universal since this study only focused on Nairobi County.

The same study can be conducted in another sector to test whether the findings of this study will hold true in a different context.

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APPENDIX A

LETTER OF INTRODUCTION

**JULIET OKELELE
KCA UNIVERSITY,
PO BOX 56808 -00200,
NAIROBI.**

12/06/19.

Dear sir/madam,

RE: REQUEST FOR RESEARCH DATA - FACTORS INFLUENCING FINANCIAL CONTROL PRACTICES IN PUBLIC SECONDARY SCHOOL IN KIBRA SUB COUNTY

I am a post graduate student at the Kenya College of Accountancy University studying MASTERS OF COMMERCE (FINANCE & INVESTMENT). In partial fulfillment of the requirement of the stated degree I am conducting a study entitled “- factors influencing financial control practices in public secondary school in kibra Sub County.

The study will be solely conducted as an academic research and information provided will be treated with utmost care and strict confidence. Ethical principles will be adhered to ensure confidentiality of the results of study. Upon the completion of the research. I presume the findings will provide valuable insight to the government, ministry of education, school principals and community at large towards effective financial control practices in public secondary schools in kibra Sub County.

Your input will highly contribute to the success of this research.

Attached please find a questionnaire that request you to provide answers to the questions as precisely and honest as possible. Please do not write the name of your school anywhere on the questionnaire.

Thank you in advance.

Yours faithfully,

Juliet Okelele.

APPENDIX B
QUESTIONNAIRE

SECTION A: GENERAL INFORMATION OF THE RESPONDENTS

This questionnaire aims at collecting data for factors influencing financial control practices in public secondary school in kibira Sub County.

The data collected will be solemnly be used for this particular study and will be treated with strict confidentiality.

Your assistance to answer this questionnaire will be highly appreciated.

PART A: DEMOGRAPHIC DATA

(Please put a tick in the appropriate bracket)

1. Name of respondent (OPTIONAL)-----
2. Gender Male () Female ()
3. Designation _____
4. Working experience (in your current station)
Below 5 years () 5-10 years () 10-15 years () 15 years and above ()
5. What is the students' population of your school?
Below 500 () 501-1000 () 1001-1500 ()
6. What type is your school? County () Extra county () National ()
7. Your level of education
Certificate () Diploma () Degree () others specify _____
8. Have you ever attended financial management training? Yes () No ()
9. If yes what type of training have you ever attended?
Workshops () Seminars () on job training () others specify ()

SECTION B. TO ASCERTAIN HOW GOVERNANCE STRUCTURE INFLUENCES FINANCIAL CONTROL

For the statement listed in the tables below on a scale of 1-5, please indicate to what extent you agree with the following statement regarding financial controls practices in your school **(please tick the correct box)**

(1= No extent, 2= Small extent 3= Moderate extent 4= Large extent 5= Very large extent)

Q.NO	STATEMENT	1	2	3	4	5
10	The Governance structure enhances management’s ability to implement governance and the board’s ability to exercise proper oversight.					
11	The Governance structure in public school ensures that financial controls are put in place to ensure prudent funds management.					
12	The national government regulates the fundamentals of how schools operate on financial matters?					
13	There written policies and procedures covering all routine financial management and related administrative activities?					
14	The financial policies and procedures clearly define conflict of interest and related party transactions (real and apparent) and provide safeguards to protect the organization from them?					
15	The school accounting policy and procedure manual are updated regularly in line with the ongoing project activities					

SECTION C. TO DETERMINE THE EFFECT OF THE BUDGET ON FINANCIAL CONTROLS

To what extent do you agree with the following statement regarding budgetary controls? (1= No extent, 2= Small extent 3= Moderate extent 4= Large extent 5= Very large extent)

Q.NO	STATEMENT	1	2	3	4	5
16	The budgets for all departments prepared for all significant activities in sufficient detail to allow meaningful monitoring of subsequent performance.					
17	The actual expenditures rarely vary with their actuals					
18	The budget performance is always communicated to the relevant authorities					
19	The perceived level of over- or under budgeting of major vote heads over the Last 3 years					
20	The procedures in place to plan project activities, collect information from the units in charge of the different components, and prepare the Budgets?					
21	To what extent are the long term project budgets realistic, based On valid assumptions, and developed by knowledgeable individuals.					
22	The perceived level of budget monitoring and control in your institution					

SECTION D. TO DETERMINE THE EFFECT OF FINANCIAL LITERACY ON FINANCIAL CONTROLS

To what extend do you agree with the following statement regarding budgetary controls? (1= No extent, 2= Small extent 3= Moderate extent 4= Large extent 5= Very large extent)

Q.NO	STATEMENT	1	2	3	4	5
23	To what extend are you conversant with the financial policies and procedures in your school					
24	Strategic plan and budgets are important tools in financial controls to what extend do you refer to them					
25	To what extend are all expenditure both recurrent and capital reported to the board and minutes written authorizing the expenditure					
26	To what extend to you overspent school money without authority to vire					
27	Imprest and sundry expenditure is always within limits					

SECTION E. FINANCIAL CONTROLS

To what extend do you agree with the following statement regarding financial control? (1= No extent, 2= Small extent 3= Moderate extent 4= Large extent 5= Very large extent)

Q.NO	STATEMENT	1	2	3	4	5
28	To what extent are projects done in school completed in time					
29	To what extent is debt management done properly					
30	Credit management is handled properly by school management					
31	Completion of books of accounts is done professionally					
32	Incidents of mismanagement of funds has happened in the school					

Thank you.