UNIVERSITY OF EDUCATION, WINNEBA

MANAGING FINANCES IN THE PUBLIC BASIC SCHOOLS IN THE KWAEBIBIRIM MUNICIPALITY

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A dissertation in the Department of Educational Administration and Management, Faculty of Educational Studies, submitted to the School of Graduate Studies, in partial fulfilment of the requirements for the award of the degree of Master of Philosophy (Educational Administration and Management) in the University of Education, Winneba

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DECLARATION

Candidate's Declaration

I, Ampofo Seth, declare that this Thesis, with the exception of quotations and references contained in the published works which have all been identified and duly acknowledged, is entirely my original work, and it has not been submitted, eighter in part or whole, for another degree elsewhere.

Signature: ………………….

Date: ………………….

Supervisor's Declaration

I hereby declare that the preparation and presentation of this Thesis was supervised in accordance with the guidelines on supervision of Thesis as laid down by the University of Education, Winneba.

Name of Supervisor: B.B.B. Bingab (Ph.D)

………………… ………………………

Signature Date

DEDICATION

To my dearest, wife, Mrs. Antwiwaa Dankwa Ampofo and my children- Duodu, Ampomah, Amoaah, Frempong and Nana Agyei

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ABSTRACT

The study examined how public basic school headteachers as the target population manage finances in public basic schools in the Kwaebibrem Municipality within the Eastern Region of Ghana. Drawing on the Budgetary Theory, the study also assessed the challenges headteachers face, the effect of the challenges on managing public school finances as well as strategies to mitigate the challenges. The study adopted the quantitative approachanddescriptive research design using the stratified sampling technique to sample35 respondents from the population size of 115 public basic school head teachers in the municipality. Structured questionnaires were used to obtain data from the respondents and processed using the IBM SPSS Statistics version 23. Using the mean, standard deviation scores, and regression analysis, the study found accounting challenges, budgetary challenges, auditing challenges, and professional incompetence as the challenges that headteachers face when managing public school finances. In addition, the headteachers manage public school funds by ensuring that they prepare budget before utilizing funds, expenditure is based on budget, School Management Committee (SMC) approves school budget before expenditure, headteachers account for school funds through auditing, headteachers keep records of financial transactions and comply with Public Financial Management Act, 2016.Also, the challenges werefound to have a significant negative relationship with the management of publicschool finances in the Kwaebibirem Municipality. In furtherance, the findings of the study revealed that training in auditing effectiveness, encouraging capacity building in accounting, and organizing a workshop on financial management practices for head teachers among others are the strategies that can be used to mitigate the challenges of managing public school finances. It was concluded that accounting challenges, budgetary challenges, auditing challenges, and professional challengeare key contributorstothe poor management of public -school finances among headteachers in the Kwaebibrem Municipality. The study recommended the government through the Ministry of Education and, Ghana Education Service, establish a strong financial management curriculum to guarantee that serving and assistant headteachers are appropriately and efficiently taught to handle school finances. It further recommended that the management of Ghana Education Service should hire extra auditors to guarantee that school books are audited on schedule.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

School principals like any leaders of any organization have decisions to make when it comes to utilization of the funds channeled to public schools. These decisions according to Brigham and Houston (2012), have financial implications on the financial management of school principals who play the most crucial role in ensuring schools' effectiveness and performance taking into account the day-to-day operations of the school. Proper management of school finances is pivotal to the successes of all educative teaching endeavors of any school. Equally important is financial accountability which is according to legislation is a legal requirement at schools for head teachers to comply with. Section 36 and 43 of the South African schools Act No.84 of 2000 make it mandatory for schools to manage school finances and take responsibility to implement all necessary financial accountability processes This implies ensuring effective, efficient, economical and transparent use of financial and other resources within the school, which includes taking appropriate steps to prevent any unauthorized, irregular, fruitless and wasteful expenditure which in essence, implies being accountable for the school's finances (South Africa School Act, 2000).

Robinson and Timperly,(2004) define accountability as a condition under which a role holder renders an account to another so that a judgment may be made about the adequacy of the performance and point out that accountability is a moral or legal duty, placed on an individual, a group or an organization, to explain how funds, equipment or authority given by a third party has been used. In schools, this includes parents and the Department of Education. School financial accountability therefore stems from the notion of accountability reporting about school finances to school stakeholders. In developed countries like United Kingdom and Greece, financial management in education has been heavily centralized and its financing and general management delegated to ministry. In Greece, there is bulk of legislative regulations arranging or designing school financial management which the headteacher should know or have access to (Argyropoulou, 2009).

In Kenya, the government finances public schools, therefore it is the responsibility of every secondary school management to manage its finances well. All public schools in Kenya are managed by the BOM appointed by the Ministry of Education, Science and Technology (Buchmann, 2000). Financial management in Kenya's public secondary schools is a very sensitive administrative task due to the fact that a lot of tax payers' money is capitalized in education, hence prudent management of such funds is needed so that the goals of education and institutional objectives are achieved optimally. Cheruiyot et al. (2017) posit that Public Financial Management involves effectively organizing, directing, and managing financial transactions in the public sector. There is therefore the need for effective management and institutional designs, both of which are aimed at making the public sector more efficient like the private sector. This is expected to invigorate performance and decrease corruption. Other assumptions include citizen-centered services, value for taxpayers' money, and a responsive public service workforce.

The public-school finances are entrusted into the care and use of principals and headteachers to manage in the interest of the school. They have the core responsibilities to prepare a budget, manage facilities, procure, expend and manage stores (Kimutai & Muigai, 2018). The challenge is that most Principals assumed their posts lacking basic financial management skills. Patrick and Patrick (2019) in their study about managing finances in senior high schools in Mbutu, Kenya noted that majority of the headteachers had no financial management and accounting skills and so majority took books of accounts of pseudo accountants to update themselves to fit their interests. The study notes that the majority of the headteachers were not in a position of identifying wrong entries and anomalies in financial records if done by the bursars. Financial management is an essential element in the effective running of an organization. A lot of resources are involved in running organizations and therefore to get value from those investments require a lot of transparency and accountability from the people in charge, Burke (2001). The education sector in many countries consumes very high budgetary allocation and therefore sound financial management is paramount. A lot of attention is given to education world over because of the impact it has on development. Financial management is a system which provides framework for which the resources of an organization are directed towards the attainment of goals of an organization, UK (2009). An effective Financial Management system is essential because it ensures transparency and accountability in the manner in which an organization finances are applied, (Burke, 2001).

Head teachers play a major role in the management of all school financial activities which involve the disbursement of money. The money is obtained through various sources such as fees. According to Orlesky (1984), financial management determines the way the school is managed and whether or not the school will meet its objectives. The head teacher is responsible for accounting financial reports usually need accounting and its products such as organization's annual reports as a platform upon which to build many decisions and activities. Organizations must follow specific rules and formats of presentation for their annual reports and financial statements. The key accounting event for any organization is the publication of the annual report which records the financial performance over a book year. Financial reports help managers to discuss results and spending and performance against budget, they usually work from management reports which have been prepared by the school accountants using accounting information systems. Cole and Kelly (2011) in their study established that organizations may create and adopt a number of statements to communicate the corporations view on the subject of ethics .They stipulated common issues in business ethics to be included (transparency and accountability).

The study of Getahun (2018) showed that low participation of stakeholders to increase school income, lack of skilled and experienced, lack of training, lack of budget allocation criteria, not enough structured guideline and procedures, lack of budget, low controlling systems, low participation of concerned bodies or school personnel involve in the budget planning and decision-making process, improper utilization of financial resources and lack of auditing school finance can affect highly the effectiveness and efficiency of financial management in the studied schools. Likewise, the study by Tadiwos (2014) indicated that the critical challenges for ineffective utilization of financial resources in the studied schools are a release of budget allocated to schools very lately, lack of adequate skilled manpower that controls effective budget utilization, engagement of school management on different duties. lack of planning and performing the school activities together with stakeholders, school principals working by their own without inviting others, interferences of school principals in all works, lack of team work approach among

Kebele Education and Training Board (KETB), Parent Teacher Association (PTA) and school management and no relevant training on financial control and utilization to stakeholders.

Financial reports help managers to discuss results and spending and performance against budget, and they usually work from management reports, which have been prepared by the school accountants using 23 accounting information systems (Kaguri, Charles & Kubaison, 2014). Boddy (2011) also stated that financial control process incorporates four elements; setting objectives or targets, measuring actual performance, comparing this against the standard and taking action to correct any significant gap. Therefore, controlling is similar to planning and is the process of monitoring activities to ensure that results are in line with the plan. Furthermore, Jajo (2005) demonstrates that financial controls in general involve authorization, segregation of duties, record keeping, safeguarding and reconciliation.

These controls depend on the activity under consideration, and the survival of an organization depends on effective financial control (Paisely, 1992). Rosalind and Downes (2004) also advised that in order to prevent fraud in school finances, the principal should come up with clear procedures and responsibilities. These include separating staff duties, delegation of procurement authorization and also exercising effective supervision to make sure that rules and regulations are adhered to. However, Kahavisa (2003) reported that proper internal auditing was not set up properly in schools while government auditing was irregularly conducted; as a result, school funds could be misappropriated. Finally, Mobegi, Ondigi and Simatwa (2012) concluded that weak internal control mechanisms were the major factors contributing to financial mismanagements. This was evidenced by the fact that at the time of the study there were many financial issues. For example, fee registers were missing;

schools had no trained storekeepers; and school property was kept in deputy head teacher's offices. They concluded that all these situations led to loopholes for school finances mismanagement.

Thus, school managers have to take responsibility for their performance. Van Wyk (2004) also explained that financial management in the public sector is aimed at ensuring economic and efficiency and effectiveness in providing outputs to achieve desired outcomes that will serve the needs of the whole community. According to Sulaiman, Siraj and Mohamed (2007), internal control system is defined as the policies and procedures which are put in place to ensure that the assets of an organization are protected and they are reliable for financial reporting. Moreover, they reported that the manager of an organization has to ensure a proper internal control and utilize the financial resources in a manner that can provide trust to donors and contributors. Internal control of organizations is meant to ensure the efficiency and effectiveness of activities, reliability of information, compliance with applicable laws and timeliness of financial reports (Jokipii, 2009).

Similarly, Mestry (2017)emphasized that many school principals and their board members do not have the necessary financial skills, so they are not in a position to solve any financial crisis in their schools. Atieno and Simatwa (2012) also explained that headteachers have many challenges when it comes to financial management. They further expounded that both the principal and district quality assurance and standard officer suggested that the teachers be trained on financial management. Apparently, financial management in education is concerned with the cost of education, sources of income to meet the educational costs and the spending of the income in an objective manner in order to achieve the educational objectives (Okumbe, 2001). In the preparation of the budget, the principal or headteacher must seek the cooperation of all stakeholders such as parents, teachers and other school employees. According to Momoniat (2012), effective financial management requires managers to take responsibility for the actions and achievements in exchange for greater managerial discretion over their inputs.

School financial management comprises the planning and implementation of a financial plan, accounting, reporting and the protection of assets from loss, damage and fraud. Schools can regulate their financial management with internal rules. If the school does not have the internal rules, there is a risk that internal controls are not set. The school leader is accountable for setting the internal controls and internal auditing. The main products of financial management are the financial plan and the annual report. The reporting process is closely linked to the planning process, the definition of objectives and measuring (Mestry, 2017). Financial resources are significant resources often assumed to be a part of physical capital. It is actually the basis for procurement; utilization and maintenance of all other types of resources.

Without strong financial base it will be difficult to produce the right of goods and services in desirable quality and quantity (Mercy et al., 2014). Mestry (2017) emphasized that many school principals and their board members do not have the necessary financial skills, so they are not in a position to solve any financial crisis in their schools. Various forms of trainings were given to secondary school principals on financial resource management (MoE, 2007). Even if the accountability of schools' principals is very high the indicated trainings did not improve the financial resource management practices in secondary schools as expected. Therefore, it needs hard work and commitment from schools' managers to improve financial resource management in secondary schools.

According to Padilla et al , (2012), effective financial management practices is essential in enhancing transparency, efficiency, accuracy, accountability which enable an organization to achieve its objectives. Growth and development of educational sector is dependent on how well finances aremanaged. Financial management is concerned with organization's decisions on how to sourcefor funds, how to control financial resources through financial controls, prudent allocation offinancial resources and accountability measures. It is fundamental for the success of any entity.According to Fung (2015), the rationale for financial management is raising funds for both short and long-term use, and enhancing proper utilization of the funds. Poor budgeting is one of the major reasons that derail effective management of schools due to overspending or underspending which can lead to misappropriation and mismanagement of school funds (Mito & Simatwa, 2012). The authors noted that in addition to poor budgeting, delay in disbursement of free secondary education funds pose a challenge in management of finances due to late settlement of transactions.

Sarah (2013) explored that efficient management of financial resources is an important task for head teachers. Without adequate financial resources, institutions cannot carry out their defined tasks effectively. Money must be available to run the different departments of the school. The available funds will be used to purchase the required teaching and learning apparatus such as chalks, textbooks, paying of the support staff and building and improvement of infrastructures. Financial management in education is concerned with the cost of education, sources of income to meet the educational costs and the spending of the income in an objective manner in order to achieve the educational objectives (Okumbe, 2001). However, educational managers are being challenged to justify their financial requests in terms of educational programs rather than the costs, if education has to compete equitably for public funds (Okumbe, 2001). In the preparation of the budget, the principal or head teacher must seek the cooperation of the Business Owners Group (BOG), the parents, the teachers and other school employees.

The head teacher is responsible for budgeting, accounting, auditing functions of financial management. The World Bank has long acknowledged the vital relationship between education and economic development (Leu and Bryner 2005). Principals are chief custodians of school finances and are instrumental in the implementation of approved budgets the principal is the chief accounting officer of the school and is responsible to the management committee or school board for the control and use of school funds shall maintain or cause records of income and submit it to the school board for approval. A schools financial management is the execution by a person in position of authority of those management actions (regulated tasks) connected with the financial aspects of schools and having the sole purpose of achieving effective education .

A school"s financial management is the execution by a person in a position of authority of those management actions (regulated tasks) connected with the financial aspects of schools and having the role purpose of achieving effective education. Joubert and Bray (2007) describe a school"s financial management as the performance of management actions connected with the financial aspects of a school for the achievement of effective education. The common factor in these definitions of financial management is that a connection is made between the management tasks and the financial aspects of a school .The implication is that the management of school finances involves the task of planning (budgeting), organizing (coordinating),leading (communicating and motivating) as well as controlling(auditing)

(Clark,2007).Training in or even having working knowledge of financial management is not considered a pre-requisite for appointment to the position of principal which tends to affect them in performing financial management duties .Consequently ,principals are lacking the necessary management skills and especially financial management skills.

Financial resources are important organizational resources. No organization has ever succeeded without financial resources. Therefore, it becomes imperative for institutions, firms, organizations and business entities to consider financial management in order to enhance their performance and more so mitigate exposure to financial risks (Munge, Kimani & Ngugi, 2016). According to Denis (2018) the main purpose of financial management is to ensure that funds sourced are utilized in the most efficient and effective manner. He further argues that resources are scarce and therefore it is the duty of educational administrators to optimally and prudently use available resources for the attainment of institutional objectives. Poor management of available funds leads to embezzlement, diversion of funds from prioritized projects and misappropriations.

Education resources are no doubt important in the development of a conducive teaching learning environment. The use of these resources could give more valuable and powerful direction to the teacher than any personal efforts without the materials. In school administration, education resources are not only limited but can be effectively and efficiently managed when management activities are properly harmonized, organized, coordinated and controlled by the school management team. However, no matter how well packaged school administration or a school system is at any level of education, without adequate and efficient utilization and management of the available resources, the system may fail to achieve its desired results (Usman, 2016).

Financial management is the use of financial information, skills and methods to make the best use of an organization's resources. Financial management means planning, organizing, directing, monitoring and controlling the financial activities of an organization (Denis, 2018). Resources are the valuable engine and play pivotal role to ensure effective performance of tasks and for the growth and development of human organizations. Financial resource is a significant resource often assumed to be a part of physical capital. It is actually the basis for the procurement, utilization and maintenance of all other types of resources. Without a strong financial base, it will be difficult to produce the right types of goods and services in desirable quantity and quality. Since the human economy is a monetary economy, the availability of funds in any organization or institution is vital to its productive process and the quality of its product and service (Tadiwos, 2014).

Monitoring the budget involves the development of a control system or monitoring instrument Monitoring has also been referred to as budget variance reporting, that is, on a month by month basis the actual expenditure (and income) is compared with budgeted expenditure (income) and any variance must be identified, investigated and explained in order to avoid over expenditure. Budget Monitoring compares the actual expenditure against estimated (Knight, 1993). The author further noted that budget monitoring need not be confined to the expenditure. It can also be monitoring income, capital, or project expenditure and cash flow. Monitoring expenditure is mainly undertaken through regular budgetary tabulation. Thus, budget monitoring enables us to make adjustments to the budgets using information obtained while comparing the actual expenditure with already planned. Budgetary control is “the power to govern the financial and operating policies of an entity or business so as to obtain benefits from its activities. It safeguards funds and ensures that they are as authorized (Knight, 1993). Therefore, controls over expenditures must be established to assure that the allocated funds are in accordance with the authorized budgetary statements (Vashist, 2008). This could be done through recording of actual performance and the provision of regular feedback that enables continuous monitoring. Hallack and Poisson (2000) explained that there are both internal and external factors that contribute to financial mismanagements in organizations. Low management capacity and lack of control mechanisms are factors which lead to mismanagement of finances, such as diversion or embezzlement of funds. Another factor is lack of professional norms or codes of conduct.

Finally, there are such factors as lack of transparency, absence of clear regulations and low salaries which cause financial mismanagement and malpractice. Furthermore, it is important to scrutinize the budget at school level so as to minimize opportunities for financial mismanagement and be in a position to monitor the actual performance of the school (Ziebell, Grable & Joo, 1991). The mismanagement of funds principals always leads to shortage of funds in schools as money is not available for the purchasing of necessary books ,equipment and so forth(Okumbe,2001) The planning of school finances usually begins with the drafting of a budget where budgeting is an ongoing and dynamic process that is typically marked by regular phases such as planning ,needs assessment and priority setting .Budgeting is a forward looking process which should be guided by the school‟s vision for the future and a realistic assessment of the risks(Clark 2007,Du preezet et al 2003). Budget's purpose can be summarized as assisting systematic planning, quantifying objectives and identifying priorities, coordinating activities and communicating plans within the organization, motivating and increasing the accountability of middle management authorizing expenditure and activities, controlling, monitoring and analyzing expenditure and evaluating performance (Kruger 2005, Neto 2009).

(Irungu,2012) in his study established that preparation measures and support systems for head teachers in public schools is weak and do not adequately prepare them for responsibilities in financial management. The delay in disbursement of free secondary school funds is a big challenge to the budgetary process. School budgets are done mostly at the end of the year and is approved by the Board of Management (BOM), Parents Teachers Association (PTA) and the District Education Boards (DEB). Expenditure in all vote heads start at the beginning of each year. Expenditure in one vote head would automatically compromise the budget and hence lead to mismanagement of funds. Teachers Service Commission the employer of teachers punishes such offences with an interdiction of the head teacher or even demotion.

For proper management of resources is to adhere to the educational objectives in schools. Macharia (2000) states that education administrators must draw a budget to establish priorities of the organization. Irungu (2012) in his study notes that schools lack budgetary programme planning and budgeting systems, where plans areprovided for obtaining educational objectives. The study established that headteachers made no attempts to measure the results of expenditure to determine whether the budget decisions have achieved desired results. However, the study recommended intensive in- service courses for headteachers in financial management. The breakdown in communication of such central information poses a challenge to headteachers in financial management in schools and office. Irungu, (2012) revealed in his study that school books of accounts took many years to be audited and even at the time of auditing government officers and auditors were bribed and blinded that everything was well. However, due to shortage of auditors it was not possible to rush the audit exercise It is important to determine the challenges facing headteachers in auditing to determine how these factors affect financial management in schools.

Mobegi, Ondigi and Simatwa (2012) did a study in Kenya in Gucha district on factors contributing to financial mismanagement and misappropriation in public secondary schools. The findings of the study showed that the level of financial mismanagement in secondary schools was high and thus major stakeholders involved were headteachers, Board of Managers(BOM), sponsors, auditors and school bursars. In schools, there were major forms of financial mismanagement which included exaggerated travelling allowances, unauthorized purchase of personal gains, given allowances, inflated prices of repairs, contracts awarded to a related party, exaggerated prices for school items. Major forms which contributed to financial mismanagement included corrupt mode of promotion, lack of financial training, weak board of management, weak internal control mechanisms, irregular auditing, lack of qualified bursars and interferences from the sponsors. From the study it was concluded that all forms of mismanagement and misappropriation were as a result of stakeholders who did not understand their role or ignored their roles.

Magak (2013) summarized the challenges that school administrators faced in managing school finances. These included incompetency in procurement, inadequate and irregular auditing, lack of accounting supportive documents, records and inability to prepare end of year financial statements among others. The author sees the urgent need to examine the financial management in learning institutions and adequately train school heads on financial management. Mutai (2003) underscored the need for effective school management and reported that promotion of teachers to a position of responsibility should be pegged on having undergone a pre-service training in his/her new roles. During secondary school headteachers associations' annual meeting in July 2007 in Kenya, principals lobbied for headteachers to be trained to equip them to be effective school managers (Wasiche et al., 2018). They further suggested that the position of school headteacher should be professionalized and a clear policy on identification, selection, appointment, and training of headteachers be established. Jeppesen (2019) pointed out that there was not much proper internal auditing well established in the schools and for that matter government auditing was not regular and suggested that school funds could have been misappropriated. Nonetheless, in some of the developing countries, principals of secondary schools are appointed on the premise of previous teaching experience rather than their abilities on leadership prowess (Mufua, 2019).

Ingul etal. (2019) established that even though the experience is relevant, it should not be the ultimate factor to be considered for the appointment of school Principals. Beare etal. (2018) revealed that quality of schooling goes hand in hand with effective and efficient use of school finances. This calls for an efficient and sound financial management system. According to Aliyyah et al. (2020), the inappropriate use of finances by Principals at times leads to the unavailability of relevant resources needed in the school because there are no funds to buy the necessary books and equipment. They concluded that such practice may lead to poor performance of teachers and students. Financial management practices according to Kimutai and Muigai (2018) involve cash management, management of accounts payable, inventory management, and management of accounts receivable.

According to Brunet et al (2002), the financial managers skills, competence and the trust that persons establish with the headteacher are valuable. Many principals and Board of Managers members do not have the necessary financial skills, Mestry (2017), hence they are not in a position to solve financial crisis in the schools. According to Atieno (2012), headteachers have many challenges when it comes to financial management. She further expounded that both the principal and District Quality Assurance and standard officer suggested that the headteachers be trained on financial management. Principals have financial limitations especially in keeping financial books like the cash book, (Ogola, 2007). He further noted that a headteacher who lacks proper financial management skills will have difficulties in carrying out his work.

According to Simiyu (2006), the principal is recognized by the government as the accounting officer. He is therefore directly accountable to the country director of education and the BOM of which he is also required to report to the PTA on the use of school resources. According to Mgbodile (2002), some of the factors that lead to mismanagement of school funds are: delay in release of funds to schools, diversion of funds to other sectors of the economy, lack of training or inadequate training of heads of educational institutions on issues of finance management, negligence of financial clerks in school finance matters, outright appointments of unqualified personnel to manage school finances and other related issues. In Ethiopia, as stated by MoE (1994), the financing of education must be just, efficient and appropriate to promote equity and quality education.

1.2 Statement of the problem

Education is a complex institution and as such requires adequate resources to finance its activities and programmes. The resources available to educational institutions impact significantly on the quality of its services. Thus, many nations have invested greatly in the education sector (Darling-Hammond, 2017). Nonetheless, the effective utilization of financial resources also influences the ability to deliver and sustain quality educational services (MoE, 2020). Kenya, is one of the African countries which has invested much in the funding of education (Bennell, 2021). In Ghana, the government has allocated an amount ofGH3,767,722,279 to the Basic Education (Ministry of Education, 2022). This fund is entrusted into the headteachers for the running of the schools in the interest of the state. This implies that taking cognizance of the quantum of financial resources allocated to the ministries, it will require people with the needed expertise to get the best out of these allocations.

Headteachers are a key component of utilizing these financial resources. However, according to Atieno (2012), headteachers have many challenges when it comes to financial management. Magak (2013) summarized the challenges that school administrators faced in managing school funds. These included incompetency in procurement, inadequate and irregular auditing, lack of accounting supportive documents, records and inability to prepare end of year financial statements among others. This is reflected in Ghana’s Auditor-General’s Report of 2020 revealed the following cash irregularities; 55 educational institutions made payments totaling GHc 2,112,11.55 without supporting documents such as invoices and receipts(Auditor General, 2020). Furthermore, the audit revealed that, six Schools in five regions could not account for a total revenue of GH¢316,013.59 collected from school fees, rent, canteen services, and stock sales (Auditor-General, 2020). This is in violation of

Regulation 46 of the Public Financial Management Regulations 2019 (L.I 2378). The above statistics of the Auditor-General's Report justifies that headteachers face challenges in their quest to managing school finances. As a result of these financial irregularities, the schools have not been able to be supplied with the teaching and learning materials and minor repairs in the schools.

The phenomenon of managing public finance in schools has been studied. For instance, Wasiche, Mwebi and Ajowi (2018) examined the financial management challenges facing newly appointed headteachers in secondary schools in Kenya. Also, Yizengaw and Agegnehu (2021) investigated the practices of financial resource management in Ethiopia. In the Ghanaian context, the studies have mainly focused on second cycle institutions and general administration (Arhin, 2011; Ayikue, 2020; Frimpong, 2020; Lenwah, 2011). Lenwah (2011) examined the challenges in financial administration of Senior High Schools in Kwahu. Arhin (2011) also explored the challenges of financial administration in selected Senior High Schools in Agona Swedru district, in Central region. It seems existing research in Ghana does not sufficiently cover themanagement of finances in public basic schools. This research therefore seeks to investigate how public basic school headteachers manage school finances in Kwaebibirim Municipality the challenges they encounter and identify mitigating measures to minimize their challenges to make the headteachers effective school financial managers.

The choice of the study center was based on the premise that some headteachers were directed by the District Auditor to refund some monies to the schools' account due to misappropriation, misapplication, unaccounted monies, payment without supporting documents such as receipts and pay vouchers (District Auditor's Report, 2018). The ripple effect is that, the affected schools could not be able to be provided withteaching and learning materials, unable to attend meetings, minor repairs cannot be carried out. As Okumbe (2001) points out that mismanagement of school finances by principals always leads to shortage of funds in schools as money is not available for the purchasing of necessary books, equipment and so forth.

1.3 Purpose of the Study

The main purpose of this study is to examine how public basic school headteachers manage school finances, the challenges they face and identify mitigating measures to make them effective finance managers in the Kwaebibirem Municipality.

1.4 Objectives of the Study

The objectives of the study was to:

1. To what extent are the public basic school headteachers manage- school finances in the Kwaebibirem Municipality.
2. To examine the challengeand its impact onhead teachers management of school finances in the Kwaebibirem Municipality.
3. To identify the training needs required to make the headteachers effective school financial managers.

1.5 Research Questions

In general, the study sought to answer the following research questions.

1. In what ways are the public basic school headteachers managing school finances in the Kwaebibirim Municiplaity?

2. What are the challenges headteachers face in managing school finances and its impact on the school management in the Kwaebibirim Municiplaity?
3. What are the training needs required to make the headteachers effective school financial managers?

1.6 Research Hypothesis

H_0: There is statistically no significant negative impact of the challenges the headteachers face on the management of public -school finances in the Kwaebibirim Municipality.

$H_{1a\text{-}d}$: There is statistically significant negative impact of the challenges the headteachers face on the management of public basic schools' finances.

1.7 Significance of the study

Essentially, the outcome of this study and the recommendations made will among other things inform the Ministry of Education (MoE) and Ghana Education Service (GES) to review the modalities for the appointment of headteachers so that rightful and qualified persons are appointed. Lastly, to assist the Ministry of Education (MoE) and Ghana Education Service (G.E.S) to strategize and develop training models and In-service training periodically for Continues Professional Development (C.P.D) of the headteachers to be efficient in the administration of school funds.

1.8 Scope of the study

The study was conducted at Kwaebibirem Municipality in the Eastern Region of Ghana. The municipality has a population of over 6,700 inhabitants, predominantly Twi-speaking people with few other ethnic settlers. The municipality has 115 primary andJunior High Schools (EMIS, 2020). The headteachers are the main participants for the study because they are the principal finance managers of their respective schools and have the necessary information needed to carry the study.

1.9 Limitation of the study

The research was constrained by the availability of funds to carry it on a larger scale. Despite the researcher's assurance to respondents of their maximum confidentiality and anonymity of their identity for any information provided through questionnaires, some headteachers were reluctant and uncomfortable with the problem under study. Hence, they did not cooperate fully with the researcher. They also felt threatened by being demoted if they provide information. Lastly, the researcher should have used census for the study but due to scarce resources to under take the study, the researcher used 35 participants for the research.

1.10 Organization of the study

The study was organized into five chapters; Chapter One which is the introduction of the study deals with the background, problem statement, objectives and research questions, the significance of the study, limitations of the study, and finally, the organization of the study. Chapter two concentrated on the literature review for the study. The literature focused on the topic in detail, discussion of the various variables in the topic, and make references to other materials which are related to it. The third chapter focused on the methodology to be used for the research work. Data analysis and representation were discussed in chapter four whereas chapter five summarized the findings of the study, conclusion and make recommendations on how the problem discussed in this study can be minimized.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter discusses the relevant scholarly views and arguments on the challenges headteachers face in managing public school finances in an attempt to draw readers' attention to what has already been done on the topic, and the gaps in the literature that need to be addressed. The literature review draws on the following sub-headings: the concept and definition of managing public school finances, overview of the challenges the headteachers face when managing public school finances. The theoretical model underpinning this study will also be discussed in this chapter. The discussion under this chapter will also include an empirical review that characterizes the behavior of headteachers in the real world. Finally, the conceptual framework for this study is developed.Details of the sub-headings are discussed in the sub-sections below.

2.1Theoretical Framework

2.1.1 1 Budget Theory

The modern proponents of budget theory are Bozeman and Straussman (1982). The theory takes two dimensions which are descriptive and normative (Rubin, 2007). Descriptive dimension focuses on participation in public sector activities. The theorists describe sequences of events, trends, and infer cases. The normative dimension is more interested in value as opposed to observation. The descriptive part of the theory holds that budget planning implies at least, to choose specific target levels of service by activity and then figuring out beforehand what it would cost in terms of personnel and supplies to accomplish those specific goals. This theory advocates for departments to request for what they needed to accomplish specific tasks. The normative perspective of budget theory states that there should be wide participation of the public in budgeting, and the budgets ought to reflect the average person (Schick, 1973). Schick (1988) also opined that it is not absolutely necessary to have a single theory of budgeting; however, there ought to be a set of theory, each specific and unique to the problem budgeting is attempting to address.

This theory supports the study on the premise that at the public basic schools, the headteacher is enjoined by the regulations of the capitation grant to prepare School Performance Improvement Plan (SPIP) as school budget before accessing and expending the capitation grant. The SPIP (Budget) preparation involves the teachers, the School Management Committee and the headteacher as the theory postulates. The SPIP is discussed in detailed taken into consideration the resources needed for teaching and learning, minor repairs, sports and assign values to the items according to the money the District Directorate pays into the school's account. The headteachers have the core responsibilities to prepare budget, manage facilities, procure, expend and manage stores (Asuga&Eacott, 2012, Okumbe, 2001). School managers may come up with plans for the school but the plans may fail to work if they are not linked to the budget Mobegi et al, (2012). It is only through budgeting that schools can be able to allocate resources effectively.

The preparation of the school budget(SPIP) is in fulfilment of PFM as defined by CIPFA (2010) as the system by which financial resources are planned, directed and controlled to enable and influence the efficient and effective delivery of public service goals. The schools have a lot of activities to be undertaken within the year, however, the headteachers need to plan well and decide which activities need to be undertaken or considered first, how much resources will be needed and others. It is only when a budget is drawn that will assist the headteachers to decide how and how much to allocate scarce resources to achieve optimum goals of the school. Additionally, the preparation of the school budget is to achieve one of the objectives of PFM as system will ensure that public resources are allocated to meet strategic priorities efficiently. Thirdly, the PFM system ensures that operational efficiency is achieved, in the sense of achieving maximum value for money in the delivery of services. Finally, the PFM system ensures that due process should be followed being transparent, with information publicly accessible, and by applying democratic checks and balances to ensure accountability. By and large, PFM actively contribute to the achievement of key objectives of; (1) maintaining a sustainable fiscal position, (2) effective allocation of resources, and (3) efficient delivery of public goods and services (Allen & Tommasi, 2017; PEFA, 2011).

2.2 Concepts and Ideas

2.3The Concept of Management

According to Steiss (2019), management includes the tasks and activities involved in directing an organization or institution. General management rests on four main pillars, namely; planning, organizing, leading, and controlling. Kanter (2017) further mentions that management involves designing and carrying out plans, getting things done, and working effectively with people. The term management refers to getting things done, effectively and efficiently, through and with other people. The "things" include utilizing the resources of the institution in such a way that the school can achieve its goals.Steiss (2019) agrees that management is the process of utilizing an organization's resources to achieve specific objectives through the functions of planning, organizing, leading, and controlling. Management is therefore a dynamic process, consisting of ongoing, related activities and tasks. Managers are the people to whom this management task is assigned, and it is generally thought that they achieve the desired goals through the key functions of planning and budgeting, organizing and staffing, problem-solving, and controlling. Leaders on the other hand set a direction, align people, motivate and inspire (Jabbar & Hussein, 2017).

2.4 Functions of Management

The four common functions of management include planning, organizing, leading,and controlling (Griffin, 2021). Griffin, (2021) suggest that these four functions are necessary, but not sufficient in promulgating successful management, with strong emphasis placed on adopting practices that include a focus on employees within organizations.

2.4.1 Planning

Planning is typically where the direction of the organization is established through a variety of activities including the development of goals. As such, the planning function of management embodies various levels of decision-making. Allowing employees to participate in making these decisions may generate additional ideas that offer valuable insights (Larivière *et al.,* 2017). Steiss (2019) also notes that involving employees in decisions has symbolic value in conveying a sentiment of trust to employees, while Griffin (2021) discusses the implicit confidence associated with allowing employees to participate in decisions making. Indeed, managerial trust is associated with increased levels of employee involvement in decision-making. Bibri

(2018), planning is defined as a process of setting objectives and making plans to accomplish them. Plans are action statements that describe how the objectives will be accomplished. Linking policy, planning and budgeting is essential to the Medium Term Expenditure Framework (MTEF).Planning involves setting objectives and deciding on actions to be taken to achieve these objectives.

2.4.2 Organizing

According to Zietlow *et al.* (2018), school finance organizations must include areas such as drawing up a financial policy, putting up a system in the school to take care of managerial and financial issues, assigning certain roles to clerks, form teachers, and the treasurer; and correlating activities. Organizing encompasses filling positions in organizational structuring and Human Resource Management. The process of organizing involves designing and developingthe structure of relationships between members of the team or group assigned to carry out the planned task. It also includes the job of filling and keeping filled positions in the organization. In case the human resources available do not fit the skill set for the company's strategy then this functionality is responsible to hire additional personnel or train the existing resources. The organizing function of management is comprised of numerous activities directly or indirectly related to the allocation of resources in ways that support the achievement of goals and plans that were developed in the planning function (Steiss, 2019).

2.4.3 Leading

Leading refers to the process of motivating, directing, and guiding the people in the organization for carrying out their work as per plans and objectives (Griffin, 2021). Leading plays a very crucial part in the business organization. A leader is interpreted as someone who sets the direction in an effort and motivates people to follow that direction. If there is no good leadership the business will not reach its objective. Every successful business requires effective leadership to fully utilize the skills of staff to achieve the aims of the business. Financial management leadership is made up of three areas. A good relationship, communication between all major stakeholders both internal and external as well as inspiring all persons involved in school finances. It was also pointed out by (Steiss, 2021) that "harmonious collaboration between academic and administration staff is a prerequisite for successfully achieving financial objectives". Versland and Erickson (2017) are of the view that when both administrative and academic staffs play a part, financial activities are handled effectively.

2.4.4 Controlling

The fourth function of management, control, includes managerial efforts directed toward monitoring both organizational and employee performance and progress toward goals (Griffin, 2021). The controlling function involves monitoring what is the work being done and the results being achieved, comparing this with what was planned, and taking corrective action. The process of monitoring is to ensure that they are being accomplished as planned and of correcting any significant deviations.

2.5. Duties of Head of Institutions/ Office (Public Basic Schools)

The Financial and Accounting Instructions for Schools and Offices by Ghana Education Service, (2014) outlines the duties of Heads of Institutions and Officers. The Heads of an Institutions or Office is responsible to the Director-General of the service, for the financial management of that office. The Head of an institution or office must: ensure that bank accounts are opened for the institution and operated under the current legal provision, ensure that proper books of accounts and related records are kept, and ensure timely submission of proper and accurate financial management and other returns. The public officers are also to ensure that proper provision is made for the safe custody and banking of cash as well as safe custody of value books, property, and stores. In addition, they are to ensure that revenues are properly collected, recorded, and banked under the Financial Administration Regulation (FAR,2004 L.I). Lastly, public officers are to ensure that expenditure is incurred under the approved budget.

2.6 Source Documents/ Valued Books

The source documents or valued books are the records on which an organization's transactions are first recorded before they become business transaction documents. Some of the valued books for business transactions are discussed below;

2.6.1Invoice: written document or record of goods or services provided and the amount charged for them to a customer or employer as a request for payment.

2.6.2 Receipt Book: This is used for making entries in the Cash Book and also serves as evidence of payment.

2.6.3 Payment Voucher: It indicates particulars of payment. It gives brief narration to capture salient details of the transaction, amount payable stated in figures and words.

2.6.4 Cheque (Paper Money substitute): A small print that, when filled out and signed instructs a bank to pay a specific some of the money to the person named on it; or a bill of exchange drawn a banker payable on demand.

2.6.5 Pay –In- Slip: It is used for cash lodgment into the current account of business at its bank and making entries in the Receipt Cash Book.

2.6.6 Bank Statement: A record prepared and sent by the banks to its customers, displaying deposits and withdrawals of cash with dates.

2.6.7 Cash Analysis Book: It records detailed payment effected and recorded in the Cash Book.

2.6.8 Cash Book: It records daily transactions of income and expenditure of an entity and later transferred into the Cash Analysis Book.

2.7 Challenges in Managing Public Finances

2.7.1 Auditing related issues

Auditing is a process, carried out by an appointed qualified person or body, whereby the records and financial statements of an entity are subjected to an independent examination in such detail as will enable form an opinion thereon as to their truth and fairness (Owolabi & Olagunju, 2020). The head teacher serves as the internal auditor of the school. He must occasion the preparation of books of account for external audit when called upon to do so. The headteachers are accountable to stakeholders and donors of education in the country. Therefore, auditing is necessary to be carried out to ensure compliance with the laid down principles of accounting. Pradanova (2019) states that auditing is an activity that appraises the accuracy and completeness of the accounting system applied by an educational organization.

The main aim of external auditing is to ascertain that the organization has complied with the stipulated financial control mechanisms, thus helping in recommendations regarding inefficiencies and recommending for improvement or specifying short falls and giving suggestions for proper investigation where necessary by an appropriate institution or agency as mandated by 1992 Constitution (Article 187). Auditing relates to external financial control which, according to Shapiro (2019), is a form of external control and is a comprehensive analysis, by a professional from outside an organization, of that organization's financial management activities. Owolabi and Olagunju (2020) describe an audit as an independent examination of records, procedures, and activities of an organization which leads to a report outlining the Auditor's opinion on the state of affairs. Suaka and Kuranchie (2018) in their study revealed that most headteachers had little knowledge in accounting for school funds. Some were over spending and some vote heads and under spending on some leading them into challenges such as misappropriation and mismanagement of school funds, a mistake punishable by interdiction and demotion as provided in the Teachers Service Code (TSC) code of regulations. Such headteachers may not be in a position to manage school funds effectively.

2.7.2 Accounting related Issues

Accounting is the process of recording financial transactions about a business. The accounting process includes summarizing, analyzing, and reporting these transactions to oversight agencies, regulators, and tax collecting agencies. The sustainability of any entity hinges on keeping and recording accurate and sound accounts. Manu *et al.* (2020) in their study noted a majority that the majority of the headteachers had no financial management and accounting skills and so the majority took books of accounts to pseudo accountants to update them to fit their interests. Merigó and Yang (2017) explained five purposes for the use of accounting in schools. The first purpose is to 'set up a procedure by which all fiscal activities in a district can be accumulated, categorized, reported, and controlled. The second function is to assess the alignment of the district's financial plan (budget) with the district's educational programs.

The accounting system assists the district's management to assess whether a district has the financial resources to meet the needs of its programs. The third relates to state and federal reporting to which school districts must adhere. States have the constitutional authority for the provision of education, and, as such, they bear the final authority for fiscal accountability. Budget preparation is the fourth purpose of accounting. By accumulating accurate baseline data, accounting provides the budget with the information necessary for horizontal comparison (prior year, current year, and future annual revenues). The fifth and final purpose of accounting, as provided by Thompson and Wood, is to provide proper fiscal controls and accountability, which in turn, build public trust and confidence.

2.7.3 Bookkeeping related issues

Titus and Ukaigwe (2018) describe the budget as a planning instrument, which contributes in a constructive way towards preventing the disruption of educational programmes as a result of insufficient or exhausted resources. Conkling and Kaufman (2020) further posit that schools lack budgetary programme planning and budgeting systems, where plans are provided for obtaining educational objectives. The study established that headteachers made no attempts to measure the results of expenditure to determine whether the budget decisions have achieved desired results. Subsequently, the study recommended intensive in-service courses for headteachers in financial management.

Poor budgeting has made it difficult for headteachers of public secondary schools to run the schools effectively (Suaka & Kuranchie, 2018). Some headteachers in Bondo district where the study was conducted were overspreading on some vote heads and underspending on some leading them into other problems such as misappropriation and mismanagement of school funds; a mistake punishable by interdiction and subsequent demotion as per the Teachers Service Commission code of conduct and regulations. This is in agreement with Conkling and Kaufman (2020), who established that preparation measures and support systems for headteachers in public secondary schools are weak and do not adequately prepare them for responsibilities in financial management.

2.7.4 Inadequate training of headteachers

Headteachers are exposed to many challenges in financial management as the existing preparation measures and support for headteachers in financial management are weak and do not sufficiently prepare potential headteachers for responsibilities in financial management (Suaka & Kuranchie, 2018). Some of these challenges that headteachers of secondary schools' face are therefore brought about by how principals are identified, appointed, and trained which do not prepare them to become effective managers. The dominant tradition for identification and appointment of secondary school headteachers has been based on good classroom teaching, active participation in co-curriculum

2.7.5 Irregular auditing of school funds

This was a major factor that contributed to financial mismanagement (Alexopoulos, 2019). This study concurs with a study by Manu *et al. (2020)* who established that government auditors visited schools but at irregular intervals. The findings from 54.8% of bursars/accounts clerks revealed that auditors were at times bribed by headteachers to cover up the anomalies in the records from different schools. It was further noted that school books and even accounts took many years to be audited and even of the time of auditing government auditors and officers were bribed and blinded that everything was well.

2.7.6Headteachers inadequate audit knowledge

Suaka and Kuranchie (2018) also established that headteachers had limited knowledge in accounting for school funds. Some were overspending on some vote heads and underspending on some leading them into other problems such as misappropriation and mismanagement of school funds, a mistake punishable by interdiction and demotion as provided in the TSC code of regulations. Such headteachers subsequently may not be in a position to audit school finances.

2.7.7 Incompetent headteachers in financial management

Alexopoulos (2019) established that in Greek state schools, any state school teacher can be appointed as head provided he or she has completed a certain number of years of teaching. Such headteachers are the only persons eligible to carry out bank transactions. The head teacher is also expected to sue small amounts of cash on current expenses. Duties of the head teacher also include repair of premises and maintenance costs, energy costs, office costs, and school cleaning. Such untrained headteachers may not manage the enormous financial management responsibility.

2.7.8 Delay in the release of capitation grant

The delay in the release of government grants to schools was established by Titus and Ukaigwe (2018) to be a challenge to the budgetary process. School budgets are done and approved by the School Management Committee and the District Education Office late in the year, for the next academic year. Expenditure in all vote heads commences at the beginning of each year. However, delay in disbursement means expenditure has to be incurred in excess in some vote heads. Subsequently, leading to mismanagement and misappropriation of funds.

2.7.9 Poor budgeting

Conkling and Kaufman (2020) further posit that schools lack budgetary program planning and budgeting systems, where plans are provided for obtaining educational objectives. The study established that headteachers made no attempts to measure the results of expenditure to determine whether the budget decisions have achieved desired results. Subsequently, the study recommended intensive in-service courses for headteachers in financial management. Poor budgeting has made it difficult for headteachers of public secondary schools to run the schools effectively (Suaka & Kuranchie, 2018).

2.7.10 inadequate knowledge in Financial Policy

Finance policy According to Mestry (2017), fiscal policy is a document that spells out how funds/assets of the school are controlled. Mestry (2017) further argues that the finance policy outlines rules and regulations of handling assets of the school and the control mechanism of funds. A good policy must spell out the rules and regulations of handling the money/ assets of the school. The procedures for handling school fees, donations, postdated cheques, authorization for cheque payments, signatories to the bank account, and every aspect related to the school's finances should be included in the finance policy

2.8 Training needs to be required by headteachers

Manu *et al.* (2020) in their study noted that a majority of the headteachers had no financial management and accounting skills and so the majority took books of accounts to pseudo accountants to update them to fit their interests. It further notes that the majority of the headteachers were not in a position of identifying wrong entries and anomalies in financial records if done by the bursars. From the literature review and the opinion of the researcher, a lot of studies have been carried out on the challenges headteachers face in the management of school funds. Thus, the following training needs will be needed to make the head teacher efficient to manage the school's funds for optimum results. Among them include;

2.9 Negative Effects of Poor Financial Management on Public School Finances

According to Leachman *et al.* (2017), the management of finances in many schools has been poor and this has significantly affected the quality of education provided by these schools. The number of cases of embezzlement of funds by school heads and misappropriation is quite frightening. This means that schools are deprived of their meager resources due to embezzlement, misappropriation, and fraud. As Leachman *et al.* (2017) posit, although some criminal elements amongst the heads are responsible for the misuse of school funds, in the majority of cases, heads fail to account for finances due to lack of financial background and expertise on financial matters.

Suaka and Kuranchie (2018) in their study revealed that poor budgeting made it difficult for headteachers to effectively run schools as some were overspending on some vote heads and under-spending on some leading them into other problems such as misappropriation and mismanagement of school funds, a mistake punishable by interdiction and demotion as per the Teachers' Service Commission (TSC) code of regulations. Thus, the ill-preparedness in managerial duties before their appointment has made school headteachers vulnerable to making blunders which sponsor capitalize onto to demand their removal or dismissal.

2.10 Legal Frameworks in Financial Management

The Government of Ghana has made significant progress in strengthening fiscal discipline and improving the efficiency of its public financial management [PFM] system in recent years. Along with achieving macroeconomic stabilization, the Ghana Government has strengthened the legislative base, increased the transparency of budget information, improved control over expenditure, and strengthened budget oversight [PFM Report No.36384, GH, 2006). As part of the effort by the government of Ghana to sanitize the Public Sector fiscal management has enacted numerous Acts of Parliament and Legislative Instrument (L.I) for all public institutions. The expectation is that these efforts will reduce aggregate and compositional budget deviations and prevent the accumulation of arrears. In contrast, there is a large information gap on public expenditure outcomes. Indeed, the regular and comprehensive review of public expenditure from effectiveness, efficiency, equity, and sustainability perspectives is lacking in Ghana (Joint Review of Public Expenditure and Financial Management, 2019).

The Government of Ghana has made significant progress in strengthening fiscal discipline by enacting numerous Acts of Parliament and Regulations for all public officers. Some of the Laws regulating the financial sector are; The 1992 Constitution of the Republic of Ghana, Financial Management Act,2016 (Act 921), Financial Administration Regulation,2004 (L.I.1802) (FAR), Financial Accounting Instruction for Schools and Offices,2014, Internal Audit Agency Act,2003 (Act 658) (I.A.A.A), Audit Service Act,2000 (584), Ghana Revenue Authority Act,2009 (Act 791),Public Procurement Act,2003 (Act 663) (PPA) and Stores Regulations (Act,1984). As much as the Laws ensure compliance of all public officers, it also comes with sanctions for officers who are found to be culpable depending on the degree of the offense committed. Most of the public officers including headteachers have little or no knowledge of legal frameworks governing the use of public funds.

The 1992 Constitution of the Republic of Ghana, Article (187), clause (2) states that the Public Accounts of Ghana and all public offices, including the courts, the central and local governments administrations, of the Universities and public institutions of like nature of any public corporation or other body or organization established by an Act of Parliament shall be audited and reported on by the Auditor-General. The Public Financial Management Act, 2016, Article 1. States the objectives of the Act, 2016, that; (1); the Act is to regulate the financial management of the public sector within a macroeconomic and fiscal framework.

2.11 Managing Public School Finances

2.11.1 School Funding

Grossi *et al.* (2019) describe financial school management as the performance of management actions (regulatory tasks) connected with the financial aspects of schools, with the main aim of achieving effective education, carried out by a person in a position of authority. For this study, managing school funds entails prudent use of all monies that come into the school coffers. According to Mestry (2017), public schools are funded by the state. The authors further mention that the state must fund public schools from public revenue on an equitable basis to ensure proper exercise of the rights of learners to education. Ginder *et al.* (2017) assert that education is mainly funded by the following two sources; private or individual funding: this includes school fees contributed by parents and various costs paid by learners and parents, e.g. transport, textbooks, and school uniforms while public funding refers to the responsibility of the state to fund public schools from public revenue on an equitable basis. This primarily presupposes that the state bears primary responsibility for the funding of public schools out of public revenue.

2.11.2 Possible Sources of Funding Education

The rights and obligations imposed on the Government by the Constitution make it imperative for it to champion the funding of education. It is the Government that determines the model (i.e. type, sort, style, mode, brand, standard, paradigm, etc.) of financing education. The following are possible sources of funding for pre-tertiary educational institutions (Grossi *et al.*, 2019).

2.11.3 Government (public) Funds

These are grants transferred from the Central Government (Consolidated Fund) to the Ghana Education Service for allocation to its Units-Headquarters Divisions, Regional and District Directorates, Educational Units, and 2nd Cycle schools on a monthly/quarterly/annual basis as Government may direct from time to time. The grants are commonly referred to as Government of Ghana Grants; abbreviated as GOG Grants. Capitation Grant –Applied in Basic Schools only. It is Grant given by the Central Government to Basic Schools to manage the schools. Currently, it is GH 9.00 per pupil per year. District Assemblies Common Fund – funds allocated to the District Assemblies for developmental projects. A percentage is devoted to education in the various Districts. Ghana Education Trust Fund (GET Fund) –support mainly in the area of investment activity expenditure. These include the Development of Academic Projects, infrastructure, and facilities, research, etc., for sustainability. MPs Common Fund – budget allocation by the government to Members of Parliament for educational projects within their constituencies. Social Impact Mitigation Levy – this has been used to support the payment of the Capitation Grant. Internally Generated

Fund (IGF) – This is generated internally by the school. At the Basic Schools, the medium of generating funds includes; canteen levies, sale of school badges. Development Partners: (ADB, USAID, WORLD VISION, WORLD BANK, UNICEF) and PTA-approved fees charged by the schools.

2.11.4 Budgetary Control

Budgetary control is of prime importance to both public and private sector organizations. They are used to monitor and control expenditure levels and therefore key to financial administration in financial administration. Basson and Mestry (2019) point out that budget monitoring and control are vital in that they enable the SGB and finance committee to take corrective action timely should actual income and expenditure deviate significantly from projected income and expenditure. Pandey (2018) defines budgetary control as the establishment of departmental budgets relating the responsibilities of the executive to the requirement of a policy, and the continuous comparison of actual budgeted results either to secure desired actions. The objective of that policy is to provide a firm basis for its revision. Thus, a budget could be seen as essential to continuously monitor the projected or budgeted amount with the actual amount so that any possible danger may be noticed and readily deal with it in order not to affect the operation of the organization. Ginder (2017) concurs that monitoring the budget should be a continuous process that goes on throughout the year. It entails keeping a check on the differences between planned financial status at any given time and actual financial status at that time. They further specify that budget control involves the following: drawing up a projection (for the revenue and spending) for the whole year, and identifying positive and negative variances, checking expenditure against the budget allocation, evaluating and re-organizing if and where necessary, noting if there is a surplus or deficit at the end of the year and whether there is any possibility of building reserve, controlling and checking expenditures using monthly statements, quarterly statements, and an annual report.

2.11.5 School Management Committee (SMC)

In 1995, the Ministry of Education made known its intention to ensure that parents 'voices, in particular, are heard in matters related to their children's education. Through a Regulation under the Ghana Education Service Act (Act 50 6, 1995) the School Management Committee was established (School Management Committee Handbook, 2013).Mestry (2017) describes a School Governing Body as a statutory body of people who are democratically elected to govern a school. According to Basson and Mestry (2019), the governance of a public school resides with the SGB. The SMC is the School Governing Board (SGB) of the Basic Schools in the various communities in Ghana. It is made up of a group of persons whose main aim is to promote the best interest of the school and to ensure that learners in a particular school receive the best education possible. Members of SMC represent the school as well as the community. Grossi *et al.* (2019) indicate that the SGB is a constitutional (legal) body of people who are elected to govern the school and they represent the school community.Mestry (2017) states that the SGB must ensure the existence of and the effective execution of a sound, firm financial policy and also managementprocedures. Grossi *et al.* (2019) describe financial school management as the performance of management actions (regulatory tasks) connected with the financial aspects of schools, with the main aim of achieving effective education, carried out by a person in a position of authority. Financial management is a process with several activities: identification, measurement, accumulation, analysis, and preparation, interpretation, and communication of information (both financial and operating). In this study, management of school finances refers to managing state funding, school fees, and money raised during fund-raising activities in all selected schools.

2.11.6 Functions of School Management Committee (SMC)

The governing body, SMC is not involved in the day-to-day running of the school. That is the work of the headteachers. However, the SMC contributes to or decides on, all or some of the policy, learner's code of conduct, and school goals. School development –development plans, voluntary helpers when needed, partnerships with the community, and relationships with other schools. School administration –looking after the school's building grounds and other property, deciding when others may use the property, appointing of staff, organizing an annual general meeting of parents, and reporting to the school community. School finance – raising funds, opening a bank account where necessary, and overseeing the school's income and expenses.

According to Grossi *et al.* (2019), the financial responsibilities of a governing body are perhaps its most important responsibilities. Although the preparation and approval of the annual budget are the most obvious of these functions, several other functions are equally important and which, if not dutifully performed, may have financial and legal consequences for the school and the members of the governing body. In terms of the South African Schools Act, the governing body of a public school has the following fiduciary functions: the governing body of a public school must prepare a budget each year according to the guidelines determined by the provincial minister of education, which shows the estimated income and expenditure of the school for the following year before the budget is approved by the governing body, it must be presented to a general meeting of parents for consideration and approval by the majority of parents present and voting. Mestry (2017) indicates that the governing body may determine and charge school fees, provided a resolution to this effect has been adopted by a majority of parents attending the meeting at which the budget is adopted; this resolution must indicate the number of fees to be charged, equitable criteria and procedures for the total, partial or conditional exemption of parents who are unable to pay school fees. These criteria and procedures must be following the regulation laid down by the provincial minister of education. The governing body may, by the process of law, enforce the payment of school fees by parents who are liable for the payment of such fees.

The governing body must keep records of funds received and spent by the school, as well as its assets, liabilities, and financial transactions. The governing body must, not later than three months after the end of each financial year, draw up an annual financial statement, according to the guidelines determined by the provincial minister of education. The governing body must appoint an auditor, who is registered in terms of the Public Accounts and Auditors Act, to audit the records and financial statements of the school, and, within six months of the end of the financial year, must submit a copy of the audited financial statements to the Head of Department. Goniwe (2015) states that financial management is a sensitive issue and it is thus important that the SGB remember the following values: openness, transparency, and accountability. Karlsson (2018) agrees that the SGB of a public school must take all reasonable measures within its means to supplement the resources supplied by the state to improve the quality of education provided by the school to all learners at the school. The duties of the SMC are enormous and it needs members who are dedicated to executing such a responsibility. Mxuma (2016) asserts that the duties of the SGB are to exercise the power detailed in the articles of government to support the efficient conduct, development, and welfare of the individual school.

2.12 Budgeting in Public Schools

A budget is a quantitative expression of a plan for a defined period. It may include planned sales volumes and revenues, resource quantities, costs and expenses, assets, liabilities, and cash flows (Polisetty, 2018). It expresses strategic plans of business units, organizations, activities, or events in measurable terms. The needs of the school would not be realized if the correct budgetary procedures are not followed. This means that the budget of the school is drawn concerning the needs of the school. The needs of the school are submitted by all stakeholders in the school, but the control of funds is done by the SGB and the finance committee. Kruger (2003) has indicated that the planning of school finances usually begins with the drafting of a budget. Bischoff as cited by Kruger (2003) describes the budget as the mission statement of the school expressed in monetary terms. Shimelash (2019) describes the budget as a planning instrument, which contributes in a constructive way towards preventing the disruption of educational programs as a result of insufficient or exhausted resources. The researcher will look into the school budget as a plan of expenditure and activities for the following year.

2.13 Different Types of Budget

There are several different types of budgets, depending on their purpose, and they fit together in a cascade.

2.13.1Master Budget

At the top of the cascade is the master budget, a suite of statements with strong similarity to the published financial accounts. This budget consolidates all subsidiary budgets and usually comprises the budgeted profit and loss account, balance sheet, and cash flow statement. Senior management performance is often considered in relation to its effect on the balance sheet P&L or other financial information which is reported externally to investors and analysts.

2.13.2 Cash Budget

This is a detailed budget of estimated cash inflows and outflows incorporating both revenue and capital items.

2.13.3 Capital Budgeting

This is a process concerned with decision-making in respect of specific investment project choices and the total amount of capital expenditure to commit.

2.13.4 Operating Budget

This is the budget of the revenue and expenses expected in the forthcoming period. Budgets can include financial indicators such as cash, profit/loss, working capital, and non-financial items such as staff numbers, orders, and volumes of output. Progress is monitored regularly (typically monthly) by comparing actual performance against budget. Here budget holders explain significant favorable or unfavorable variances. Budget variance is described as: 'The difference, for each cost or revenue element in a budget, between the budgeted amount and the actual cost or revenue. Where flexible budgeting is employed, it is the difference between the flexed budget and the actual value.

2.14 Approaches to Budgeting

A budget is classified by approach or technique for preparation. Broadly speaking, there are three approaches, methods or techniques to budgeting, namely;

a. Incremental Budgeting

b. Zero-Based (Activity Based) and

c. Line- Item Budgeting

2.14 1 Incremental Approach

Succinctly defined, "incrementalism" is "a theory of the budgetary process proposing that policy makers give only limited consideration to small parts of the budget and arrive at decisions by making marginal adjustments in last year's budget". The point is that budget as a whole is not considered; instead, participants make marginal changes on an already existing base. Incremental budgeting 'focuses upon the current year budget request with emphasis on increases from the current year' (Lynch, 1979). Before the annual budget is prepared, a base should be determined from which the process will begin. One method is to take the current level of operating activity and the current budgeted allowance for existence activities as the starting point for preparing the next annual budget. The bases are then adjusted for changes, which are expected to occur during the new budget period.

2.14.2 Zero-Based Budgeting

Zero-Based Budgeting (ZBB) is a form or system of budgeting that involves the preparation of a budget from a zero base, that is, starting from an initial assumption that there is no commitment to spend on any activity, and that every item of expenditure on every activity has to be justified. Another explanation is that, under the zero-based budgeting, the projected expenditure for existing programmes starts from base zero with each year's budget estimates being compiled as if the programme were being launched for the first time. That is, starting new activities with previous activities for reference. The zero-based budgeting works on the same principles as the Activity Based Budgeting (ABB).

2.14.3 Line-Item Budgeting

A line -item budget is the one in which expenditures are expressed in considerable detail. But the activities being undertaken are given little attention. The amount in this type of budget is frequently established on the basis of historical cost and adjusted for anticipated changes in cost and activity levels. When they are compared with actual expenditures, the line -item expenditures provide a basis for comparing whether or not the authorized budget expenditure has been exceeded or whether under spending has occurred.

2.15 Auditing

Auditing is a systematic process of evaluating transactions to determine organizations' compliance with prescribed policies and procedures.Auditing is a process carried out by an appointed qualified person or body, whereby records and financial statements of an entity are subjected to an independent examination such detail as will enable the auditor to form an opinion as to their truth and fairness (Amakye & Gorman, 2018). The headteacher serves as an internal auditor of the school. He must occasion the preparation of books of account for external audit at the end of each year (MOE, 2000). The Constitution of the Republic of Ghana makes it by law that every public institution is to present its financial records to the Auditor-General to be examined and audited at the end of every financial year. The public accounts of Ghana and all public offices, including the courts, the central and local government administrations, of the Universities and public institutions of the like nature, of any public corporation or other body or organization established by an Act of Parliament shall be audited and reported on by the Auditor-General (Article 187). the Auditor-General shall, within six months after the end of the immediately preceding financial year to which of the accounts mentioned in clause (2) of this article relates, submit his report to Parliament and shall, in that report, draw attention to any irregularities in the accounts audited and to any other matter which in his opinion ought to be brought to the notice of Parliament.

Auditing of finances at schools should be done at the end of each financial year as prescribed by the law. A financial audited statement should be drawn from the monthly or weekly financial statements and it should be presented to the parents in an annual general meeting. The audited financial statement is supposed to be submitted to the District Director of Education annually. The audited financial statement should be made available to the staff, and also discuss at the School Management Committee meetings. The School Management Committee members are mandated by law to visit their school once in a while and go through the school's accounting books and records (Resource Handbook, 2013). The School Management Committee chairman plays a leading role in the utilization of the school's funds.

2.16 Financial Policy

Finance policyAccording to Mestry (2017), fiscal policy is a document that spells out how funds/assets of the school are controlled. Mestry (2017) further argues that the finance policy outlines rules and regulations of handling assets of the school and the control mechanism of funds. A good policy must spell out the rules and regulations of handling the money/ assets of the school. The procedures for handling school fees, donations, postdated cheques, authorization for cheque payments, signatories to the bank account, and every aspect related to the school's finances should be included in the finance policy. Grossi *et al.* (2019) support the assertion made by Mestry (2017) by emphasizing the fact thatthe administrative body of all public schools should see to it that properly laid down policy and procedures exist to ensure effectual management of the school's finances. They are also to put in place structures to monitor and assess the proper enforcement of the policies and procedures and report on them. The finance policy is undoubtedly essential and as such must be put in place by the administrative bodies of all public schools. According to Grossi *et al.* (2019), one major function of the fiscal policy is to establish a control system that will ensure proper management of school finances and at the same time safeguard the schools' finances.

2.17 Financial Administration

According to Ginder (2017), financial administration refers to "the execution of financial activities by a person in a position of authority to achieve effective education". Bisschoff (2017) argues that financial administration is an art of obtaining funds needed and making optimal use of these funds once obtained. The school can ensure that this happens by adhering to the policies that deal with the management of funds.

2.18 School Bank Account

All public schools are required to open bank accounts with Ghana Commercial Bank as directed by the government. The headteacher is supposed to submit the school's account number to the District Education office, the accounts section. The school's portion of the capitation grant is credited into the school's account. The signatories to the school account are the headteacher and the assistant headteacher. The school bank account assists the headteacher to balance income and expenditure at the end of the financial year.

2.19 Role of the Principal as a Financial Manager

Grossi *et al.* (2019) state that although the governing body has ultimate responsibility for the financial management of the school, it is normal practice for the governing body to delegate the daily operational financial management functions to the principal and his/her staff. The extent to which the principal will be involved in the day-to-day financial management functions will depend largely on the size and affluence of the school. Grossi *et al.* (2019) formulated the core duties and responsibilities as set out in the Personnel Administration Measures (PAM) require that, amongst others, principals should be held responsible for the professional management of the school. The principal should have various kinds of school accounts and records kept properly to make the best use of funds for the benefit of learners in consultation with the appropriate structures.

In the more recent Education Laws Amendment Act, the following additional financial roles and responsibilities of the principal have been clearly defined: monitoring the income and expenditure concerning the budget; reporting irregularities to the SGB; executing duties following sound accounting principles and controls as required by the SGB. Liaising with the finance officer on all financial matters; determining the accuracy of the financial records; and ensuring timely settlement of all expenses incurred by the school. Urba and Brevis (2017) stated that during their daily work, principals typically fulfill several roles. A role is a set of expected patterns of behavior associated with a given position in an organization or a school. According to Hellriegel *et al.* (2018), the principals under the direction of their district, take a leadership role in the daily operation of a school. Principals are responsible for the organization and management of individual schools. Mestry (2017) mentions that in terms of financial matters, the principal should have various kinds of school accounts and records kept properly and should make the best use of funds for the benefit of learners in consultation with the appropriate structures. The principal sees to the day-to-day management of the school and has to implement many directives and policies formulated by the SGB.

2.20 Auditing Process in Ghana Education Service

There are two (2) audit teams in Ghana Education Service. These are Ghana Education Service Internal Audit Unit-controlled by the GES Managements. It is regulated by the provisions of the Internal Audit Agency Act, 2003 (658), and any other enactments made from time to time. The second one is Ghana Audit Service (GAS) –controlled by a statutory mandate to examine, certify and validate Government or Public Sector Accounts. It is regulated by the provisions of the Audit Service Act, 2000 (Act 584). (Ghorman & Amakye, 2013).

2.21 The Internal Audit Mandate- the role of the Internal Auditor

The purpose, authority, and responsibility of the Internal Audit Unit have been defined in a formal document called The Internal Audit Mandate/Charter. The Mandate has been approved by GES Council. Below is the Internal Audit Mandate concerning the role of the Internal Auditor. The role of the Internal Audit Auditor is to review the accounts of educational institutions and offices concerning cash management and related internal controls. To review, evaluate, and report on the soundness, adequacy, and application of systems, procedures, and related internal controls. To review and ascertain the extent to which GES assets are accounted for and safeguarded from losses of all kinds including where applicable, the effective utilization of those resources. In this role, the auditor is concerned with the existence of inventory records or assets register and the sale of physical custody, the assets, and more importantly the procedures designed to limit access to authorized persons only to ensure effective utilization of those resources. To review and evaluate the system of budgetary controls to assess their effectiveness in the light of present operations. Under the GES accounting system, there should be a budget for the receipt (fees and grants), expenditure, and periodic reporting. The internal auditors use expenditure variances analysis reports (whereby actual and budget expenditures are compared) to determine the efficiency and effectiveness of activities undertaken. The budget enables management to control funds while the variant pinpoints areas requiring remedial action; whether there was under-provision or labor inefficiency or price inflation (Ghorman & Amakye, 2013).

2.22 Concept of Public Financial Management (PFM)

A country's development is influenced, in part, by how effectively its government raises, manages, and expends public resources (Elliot, 2020). There is wide agreement that effective institutions and systems of public financial management have a critical role to play in supporting the implementation of policies of national development and poverty reduction-Public Expenditure Financial Accountability (PEFA, 2005). A review of literature on public financial management shows that there are many ways to define public financial management. It has been defined by the Chartered Institute of Public Finance and Accountancy (CIPFA, 2010) as the system by which financial management resources are planned, directed, and controlled to enable and influence the efficient and effective delivery of public service goals.

This definition of public financial management applies to how to deal with the pressures of balancing limited resources with expanding demands and expectations, and with their obligation to spend the taxpayer funds carefully. Alternatively, Cashin *et al.* (2017), define public financial management as the mobilization of revenue, the allocation of these funds to various activities; expenditure, and accounting for spent funds. This means that Public financial management has to do with the efficient use of funds. They further submit that, it is about taxing (raising revenue) and spending by the government, and the impacts this has on resource allocation and income distribution.

PFM refers to the set of laws, rules, systems, and processes used by sovereign nations (and sub-national governments), to mobilize revenue, allocate public funds, undertake public spending, account for funds, and audit results. It encompasses a broader set of functions than financial management and is commonly conceived as a cycle of six phases, beginning with policy design and ending with external audit and evaluation. A large number of actors engage in this 'PFM cycle' to ensure it operates effectively and transparently while preserving accountability. According to Miller (2016), PFM can be viewed using three different frameworks: economics, accounting, and budget execution.Recent developments in the field of PFM have demonstrated a broader and more complex PFM structure (Cashin *et al.*, 2017).

It is not merely related to technical issues, such as the accounting and reporting mechanisms of government budgets (Lawson, 2015), but covers the holistic revenue and expenditure management of government and how that impacts the overall allocation of public resources. The broader coverage of PFM has led to the development of a holistic and more objective-focused definition of PFM. The Chartered Institute of Public Finance and Accountancy (CIPFA) has initiated the development of a universal definition of PFM by identifying the effectiveness of PFM in achieving its goals and delivering the best goods and services to the citizens as the core of PFM (CIPFA 2010). CIPFA (2010) further defines PFM as "the system by which financial resources are planned, directed and controlled to enable and influence the efficient and effective delivery of public service goals".

This recent development shows that PFM goes beyond the narrow government budget definition. Cangiano *et al.* (2017) posit PFM "as an umbrella definition, covering a set of systems aimed at producing information, processes, and rules that can help support fiscal policy-making as well as provide instruments for its implementation. It covers all aspects of managing public resources including progressive expansion into fiscal policymaking. It supports the development of sustainable fiscal policies from the perspectives of both the medium- and long-term. It forecasts the potential impacts and risks of today's policy decisions regarding public resources. Those characteristics of PFM provide support to the formulation of a sustainable fiscal policy for any country. In addition, public corporations may engage in specific transactions to carry out government functions or operations. Thus, their activities may have impacts on a country's fiscal sustainability. To accommodate this, Cangiano *et al.* (2017) have included broader public sector institutions in the scope of PFM, which involves all levels of government that includes central, state/provincial, and local governments, as well as public corporations, such as state-owned enterprises, public-private partnerships, and the central bank.

The term 'PFM' is occasionally used interchangeably with the term 'public expenditure management, which is defined by Allen *et al.* (2018) as all of the components of a country's budget process – both upstream (preparation and programming) and downstream (execution, accounting, control, reporting, monitoring, and evaluation) – including legal and organizational framework arrangements". It includes the formulation of potential revenues and expenditures, the development of medium-term expenditure frameworks, the efforts to link budget with policymaking, the preparation of a budget, the management of cash and expenditure, the procurement of public goods and services, the management of assets, the implementation of an internal control and monitoring system, the implementation of a financial accounting and reporting system, the establishment of government performance management frameworks, and the establishment of an effective external audit function including the proper oversight roles of the legislature and other bodies.

While the term 'public expenditure management' seems to focus on the expenditure side of the budget, it does include the formulation process of potential revenues, such as from taxation and revenue-sharing in the case of local government, to assist the formulation of expenditures budgets, especially in terms of prioritization of the proposed activity to be included in the budget and identification of other revenue sources. In terms of PFM's definition, despite the debate about the inclusion of revenue mobilization in the definition of PFM, most scholars agree that PFM encompasses the mobilization of public revenue, allocation of public funds, an undertaking of public spending, procurement of public goods, and services, management of public assets, treasury management, and government accounting and auditing (Cashin *et al.,* 2017).

2.23 Importance of PFM

PFM refers to the set of laws, rules, systems, and processes used by sovereign nations (and sub-national governments), to mobilize revenue, allocate public funds, undertake public spending, account for funds, and audit results. It encompasses a broader set of functions than financial management and is commonly conceived as a cycle of six phases, beginning with policy design and ending with external audit and evaluation. A large number of actors engage in this 'PFM cycle' to ensure it operates effectively and transparently while preserving accountability. A strong PFM system is an essential aspect of the institutional framework for an effective state. Effective delivery of public services is closely associated with poverty reduction and growth, and countries with strong, transparent, accountable PFM systems tend to deliver services more effectively and equitably and regulate markets more efficiently and fairly. In this sense, good PFM is a necessary, if not sufficient, condition for most development outcomes. A key element of statehood is the ability to tax fairly and efficiently and to spend responsibly. These are fundamental characteristics of 'inclusive' state institutions, which generate trust, promote innovative energies and allow societies to flourish. (See Acemoglu & Robinson, 2017; Dani Rodrik, 2018).

Improving the effectiveness of a PFM system can generate widespread and long-lasting benefits, and may in turn help to reinforce wider societal shifts towards inclusive institutions, and thus towards stronger states, reduced poverty, greater gender equality, and balanced growth. Even where donor staff does not seek to strengthen PFM systems, they need to understand them because they will often work through them, by providing budget support or climate finance, or with them, by providing project-financed interventions, which are then staffed and maintained through the national budget. In short, PFM matters, and all donor staff need a basic knowledge of PFM.

2.24 The Objectives of the PFM System

To assess a PFM system, we first need to define its objectives – the outcomes, by which performance can be measured. It is generally accepted that a PFM system should achieve three objectives, to which we here add a fourth – the promotion of accountability and transparency. This is increasingly seen as an objective in itself, because of its close relationship to the notion of inclusive institutions. The maintenance of aggregate fiscal discipline is the first objective of a PFM system: it should ensure that aggregate levels of tax collection and public spending are consistent with targets for the fiscal deficit, and do not generate unsustainable levels of public borrowing Secondly, a PFM system should ensure that public resources are allocated to agreed strategic priorities locative efficiency is achieved Thirdly, the PFM system should ensure that operational efficiency is achieved, in the sense of achieving maximum value for money in the delivery of services Finally, the PFM system should follow due process and should be seen to do so, by being transparent, with information publicly accessible, and by applying democratic checks and balances to ensure accountability.

The transformation of the definition of PFM and its coverage has made it possible for PFM to actively contribute to the achievement of its widely accepted key objectives of;(1) maintaining a sustainable fiscal position, (2) effective allocation of resources, and (3) efficient delivery of public goods and services (Allen & Tommasi, 2017; PEFA, 2011). The first objective of maintaining aggregate fiscal discipline has a nationwide perspective in providing the overall expenditure control of government spending, coordinated by the Ministry of Finance (Allen & Tommasi, 2019). At this level, budgeting is used to ensure the achievement of sustainable macroeconomic indicators, such as the level of fiscal deficit and public debt ratio in the long run. Those indicators are included in a medium-term macroeconomic framework, which is commonly prepared in many developed countries to guide the development of their annual budgets.

The second objective of locative efficiency focuses on the establishment of priorities within the budget to strategically allocate the scarce public resources to chosen development sectors, based on both the government's priorities and the demand of the public in general. It refers to resources allocation decisions and is mainly under the responsibility of line ministries, spending agencies, and inter-ministerial coordination mechanisms (Allen & Tommasi, 2019). The third objective of operational efficiency deals with maximizing value for money. It ensures the optimum combination of economy, efficiency, and effectiveness in the provision of public goods and services by the government (Lawson, 2015). This objective focuses on the lower-level government functions such as directorates, programs, or projects (Allen & Tommasi, 2001).

In addition to those three key objectives, Parry (2010) and Lawson(2015) have highlighted the importance of enhancing transparency and ensuring accountability as another dimension of a sound PFM system. Transparency and accountability encompass a wider public sector domain and are important elements of a democratic society. They should exist in all government activities, including efforts to achieve the key objectives of a PFM system. Concerning PFM, transparency is achieved through open processes and freely available public financial information and reports; while accountability is achieved through adherence to legislation, regulations, rules, and procedures, including an ethical code of conduct and the avoidance of corrupt practices. Information regarding the level of conformity of the PFM processes to the regulations should be made public to ensure accountability through the application of democratic checks and balances mechanism (Lawson, 2015).

2.25 PFM Cycle and Budgeting Phases

Despite the expansion of PFM's definition and coverage, a government's budget remains the vital instrument in a PFM system (CIPFA, 2010) and it is used to ensure the achievement of the key PFM objectives (Allen & Tommasi, 2019; Lawson, 2015). PFM encompasses a broader function than being merely a technical financial management process and it is generally considered to be a comprehensive budgeting cycle that has six phases (Lawson, 2015). The budgeting cycle commences with policy development where several stakeholders including the public, research bodies, political parties, and the government's executive are involved in providing advice, input, and suggestion on what programs and activities should be prioritized to be carried out. In a decentralized government, local communities are also encouraged to participate in the policy development process to ensure the inclusion of local needs in the local government budget and to close the gap in the policy development.

The second phase is the budget formulation, where the policy priorities are linked to the next year's available public financial resources (Ginder *et al.,* 2019), and it is presented in monetary terms. The Ministry of Finance usually prepares a Medium-Term Expenditure Framework (MTEF) where macroeconomic targets are set to guide the budget formulation process that is technically prepared by the spending agencies under the coordination of the Ministry of Finance. The MTEF generates a link to allow expenditures in the annual budget to be driven by policy priorities while still being able to accommodate the realities of limited resources (World Bank, 1998). The application of an MTEF is widely accepted and serves as a central element of sound PFM in developing countries where, as Houerou and Taliercio (2018) argue, the disconnections among policy-making, planning, and budgeting are still common. However, the impact of the MTEF on local government budgeting processes is rather problematic. An MTEF can be seen as pressure from the central government that potentially diminishes the role of local government in policy development (Holmes &

Evans, 2017). During the budget formulation process, oversight in the form of ongoing consultation with the legislative bodies also usually occurs.

The third phase, budget approval, marks the end of the budget formulation phase. The budget is approved by the legislative body and is enacted in the form of the budget law. Budget approval by a legislative body, which 238a democratic country is a representative organ of its citizens, is a fundamental principle whereby the executive is given the authority to collect money from the public and to spend those monies in accordance with a set of appropriations that are stated within the budget (Schiavo-Campo, 2017). These first three phases of the PFM cycle are considered to be the budget preparation stage and mainly address the PFM's key objectives of maintaining a sustainable fiscal position and effective allocation of resources (Schiavo-Campo 2017).

A sound budgeting system must set clear sequences and timetables of budget preparation activities, in advance, to ensure that the budget is approved before the beginning of the new financial year (DFID, 2001). The differences among systems of government and the roles of key actors in the budget preparation stage may alter the detailed practices and activities of the phase of policy development, budget formulation, and budget approval within each country (Potter & Diamond, 2019). Once the budget law has been enacted and the new fiscal year starts, spending agencies and the Ministry of Finance begin the fourth phase of the PFM cycle: the budget execution. Spending agencies have the authority to spend the money according to the appropriation stipulated in the budget. However, in some countries, the appropriated budget amounts still need to be converted into a more detailed budget document in the form of government decrees or regulations (Lienert & Jong 2015).

Budget execution involves not only the disbursement processes of the budget in the form of, for example, payment of salaries and wages, payment of operational costs of government offices, and payment of procurement of goods and services to run the public service delivery functions of the government, but also the revenue collection processes and treasury management (i.e. cash, debit, and investment). They are also essential factors in the budget execution phase because they may affect the availability of funding to make timely payments for running government programs. The fifth phase, accounting, and reporting occurs in parallel throughout the budget execution phase. Each spending agency is required to record its financial transactions according to certain accounting standards set by the government, with a consistent and comprehensive classification of accounts to facilitate the preparation of a financial statement that can be analyzed and compared over a period of time (World Bank 1998). Lienert and Jong (2018) consider the accounting and reporting phase to be part of the budget's execution. A well-defined accounting system must exist to assist the preparation of periodic budget execution reports. These reports are not only essential for the government to internally monitor its budget execution but also for the legislative body to perform its function of controlling the implementation of the government's budget. The content of the report may contain financial data, such as budget realization figures for all accounts, as well as non-financial data, such as information in regards to the attainment of the performance targets. At the end of the fiscal year, the Ministry of Finance prepares a consolidated financial statement that demonstrates how the budget has been implemented.

The last phase of external auditing involves external scrutiny by a Supreme Audit Institution (SAI), which is an independent government body, to ascertain the fairness of the government's financial statement and to ensure that agencies have acted under laws and regulations. Recent developments in the field of external auditing have displayed a common trend among SAIs to also undertake a value-for-money audit that assesses the economy, efficiency, and effectiveness of government agencies in achieving the stated goals and objectives. External auditing by an SAI is the main accountability mechanism for financial management in public institutions. The publication of its audit reports also heightens the transparency of the overall PFM system.

2.26 Components of PFM Operations

According to CIPFA (2010), PFM operations are the principal financial management activities that are embodied in the overall PFM system to assist in the achievement of the PFM key objectives and they comprise eight main components, as follow: (1) budget execution, (2) procurement, (3) revenue collection, (4) treasury management, (5) financial transactions, (6) accounting, (7) financial management information systems, and (8) reporting. For this study, budget execution, accounting, reporting, and the financial transaction will be treated in detail. For this study, only three components of PFM will be treated to achieve the objectives of the study.

2.27Budget Execution / Disbursement

CIPFA (2010) uses the term ‘budget execution’ to refer to the process of spending the financial resources already allocated in the budget to deliver the government’s programs and policies. Simson et al. (2011) simplify the process of budget spending into the four main steps of (1) authorization and allocation, (2) commitment to pay, (3) verification of deliveries, and (4) payment. The annual budget law gives formal authority for spending units to spend the allocated funds according to the program’s appropriation and budget classification. Nevertheless, in many countries, this still needs to be converted into a more detailed budget execution document. A budget execution document is prepared to give de facto authority to spending units to utilize resource allocation in the budget for the provision of goods and services in the current year (Allen & Tommasi, 2019).

Timely completion of the budget execution document (i.e. before the start of the fiscal year) is important to ensure the smoothness of a government's operations at the beginning of the fiscal year. A spending unit, based on the budget execution document, can carry out contracts for the provision of goods and services that eventually generate commitments to pay for the government. A successful disbursement process relies on the ability of the agencies to record and monitor commitments that have been made (Allen & Tommasi, 2019). This ability is important to enable the government to make accurate and timely payments, which ultimately builds trust in the government and provides appropriate assurances for other parties that provide goods and services to the government.

A verification process is established before the payment to each outstanding commitment can be processed and executed. The spending unit carries out the verification process to check whether or not goods and services have been delivered and whether they conform to the provision specified in the agreements of the contract. For very technical items, such as road or building construction work, a specialized handover committee may be established to conduct the verification process. The general principle of segregation of duties separates the unit that receives and verifies the goods and services from the entity or officials that authorize the payment, even though they may be in the same agency (Allen & Tommasi 2019).After goods and services have been received and verified, payment orders are prepared by the spending units. The Ministry of Finance verifies the payment orders to ensure that the payment does not exceed the budget ceiling, that the classification of accounts is correct, that the authorized officials have signed the payment order properly, and that the supporting documents are attached (Ginder, 2017). Once the payment orders have been verified, payments can be processed by transferring money from the government's bank accounts to the appropriate beneficiaries.

Similar disbursement procedures of commitment, verification, and issuance of payment orders and actual disbursement of the fund are also applied when handling routine payments, such as for personnel expenses (i.e. salaries, pensions, entitlements, etc.).The interplay with other components of PFM operations, such as treasury management, is evident in the disbursement process. The verification process for payment orders is an attempt to match payment orders with the availability of funds before the payment is made, hence avoiding the risk of accumulation of payment arrears (Potter & Diamond, 2017). As it also checks the conformity of the payment orders with the classification of accounts and budget items, the verification process can prevent the problems of potential overspending and misallocation of funds that can disrupt the activities of other agencies and the overall government's programs (CIPFA, 2010). It can also prohibit any payments to unauthorized recipients (Allen & Tommasi, 2019).

2.28 Financial Transactions

Financial transactions are embedded in all activities of governments. (CIPF, 2010) highlights those typical financial transactions of government, such as revenue, payments, payroll, and pension administration, require adequate performance indicators to measure unit costs, trends, accuracy, and timeliness. In addition, strict internal control procedures should be applied due to the complexity and the immense volume of the government's financial transactions (CIPFA, 2010). Financial transactions do not stand in isolation. They require proper recording procedures to be implanted within the accounting system and the inclusion of the financial transactions data in the government's financial management information system (FMIS) database. The interconnection of financial transactions with an accounting system and FMIS is essential to ensure a reliable financial reporting process for the government.

2.28.1 Accounting

Accounting is a central element of PFM for ensuring the accountability of the government in the management of public finances. An accounting system enables the government to record, classify and summarize its financial transactions as well as report on financial outcomes. An appropriate accounting system assists government to ensure that its financial activities comply with financial management rules and that public funds are being used under the intended purposes stipulated in the budget (Simson *et al.,* 2017). Allen & Tommasi (2019) consider the core components in a government's accounting system to be the maintenance of spending authorization records on-budget execution, the recording of all financial transactions, the maintenance of general ledger accounts, and the presentation of the financial reports.

2.28.2 Reporting

The publication of a government's budget and accounts is the primary instrument for public accountability. The PFM framework of a country should be able to provide clear and objective information regarding its government's budget and accounts. In regards to financial reporting, this involves the extraction of data from the government's accounting system and the presentation of the data in a way that can facilitate both internal analysis and external public scrutiny (Simson *et al.,* 2017). The government's reports should include not only financial information regarding the budget and its execution but also information beyond the government's financial accounts: for example, assessment reports on the outcomes of budgetary policies. In most developing countries, the adoption of performance-based budgeting creates difficulties because it asks for the presentation of non-financial information that can link financial information to progress in the achievement of outputs and outcomes stipulated in the budget.

In general, the following reports are typically required as part of sound PFM operational practices: daily cash flows monitoring report, monthly budget execution and management reports, mid-year financial and performance reports, annual financial reports for an external audit, and accountability reports to the parliament (Simson *et al.,* 2017; Allen & Tommasi,2019). In developing countries where international financial aid is provided, the government may be required to prepare separate reports to fulfill lenders' needs. Overall, the reporting component of PFM operations should be designed to enable the government to present its budget and financial reports in several various formats to accommodate the different needs of its audiences (CIPFA, 2010).

2.29Financial Management Concepts

In order to examine the finical management practices of public institutions in Ghana, it is useful to have a definition of financial management. Barr and McClellan (2018) describe financial management as the acquisition and use of financial resources and protection of equity capital from various sources of risk. Financial management means planning, organizing, directing and controlling the financial activities such as procurement and utilization of funds of the enterprise. It means applying general management principles to financial resources of the enterprise (Fung, 2015). Titman, Keown, and Martin (2011) also define financial management as a careful, informed planning for the future to ensure the generation of positive cash flows. Financial management also involves administration and maintenance of the financial assets of a institution as well as identification and management of risk. The ultimate goal of financial management is to maximise the value of shareholder‟s wealth. It is therefore the duty of the financial manager to ensure that its financial resources are managed properly to achieve goal of management.

Furthermore, Rathnasiri (2014) indicated that financial management also includes, financial accounting and analysis as well as financial planning and control. It is important to note that financial management plays a very central role in relation to other functional areas of higher learning institutions. According to a study by Chege (2016) that majority of the financial institutions had adopted financial management practices that contribute to the performance of the institutions and institutions are not an exception. A institution‟s performance and wealth is largely affected by the financial practices it adopts. In addition, if the financial practices are well managed then the firm can operate efficiently (Mathiba, 2011). Also Walters and Ramiah 14 (2017) stated that the key aspects of financial management evolve around working capital, credit management, cash flow management as well as bookkeeping principles. A study by Baños-Caballero, García-teruel and Martinez-Solano (2017) reported that working capital management is particularly crucial for every institution. It is because most of their assets are in the form of current assets. Working capital also affects a firm‟s profitability and risk and consequently the firm‟s value. Poor financial management practices may increase the firm‟s risk of failure. Again, Hoe (2010) stated that factors that contribute to major financial institutions‟ problems are inadequate credit management, insufficient knowledge of bookkeeping, failure to do financial planning and poor cash flow management. For the purpose of this study, financial management practices are defined and demarcated as the practices performed by the accounting officer in the areas of accounting information systems, working capital management, financial reporting analysis and capital structure management.

2.29.1Types of Financial Management

Contemporary studies on the type financial management practices have shown that there are numerous and however, the current research considers the commonly used financial practices such as working capital management, accounting information systems, financial reporting and analysis, capital structure management and capital budgeting. Below are the explanations of the various types of financial management practices used for the study.

2.29.2Working Capital Management

Working capital management consists of managing working capital components; including cash, receivable, payable and inventory management. Working Capital Management refers to decisions relating to working capital and short term financing. These involve managing the relationship between a firm"s short-term assets and shortterm liabilities. The goal of working capital management is to ensure that the firm is able to continue its operations and that it has sufficient cash flow to satisfy both maturing short-term debt and upcoming operational expenses. Working capital management is important because of its effects on the firm"s profitability and risk, and consequently its value (Sadiq, 2017). A study by Kwaku and Mawutor (2014) recommended that companies should manage their working capital more efficiently so as to keep it in equilibrium.

Specifically, working capital investment involves a tradeoff between profitability and risk. Decisions that tend to increase profitability tend to increase risk, and, conversely, decisions that focus on risk reduction will tend to reduce potential profitability. The efficient management of working capital is vital to the survival of firms therefore; it is important that management of firms make available, the right amount of resources to manage their working capital (Mwaura, 2016). Also, investments in current assets are also a part of investment decisions and describe as working capital decisions. Also, Godfred, Tauringana, and Tingbani (2015) in their study on working capital and financial management practices in the small firm sector, found out that a relatively high proportion of small firms in the sample claimed to use quantitative capital budgeting and working capital techniques and to review various aspects of their companies' working capital.

Working capital management involves making decisions on cash management, debtor management and short term financing. Phenya (2011) states that cash management involves identifying the cash balance necessary for the business to meet its day to day expenses but at the same time reducing the cash holding costs. Under inventory management the same procedure should happen. The decision is made on the level of inventory that must be available to meet the day to day interrupted production and this reduces the Investment raw materials as well as minimising the re-ordering costs. A process like this will definitely amount to the Increase in cash flow. Debtor management involves the identification of the appropriate credit policy which will attract more customers. Here, the belief is that any impact on the cash flow will automatically be set off by the increase in revenue. Short term financing decisions are made on identifying the most appropriate source to finance the current assets given the cash conversion cycle. For example, inventory can be financed by credit from customers“ deposits (banks) or suppliers (firms or businesses).

2.29.3 Accounting Information Systems

According to Salehi, Rostami, and Mogadam (2010) accounting information systems is a system of records usually computer-based, which combines accounting principles and concepts with the benefits of an information system and which is used to analyze and record business transactions for the purpose of preparing financial statements and providing accounting data to its users. It assists in the analysis of accounting information provided by the financial statements. Accounting information is information provided by accountants and accounting systems. This information is usually presented in financial statements such as the income statement and the balance sheet. It also includes any financial ratios extracted from these financial statements. Soudani (2011) purports that the biggest advantage of computer-based accounting information systems is that they automate and streamline reporting. Reporting is a major tool for organizations to accurately see summarized, timely information used for decision-making and financial reporting.

2.29.4Financial Reporting and Analysis

Financial reporting analysis involves recording and organizing the accounting information systems will not meet objectives unless reports from systems are analyzed and used for making managerial decisions. Financial statements usually provide the information required for planning and decision making. According to Gitman (2011), information from financial statements can also be used as part of the evaluation, planning and decision making by making historical comparisons.

According to Adekunle (2013), financial accounting and analysis involves the preparation of income statement, balance sheet and cash flow statement. These financial statements are prepared to be used by the institutions, stockholders/owners, employees‟ government agencies, suppliers and other firm stakeholders. The fundamental need for financial accounting is reduce the principal-agent problems by measuring and monitoring agents‟ performance and reporting the results to interesting users.

2.29.5 Capital Budgeting

Capital budgeting is one of the most important responsibilities of managers and board of directors of higher learning institutions. It should be noted that capital budgeting are also refers as investment appraisal according to other authorities in research. When a business makes a capital investment, it incurs a current cash outlay in the expectation of future benefits. Brigham et al. (2021) suggested that Capital budgeting should be practiced more by a smaller firm than larger organizations because of the lack of access to the public markets for funding. Graham et al. (2010) conducted survey in the USA and Canada. The main conclusion of the study was that the present value techniques had been used by most of the samples firms for evaluating new investment.

2.30Functions of Financial Management Practice

Functions of Financial Management Practices Financial literature suggests that optimum application and commitment towards financial management practices result in an increased firm's performance. The financially well-managed firms are operationally efficient (Butt et al. 2010). Inefficiencies in financial management practices result in poor financial performance and eventually lead to failure of institutions especially the public institutions. The following are some of the functions of financial management practices.

2.30.1Estimation of Capital Requirements

A finance manager has to make estimation with regards to capital requirements of the company. This will depend upon expected costs and profits and future programmes and policies of a concern. Estimations have to be made in an adequate manner which increases earning capacity of enterprise.

2.30.2 Determination of Capital Composition

Once the estimation has been made, the capital structure has to be decided. This involves short- term and long- term debt equity analysis. This will depend upon the proportion of equity capital a company is possessing and additional funds which have to be raised from outside parties.

2.30.3 Choice of Sources of Funds

For additional funds to be procured a company has many choices like- Issue of shares and debentures; Loans to be taken from banks and financial institutions; and public deposits to be drawn like in form of bonds. Choice of factor will depend on relative merits and demerits of each source and period of financing.

2.30.4 Investment f Funds

The finance manager has to decide to allocate funds into profitable ventures so that there is safety on investment and regular returns is possible.

2.30.5 Disposal of Surplus

The net profits decision has to be made by the finance manager. This can be done in twoways: Dividend declaration that includes identifying the rate of dividends and other benefits like bonus; and Retained profits which is the volume has to be decided which will depend upon expansion, innovation, diversification plans of the company.

2.30.6 Management of Cash

Finance manager has to make decisions with regards to cash management. Cash is required for many purposes like payment of wages and salaries, payment of electricity and water bills, payment to creditors, meeting current liabilities, maintenance of enough stock, purchase of raw materials, and others.

2.30.7 Financial Controls

The finance manager has not only to plan, procure and utilize the funds but he also has to exercise control over finances. This can be done through many techniques like ratio analysis, financial forecasting, cost and profit control, and others.

2.31Importance of Financial Management Practices

Some of the importance of the financial management is as follows:

2.31.1 Financial Planning

Financial management helps to determine the financial requirement of the business concern and leads to take financial planning of the concern. Financial planning is an important part of the business concern, which helps to promotion of an enterprise.

2.31.2 Acquisition of Funds

Financial management involves the acquisition of required finance to the business concern. Acquiring needed funds play a major part of the financial management, which involve possible source of finance at minimum cost.

2.30.3Proper Use of Funds

Proper use and allocation of funds leads to improve the operational efficiency of the business concern. When the finance manager uses the funds properly, they can reduce the cost of capital and increase the value of the firm.

2.31.4Financial Decision

Financial management helps to take sound financial decision in the business concern. Financial decision will affect the entire business operation of the concern. Because 17 there is a direct relationship with various department functions such as marketing, production personnel, and others.

2.31.5 Improve Profitability

Profitability of the concern purely depends on the effectiveness and proper utilization of funds by the business concern. Financial management helps to improve the profitability position of the concern with the help of strong financial control devices such as budgetary control, ratio analysis and cost volume profit analysis. Increase the Value of the Firm Financial management is very important in the field of increasing the wealth of the investors and the business concern. Ultimate aim of any business concern will achieve the maximum profit and higher profitability leads to maximize the wealth of the investors as well as the nation.

2.31.6 Promoting Savings

Savings are possible only when the business concern earns higher profitability and maximizing wealth. Effective financial management helps to promoting and mobilizing individual and corporate savings. Nowadays financial management is also popularly known as business finance or corporate finances. The business concern or corporate sectors cannot function without the importance of the financial management.

2.32Challenges of financial management.

The role of financial management in every organization cannot be under-estimated. Hanseen, Otley and Vander Stede (2003) assessed that the use of financial management techniques is mainly due to its ability to weave together all the disparate thread of an organization into a comprehensive plan that serves many different purposes, particularly performance planning and evaluation of actual performance. Despite this crucial role of financial management practices, the short-comings of its are not far (Hansen, Otley and Ven de Stede 2003). The public sector derives its source of fund through the national budget, internally generated fund, taxes, and other donations. However, the sector faces a lot of challenges in generating funds. Government subvention is not received on time; and companies do not pay their taxes on time due to financial difficulties. Sometimes management of monies allocated for a specific project deviates and is used for different projects. Recently, some of the public institutions had to appear before the Public Accounts Committee (PAC) to answer questions on financial misfeasance. All these are evidences of improper management of funds in the public sector of which tertiary institutions are no exception.

Becker (2016) asserted some number of challenges in financial management practices especially under budgeting processes. He identified five main challenges and the first challenge was timing of financial management practices. The process of financial budgeting involves considerable amount of time and effort to prepared a proper master budget without duplications of activities and programs, however the period allocated in various institutions are not sufficient and sometimes makes budget committee or the finance section to rush for preparing the budget. Secondly, Becker (2016) stressed that there is time consuming in preparing monthly and those involve are not having the requite of the use of technology to shorten the budgetary processes. Also, the focus of preparing budget is also a challenge in the sense that a company that has too many budgeting units could devalue the budgeting process and difficult for management to focus on. Moreover, Becker (2016) asserted that how to even determine how to allocate financial budget amount is even a problem due to limited resource at disposal and also to the section that will prepare the final budget.

According to Tayid and Hussen (2010) also outlined some number of challenges of companies when preparing financial management (FM) manuals on budget issues. Firstly, is the issue of qualified staff. They asserted that many institutions do not have the requisite trained staff that really understand the financial processes and compliance and tends extend the financial management processing period longer. Secondly, is the ability to use budgeting data pose a challenge in the preparation of financial budget. This is as a result of the many units and department in the institutions which must involves all heads and executive officer of which some of these are not accounting incline and do not understand some financial management practices, systems and compliances. Thirdly, is over-emphasis of technical aspects. Another challenge according Tayid and Hussen (2005) is the lack of financial support from the treasury of the institution. Insufficient funds could affect the adoption of effective financial management practices to be used to achieve the expected objectives. If financial officers‟ committee is not motivated, they could prepare the financial systems anyhow which could affect the institution in the long-run.

Moreover, another importance challenge is facilities that available to help maintain the structures of financial management systems. Lack of facilities such as computers and other necessary equipment can hinder the operations of financial managers. Also, the financial management systems prerequisite some unrealistic goals which become a major challenge for it to be achievable. Also, financial management practices are rarely strategically focused and often contradictory, and add little value especially given the time required to prepare them. It also encourages gaining and dysfunctional behavior that is based on unsupported assumptions and guesswork. Desn (1990) indicated that the major challenges of Malaysian financial management. systems are lack of commitment by management of organization for good budgeting, lack of trained personnel, sub-standard information generation and usage and lack of central agencies support. Other challenges are that, it is perceived as a pressure tool form top-management departmental conflicts (Drury. 2016) and difficulty in aligning individual and corporate goals.

2.33Empirical Review

In this section, literature is reviewed based on studies done by others on financial management and the challenges public basic headteachers face. According to Brüggen*et al*. (2017), it is always recommendable to understand well those factors that affect the management of finances. Failure to understand these factors may lead to spending a lot of energy and effort hence no improvements in organization performance. According to Steiner-Khamsi and Dugonjić-Rodwin (2018), every year the government channels the number of funds in public schools to cater to their needs. Despite this, some schools are currently experiencing financial constraints. This may be due to a lack of financial management skills by the staff. Factors like lack of financial management skills by the principal and the Bursar, lack of government regular auditing, and lack of involvementof the parents and teachers during the final budgeting may have a great influence on the financial management of public schools. Effective financial control can prevent an organization from collapsing.

Lavalley (2018) posits that the management of finances in many rural schools has been poor and this has significantly affected the quality of education provided by these schools. The number of cases of embezzlement of funds by school heads and misappropriation is quite frightening (Hashim *et al.,* 2020). This means that schools in rural areas are deprived of their meager resources due to embezzlement, misappropriation, and fraud. As Lavalley (2018) posits, although some criminal elements amongst the heads are responsible for the misuse of school funds, in the majority of cases, heads fail to account for finances due to a lack of financial background and expertise on financial matters. It is within this context that the study sought to investigate the challenges that school heads experience in the process of managing school funds.According to Wasiche et al. (2018), headteachers have many challenges when it comes to financial management. She further expounded that both the principal and District Quality Assurance and standard officer suggested that the teachers be trained in financial management.

Financial Management, according to Steiss (2019), concerns the efficient and effective management of the finances of an organization to achieve the objective of that organization. It involves planning, allocating, directing, and controlling resources. Financial management remains a challenge in many schools because most managers lack proper training. According to Mestry (2017), there are many principals and school governing board members who lack the necessary financial knowledge and skills and are placed under tremendous pressure because they are unable to work out practical solutions to problems. In many instances, it has been reported that principals and school governing board members have been subjected to forensic audits due to the mismanagement of funds through misappropriation, fraud, pilfering of cash, theft, and improper control of school funds. Principals have financial limitations especially in keeping financial books like the cash book.Thus, a head teacher who lacks proper financial management skills will have difficulties in carrying out his work.

According to Simiyu (2017), the principal is recognized by the government as the accounting officer. He is therefore directly accountable to the county director of education and the Board of Management (BOM) of which he is also required to report to the PTA on the use of school resources. Mestry (2017) in his study revealed that in schools in South Africa, budgets were poorly done while Mbogi (2017) in his study noted that in most secondary schools a budget is just a document on paper and its actual implementation is a mystery. He further explained that the need to complete urgent projects affectsthe proper budget implementation and even pave way for misappropriation. From the empirical literature reviewed, it comes out that, financial management challenges are confronting the principals in the senior schools. The review of the empirical literature also points out, that many studies have been conducted in the management of finances in the public senior secondary school. In the view of the researcher, many studies have not been undertaken in the management of finances in the public basic schools and the needed training to be designed to assist them to overcome their challenges. This is study seeks to fill the gap in the management of finances in the public basic schools.

2.34Conceptual framework

A conceptual framework is a structure that the researcher believes can best explain the natural progression of the phenomenon to be studied (Johnson *et al.,* 2020). It is linked with the concepts, empirical research, and important theories used in promoting and systemizing the knowledge expounded by the research. Managing finances fall under the umbrella of management, which is to ensure prudent use of available resources to achieve maximum results. Management as a concept does not lend itself to one-directional meaning because it is used and applied in different disciplines such as health, education, agriculture, industries, and manufacturing, etc. The diagram below summarizes the concepts and ideas that run through and drive the focus of the researcher to achieve the objectives of the study.

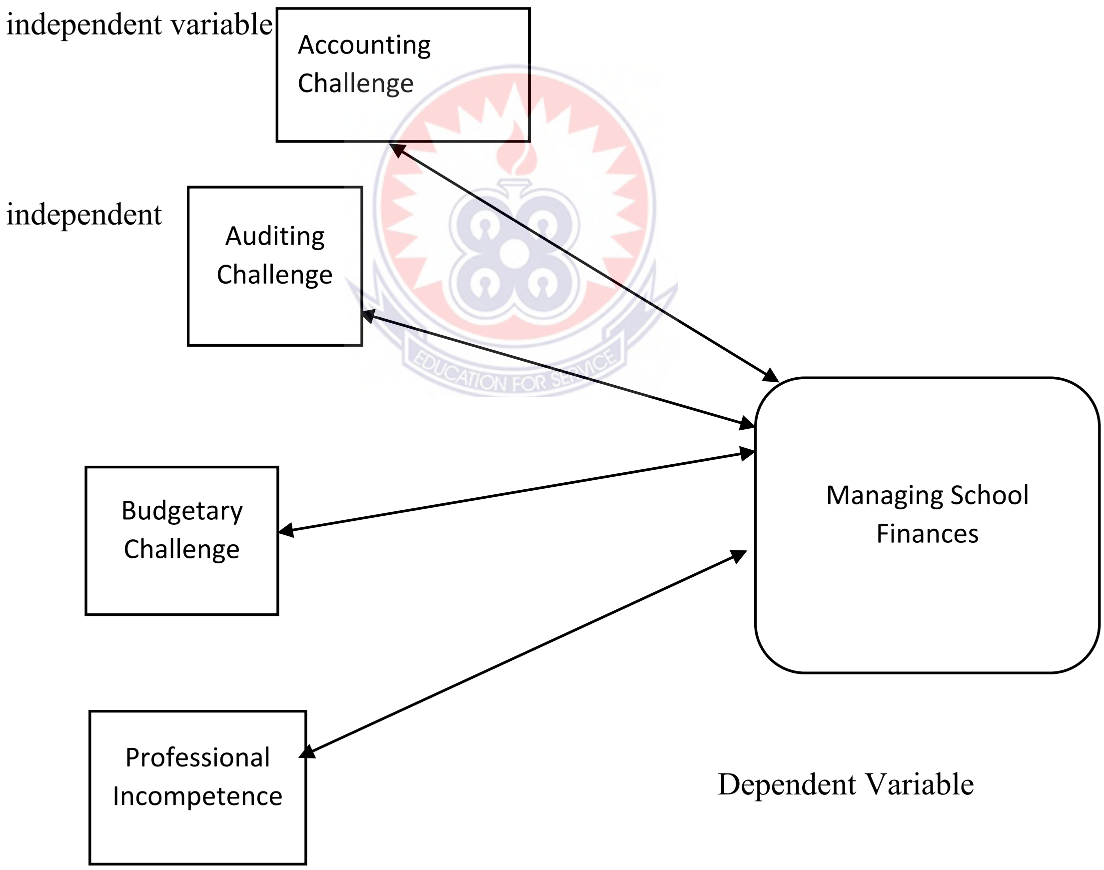

Figure 1: Conceptual framework on the management of public school finances.

Source: Author's Construct (2021)

CHAPTER THREE

METHODOLOGY

3.0 Introduction

The purpose of the study was to examine what ways public basic school headteachers manage school finances and the challenges they face in managing school finances in the Kwaebibrem Municipality. Therefore, this chapter describes how the study was conducted. It defines the choice of study approach and design that was used in undertaking the study. It covers issues such as research approach, research design, population, sample and sampling procedure, instrumentation, and data collection procedure, and data analysis. Finally, the chapter describes the ethical consideration issues of the study for addressing anonymity, confidentiality, and other ethical issues in any systematic research inquiry.

3.1 Research approach

The approach of the research states how the research objectives are outlined and the approach depends on the purpose of the study. The research approach also deals with the framework for the data collection and analysis, the structure that guides the execution of the techniques for collection and analysis of data which provides the connection between the empirical data to its conclusion, in a logical sequence to the initial research questions of the study (Bryman,2004). According to Creswell, (2003), there are three main types of research approach namely; qualitative, quantitative and mixed methods. However, the researcher adopted the quantitative approach for the study.Research adopting quantitative approach is said to be mostly numerical and is designed to ensure objectivity, generalizability and reliability. According to Cohen (1994) quantitative research is defined as social research that employed empirical method and empirical statements. He further states that an empirical statement is defined as descriptive statement about what “is” the case in the real world rather than what “ought” to be the case. On the other hand, Creswell (2003) states that quantitative research employ strategies of inquiry such as experimental and surveys, and collect data on predetermined instruments that yield statistical data. The findings of quantitative research can be predictive, explanatory, and confirming. It involves the collection of data so that information can be quantified, and can be subjected to statistical treatment in order to support or refute alternative knowledge claims (Creswell, 2003, p.18).

The benefits associated with quantitative approach includes numerical data obtained through those approach facilitates the comparisons between organizations on groups, as well as allowing the determination of the extent of agreement or disagreement between respondents (Yacht*et al.* 2003). Moreover, the advantage of legitimate quantitative data, that is data is collected rigorously, using the appropriate methods and analyzed critically in its reality (ACAPS, 2012). Although, it has the above benefits, however, it has some short comings which includes employing a larger sample size. As Dudwick, Kuehnast, Jones and Woolock(2006) rightly opined, that effective quantitative research usually requires a larger sample size sometimes several thousand households. Lastly, practitioners of quantitative approach require high knowledge in the field of Mathematics and Statistics to be able to interpret numerical values and offer meaningful conclusions.

3.2 Research Design

A research design is an overall plan or blueprint which specifies how data relating to a given problem should be collected and analyzed. According to Sovacool *et al.* (2018), research design refers to the plan and structure of the investigation used to obtain evidence to answer research questions. The design describes the procedures for conducting the study, including when from whom and under what conditions the data is to be obtained. In other words, design indicates how the research is set up, what happens to the participants, and what methods of data collection are used. The study falls within the quantitative research paradigm and used primary data to assess the challenges headteachers face in managing public school finances in the Kwaebibrem Municipality.

A descriptive survey research design was adopted in the study to address the research problem as it focuses on finding facts to describe the social phenomenon(Sauders *et al.,* 2018).The descriptive survey design was chosen for the study because it focuses primarily on providing an accurate description of the characteristics of a situation or phenomenon, and that the focus of descriptive research design is not to only look out for cause-and-effect relationships, but also to describe the existing variables in a given situation and, sometimes, the relationship that exists among those variables (Pandey & Pandey, 2021). The quantitative approach adopted for this study is in line with the positivist paradigm.

Saunders *et al.* (2018), argue that social reality exists out there and is independent of the observer. The study adopted a positivist paradigm because a positivist approach seeks facts or causes of social phenomena. Also, the descriptive approach is cost-effective, easy and quick, time and money-saving (Kusi, 2017) as all respondents were available on various social media platforms and lecture halls. A data set was constructed from the data collected with the questionnaire. The descriptive survey offers the opportunity to use questionnaires for data acquisition, hence creating the benefit of a highly structured approach for controlling large data samples.

3.3 Study Setting

The study was carried out at Kwaebibirem Municipality in the Eastern Region of Ghana. Its capital town is Akyem Kade, with a population of about 6,893. The District capital shares boundaries with Akyem Kwabeng in the East, Denkyembour in the South. The predominant occupation for the people is farming, with the majority of them engaged in cash crops like citrus, oil palm plantation, cocoa, and petty trading activities. There are two Senior High Secondary Schools in the Municipality, namely Akyem Asuom Senior High and Kade Senior High Schools respectively. The Kade Municipality has a total of 115 basic schools comprising kindergarten, primary, and Junior High Schools(Education Office Data,2021). For good administration, the Municipality is further divided into seven (7) circuits; each is headed by a circuit supervisor, with the charge of providing professional and technical advice, guidance, counseling services and submits reports directly to the Municipal Education Director.

3.4Population

Population refers to the universe of units from which the sample is to be selected (Sharma, 2017). Pandey and Pandey (2021) define the population as the complete collection of items or persons who are the target of the research. The population is a statistical term that refers to the collection of persons, groups, events, or things that the research will focus on. The target population was 115 public basic school head teachers within the municipality.The target was on public basic schools because they receive grants from the central government. The private schools were excluded because they do not receive grants from the central government. The rationale for choosing the population stems from the background that the headteachers are the financial managers of schools' funds and possess the needed information to the research under consideration and are accountable to the central government.

3.8 Method of Data Collection

Even though it during the era of Covid-19 the researcher distributed the questionnaire to the respondents.The respondents were given two weeks to complete the questionnaires due to time constraints. The researcher contacted the respondents personally and collected the questionnaires. Thirty-five (35) respondents answered the questionnaires which was used for the data analysis.

3.5 Sampling Technique and Sample

Sampling is the process of choosing from the total universe a sizeable unit out of the lot that bears the same number of traits as the rest chosen (Sauders *et al.,* 2018). It is believed that the units pose the same unit trait as such, the outcome of the entire population. A research sample according to Sharma (2017) is the segment of the population that is selected for investigation. Sampling is a process of selecting several individuals or objects from a population such that the selected group contains elements representative of the characteristics found in the entire group. A probability stratified sampling technique was adopted for this study, and a simple random was used to select the sample size from the seven circuits. The stratified sampling techniques offers the opportunity to obtain sample size that the data will represent the views of the population.A total of 35 headteachers were sampled for the study representing 30% of the total population of 115 public basic school headteachers. According to Kock and Hadaya (2018), the recommended sample size is between 20 and 30% of the population. The justification for this sample size was for the researcher to be able to get more reliable and accurate data that fully represents the population to achieve the purpose of the study (Krejcie & Morgan, 1970).

3.6Measurement Instrument

The researcher adopted a measuring instrument developed by Wasiche *et al.,* (2018). In the article published in the highly respected journal, the author developed a scale for measuring the challenges headteachers face in managing public school finances. The questionnaire was deemed to be relevant for the research objective and adapted to the specific context of this research study. The 5-point Likert-type scale ranges from the numerals 1 (strongly agree) to 5 (strongly disagree). The Likert-scale method was used because of its accuracy and reliability (Ling *et al.*, 2010).

3.7 Measurement Tool

The questionnaire was self-developed by the researcher. The questionnaire is structured into four (4) sections and features forty-one items. The first section thus, section **A** (5-questions) examines the respondents' background concerning gender, age, educational qualification, the rank of respondents, and the number of years served. The preceding section **B** (14-questions)focuses on items that look at the key challenges of managingschool finances. The followed-up section **C** (21-questions)focuses on in what ways are head teachers managing school finances. The last section, section **D** (1-question)looks at the measures that can be adapted to mitigate the challenges or barriers of managing public school finances. Each question in the questionnaire was anchored on five optional answers, ranging from 5. Strongly disagree 4. Disagree 3. Neutral 2. Agree 1. Strongly agree.

3.9 Pre-Testing of the Study

The study was pre-tested at Akyem Kwabena District located in the east of Kade Municipality. Five (5) headteachers were used for the pre-testing. Pre-testing was to remove any ambiguous items on the instruments. Blank spaces, inaccurate responses, or inconsistencies that indicated weaknesses were reviewed after pre-testing the instruments. The pre-testing helped in the inclusion of many more items that were omitted and necessary. The purpose of the pre-testing was to ensure that the research instruments measure what is supposed to measure (validity) and errors detected were corrected before the actual research is carried out. The justification for choosing Akyem Kwabeng was based on proximity, access to respondents and the head teachers also manage schools' finances like Kwaebibirim Municipality. In order words, administratively, they all manage schools' finances and have common administrative structure which makes it easierto choose Akyem Kwabeng for the pre-testing of the instrument.

3.10 Instrument Validity and Reliability

Instrument validity implies that the instrument measures what it is intended to measure (Clark &Watson, 2019). Validity is the accuracy and meaningfulness of inferences that are based on the research results. In other words, validity is the degree to which results obtained from the analysis of the data represent the phenomenon under study. The validity, therefore, has to do with how accurately the data obtained in the study represents the variables of the study. Reliability stresses how academic works can achieve consistency in results. The validity of the instrument was tested to meet the following characteristics of validity;

Generalization: generalizing here refers to generalizing within specific groups or communities, situations or circumstances validly and, beyond, to specific outsider communities, situations or circumstances (external validity).

Objectivity: The instrument measure with accuracy to meet the objective of the study.

Criterion validity: The extent to which a measuring instrument accurately predicts behavior or ability in a given area establishes criterion validity

Construct validity: The construct validity of a test assesses the extent to which a measuring instrument accurately measures a theoretical construct or trait that it is designed to measure.

Reliability is a measure of the degree to which a research instrument yields consistent results or data after repeated trials (Clark &Watson, 2019). A measure is considered reliable if a person's score on the same test given twice is similar. Pavot *et al.* (2018) define reliability as the ability of the research instruments to measure what is meant to measure consistently and dependably. The reliability of the instrument was pilot tested. The research instrument was discussed with the supervisor and colleagues in the department to improve its content validity. From the assistance given by the supervisor, the data collection instruments validity was improved.Reliability of the instrument was tested to meet the following characteristics:

Confirmability – This 'refers to the degree to which the results could be confirmed or corroborated by others' (2007: 149). Confirmability is also similar to reliability in quantitative research. It is only possible if both researchers follow the process in an identical manner for the results to be compared.

Dependability: Dependability – In the framework suggested by Guba and Lincoln this is very similar to the concept of reliability in quantitative research: 'It is concerned with whether we would obtain the same results if we could observe the same thing twice' (Trochim and Donnelly 2007: 149).

transferability: Transferability – This 'refers to the degree to which the results of qualitative research can be generalized or transferred to other contexts or settings' Trochim and Donnelly (2007: 149).

3.11 Reliability

Table 3: Reliability Statistics for Study Constructs

Construct	Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	Number of Items
Accounting Challenges	.876	.875	4
Budgetary Challenges	.906	.910	4
Auditing Challenges	.863	.882	3
Professional Incompetence	.942	.942	3
Management of Public Funds	.810	.806	21
Mitigating Strategies	.873	.874	6

Source: Field Study (2021)

As presented in Table 3, the Cronbach's alpha coefficient results indicate that all the scales for measuring the variables in the study exceeded the conventional acceptable 0.7 (Hair *et al.,* 2017), thus Cronbach's Alpha coefficients of .876, .906, .863, .942, as in the cases of accounting challenges, budgeting challenges, auditing challenges, professional incompetence respectively, demonstrate that the items used in measuring the respective construct were highly reliable. Similarly, the Cronbach's Alpha result of .810 and 8.73 for managing public school finances and mitigating strategies indicates that these items were dependable in terms of making analysis. In all, this is an indication that the statements used for measuring the variables constitute a complete structure in describing the construct understudy.

3.12 Method of Data Analysis and Presentation

This sub-section was devoted to the analysis of data gathered from the research. The researcher received a total number of thirty-five (35) questionnaires which was considered for the study. The respondents were headteachers from public basic schools in the KwaebibirimMunicipality. Each question in the questionnaire had five optional answers ranging from 5. Strongly disagree 4. Disagree 3. Neutral 2. Agree 1. Strongly agree. The data that was received from the respondents were analyzed with the help of statistical software program Statistical Package for the Social Sciences (SPSS)." The results were presented in tables, interpretations giving and findings were discussed concerning appropriate and related literature reviewed under chapter two of this particular study.

3.13 Ethical considerations

In the view of Das and Sali (2017) ethics in business research involves the code of behavior governing the conduct of the researcher's activities. Several steps were taken by the researcher to ensure that proper ethical conduct is followed throughout the study. First, the researcher ensured that there is informed consent and voluntary participation. Confirmation was sought from the schools involved as well as the respondents who provided the required data. A letter was sent to seek permission to undertake the study. Second, the researcher ensured that the privacy, confidentiality, and anonymity of respondents were respected. All respondents were assured that the information provided will be kept private and will only be used for academic purposes. The research results were indeed presented anonymously and no participant or school is therefore identifiable from this report. Finally, the researcher tried as much as possible to remain honest, respectful towards all the participants.

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION OF FINDINGS

4.0 Introduction

The section presents the descriptive (arithmetic mean and standard deviation, skewness, and kurtosis) and inferential statistics of the variables; correlation, and regression results. The alpha level of 0.05 was used to test the significance of the correlation and regressions of all the constructs. Although a total of 45 responses were expected from the respondents, ten (10) responses had to be rejected due to shortfalls of information needed, leaving the researcher with a total of thirty-five (35) responses representing a response rate of 78%. A sample size of this magnitude is good for data analysis since more than 75% of the expected responses were retrieved (Muah *et al.,* 2021). The following sub-sections of the study concentrate on the interpretation and discussion of results based on statistical evidence and literature on the study objectives.

4.1 Demographic Characteristics of Respondents

This section of the study presents the preliminary analysis of the profile of the respondents sampled for the survey. The biographic data reflects the profile of the respondents in terms of their gender, age, educational qualification, rank, and the number of years served by the respondents.

4.1.2 Demographic

Table 1: Demographic Characteristics of Respondents

	Frequency(f)	Percentage (%)
Gender		
Male	31	88.6
Female	4	11.4
Age		
35 years and below	2	5.7
36-40 years	13	37.1
41-45 years	10	28.6
46-50 years	4	11.4
51 years and above	6	17.1
Educational Qualification		
Diploma	3	8.6
Bachelor's Degree	24	68.6
Master's Degree	8	22.9
Rank of Respondents		
Principal Superintendent	4	11.4
Assistant Director I	18	51.4
Assistant Director II	10	28.6
Deputy Director	2	5.7
Director	1	2.9
Number of Years Served		
5 years and below	5	14.3
6-10 years	4	11.4
11-15 years	12	34.3
16-20 years	3	8.6
21-25 years	6	17.1
26 years and above	5	14.3

Source: Field Study (2021)

From Table 1 above, it can be seen that out of the total valid responses used for the analysis, thirty-one (31) respondents were male headteachers accounting for 88.6%

whiles the remaining four (4) respondents were femaleheadteachers, representing 11.4%. It can be concluded that more male headteachersparticipated in the study than female headteachers. It can also be seen that the ages of the headteachers range from “35 years and below” to “51 years and above” respectively. With which the most frequent age range was those within the age bracket of 36-40 years with a frequency of thirteen (13) representing 37.1% of the total sample under study. This shows that most of the employees who participated in this study fell within the age bracket of 36 years and 40 years. The age bracket of 41-45 had a frequency of ten (10) representing 28.6%. Followed by those within the age bracket of 51 years and above, with a frequency of six (6) representing 17.1% of the respondents sampled for this study. Also, those within the age bracket of 46-50 years had a frequency of four (4) representing 11.4% and lastly those between the age ranges of 35 years and below with a frequency of two (2) representing 5.4% of the entire sample population.

Concerning the educational qualification of the respondents sampled for this particular study, the results revealed thatthe majority of the headteachers who took part in this study were bachelor degree holders with a frequency of twenty-four (24) representing 68.6%. This was followed by eight (8) respondents with a percentage of 22.9 who were master’s degree holders and finally, three (3) respondents representing 8.6% who were diploma holders. Also, the results of the rank of the respondents revealed that eighteen (18) of the respondents representing 51.4 were an assistant director I, whiles ten (10) respondents representing 28.6% were assistant director II. These ranks were followed by four (4) respondents representing 11.4% for principal superintendents, two (2) respondents representing 5.7% for deputy director, and one (1) respondent representing 2.9% for a director.

Finally, the results as revealed in Table 1 shows that the majority of the respondents sampled for this particular study, twelve (12) representing 34.3% have served as headteachers between 11 to 15 years. This was followed by 17.1% representing 6 respondents who have served for between 21 to 25 years. Also, 14.3% representing 5 respondents have served for 5 years and below and between 26 years and above. Four (4) respondents representing 11.4% have served for between 6 to 10 years and lastly, three (3) respondents representing 8.6% of the respondents sampled for the study have served for between 16 to 20 years.

4.1.3 Summary of Descriptive Statistics

Table 2: Summary of Descriptive Statistics

	N	Min	Max	Mean	Std Deviation	Skewness	Kurtosis
Gender	35	1.00	2.00	1.11	.32	1.584	.948
Age	35	1.00	5.00	3.11	1.19	.313	-.795
Educational Qualification	35	1.00	5.00	2.86	.80	-.096	-.644
Rank of Respondents	35	1.00	4.00	2.89	.95	1.080	1.533
Number of Years Served	35	1.00	5.00	2.66	1.06	.116	-.661
Accounting Challenges	35	1.00	3.00	4.60	4.20	.78	.299
Budgetary Challenges	35	3.00	5.00	4.80	4.63	.70	.117
Auditing Challenges	35	1.00	4.00	4.10	4.38	1.11	-.288
Professional Incompetence	35	1.20	5.00	4.70	3.78	1.11	-.197
Management of Finances	35	1.20	5.00	4.09	3.73	1.15	-.450
Mitigating Strategies	35	2.25	4.75	4.75	4.38	.83	-.825

Source: Field Study (2021)

The results as shown in Table 2 above show that the mean for gender was 1.11 indicating that majority of the respondents that took part in the study were male headteachers. The results also revealed that the mean age was 3.11 which indicates that the average age of a head teacher that took part in the study was 42 years old. In addition, the results revealed that an average head teacher who took part in the study is a bachelor's degree holder with a mean of 2.86. Again, the results show that most of the respondents in the study were assistant director II with a mean of 2.89. Moreover, the results of the study revealed that an average head teacher has served for between 11 to 15 years with a mean of 2.66. The results in Table 2 further show a mean mark of 4.20, 4.63, 4.38, and 4.70 for accounting challenges, budgeting challenges, auditing challenges, and professional incompetence respectively, indicating that these challenges play a role in managing public school finances. Similarly, the mean mark of 4.09 for managing public school finances shows that public school finances can be managed well when accounting, budgeting, auditing, and professional incompetence challenges are dealt with or curtailed. Finally, the mean mark of 4.75 for mitigating strategies shows that the respondents agreed that the strategies can aid in managing public school finances.

4.3 Challenges Head teachers Face Managing Public School Finances

This section of the chapter presented the results of the first research objective concerning the source of challenges faced by head teachers in managing public school finances in the Kwaebibirem Municipality. Given the challenges faced by the headteachers, standard deviation and mean score was used for the analysis since they were deemed appropriate for the study. The mean score with standard deviation was used for analysis as they are appropriate for ranking. A mean score, for instance, provides the arithmetic average of a set of given numbers whereas a standard deviation is a formal measure of central tendency which determineshowdeviatedsomevaluesarefromthemean.Italsodetermineshow dispersed or identical values of the mean are. According to Cohen (1988) and Creswell (2014), the higher the mean score, the higher it explains a particular phenomenon. The result of the mean scores was discussed with 1 to 2.9 indicating low source while 3 to 5 indicatingthe high source ofthe challenge as presented below.

4.3.1 Accounting Challenges

Table 4: Accounting Challenges Faced by Headteachers

	Mean	Std Deviation	Interpretation	Rank
Inadequate training of headteachers in accounting	4.89	.66	Agree	1st
Weak accounting control systems	4.87	.80	Agree	2nd
Failure by teachers to submit accounting support documents on time	4.38	1.05	Agree	3rd
Delay of fund disbursement	4.26	1.29	Agree	4th

Source: Field Study (2021)

The results as presented in Table 4 indicate that some of the challenges that headteachers face in managing public basic school finances could be derived from accounting. Among these accounting challenges, inadequate training of headteachers in accounting had the highest mean with standard deviation (Mean=4.89; SD=.66). This in essence means that all the headteachers sampled for the study were of the view that, inadequate training in accounting was a major challenge to them. This implies that the more accounting issues they are exposed to the more that they become challenging. Undoubtedly, people with poor accounting background does not appreciate subject matter when it comes to itsa practice which to a larger extent affect managing public school finances. Also, a weak accounting control system was revealed as the next major challenge the headteachers face. This is because the result had a higher mean of (Mean=4.87; SD=.80). This implies that weak accounting control systems could hinder managing public school finances.

The same is the case of the failure by teachers to submit accounting support documents on time (Mean=4.38; SD=1.05). This presupposes that all the headteachers sampled for the study agreed that they find it challenging when managing public school finances since teachers do not submit supporting accounting documents on time. This implies that when the support is not submitted in time, it invariably affects the management of the public school finances. Finally, the result of the study revealed that the headteachers sampled for the study agreed that delay of fund disbursement affect the management of public school funds (Mean=4.26; SD=1.29)

4.3.2 Budgetary Challenges

Table 5: Budgetary Challenges Faced by Headteachers

	Mean	Std Deviation	Interpretation	Rank
Overspending and underspending	4.46	1.56	Agree	1st
Procurement issues	4.43	2.90	Agree	2nd
Lack of financial management skill	4.08	1.28	Agree	3rd
Poor budgeting	4.05	3.96	Agree	4th

Source: Field Study (2021)

The results as presented in Table 5 indicate that some of the challenges that headteachers face in managing public school finances could be derived from budgetary issues. Among these budgetary challenges, overspending and underspending of funds had the highest mean with standard deviation (Mean=4.46; SD=1.56). This in essence means that all the headteachers sampled for the study were of the view that, overspending and underspending of funds was a major challenge to them. This implies that the more they are exposed to these budgetary issues of overspending and underspending, the more that they become challenging. Undoubtedly, people with poor budgeting background does not appreciate subject matter when it comes to itsa practice which to a larger extent affect managing public school finances. Also, procurement issues were revealed as the next major challenge the headteachers face. This is because the result had a higher mean of (Mean=4.43; SD=2.90). This implies that procurement issues could hinder managing public school finances.

The same is the case for lack of financial management skills on the part of the headteachers (Mean=4.08; SD=1.28). This presupposes that all the headteachers sampled for the study agreed that they lack financial management skills when managing public school finances. This implies that when they are not able to apply some basic financial management skills, it invariably affects the management of the public school finances. Finally, the result of the study revealed that the headteachers sampled for the study agreed that poor budgeting affects the management of public school funds (Mean=4.05; SD=3.96).

4.3.3 Auditing Challenges

Table 6: Auditing Challenges Faced by Headteachers

	Mean	Std Deviation	Interpretation	Rank
Head teacher incompetence as an internal auditor	4.63	1.50	Agree	1st
Inadequate audit staff at the district level	4.28	1.30	Agree	2nd
Irregular auditing	4.03	.76	Agree	3th

Source: Field Study (2021)

The results as presented in Table 6 indicate that some of the challenges that headteachers face in managing public school finances could be derived from their auditing background. Among these auditing challenges, head teacher incompetence as an internal auditor (Mean=4.63; SD=1.50). This in essence means that all the headteachers sampled for the study were of the view that, the incompetence of the headteachers as an internal auditor was a major challenge to them. This implies that the more auditing issues they are exposed to the more that they become challenging.

Undoubtedly, incompetence on the part of the head teacher to act as an internal auditor does not appreciate subject matter when it comes to itsa practice which to a larger extent affects managing public school finances. Also, inadequate audit staff at the district was revealed as the next major challenge the headteachers face. This is because the result had a higher mean of (Mean=4.28; SD=1.30). This implies that inadequate audit staff at the district level could hinder managing public school finances.

Finally, the same is the case for irregular auditing by headteachers (Mean=4.03; SD=.76). This presupposes that all the headteachers sampled for the study agreed that they find it challenging when managing public school finances since irregular auditing is not done on their financial records. This implies that irregular auditing is not done, it invariably affects the management of the public -school finances.

4.3.4 Professional Incompetence

Table 7: Professional Incompetence Challenges Faced by Headteachers

	Mean	Std Deviation	Interpretation	Rank
Lack of accounting staff	4.13	1.46	Agree	1st
Gaps in the training of headteachers	4.05	1.23	Agree	2nd
Use of hired accountants	1.15	1.39	Strongly Disagree	3th

Source: Field Study (2021)

The results as presented in Table 7 indicate that some of the challenges that headteachers face in managing public school finances could be derived from professional incompetence. Among thisprofessional incompetence, lack of accounting staff had the highest mean with standard deviation (Mean=4.13; SD=1.46). This in essence means that all the headteachers sampled for the study were of the view that, lack of accounting staff was a major challenge to them. This implies that the more shortage of accounting staff the more they become challenging. Undoubtedly, the lack of accounting staff to a larger extent affects managing public school finances. Also, gaps in the training of headteachers were revealed as the next major challenge the headteachers face. This is because the result had a higher mean of (Mean=4.05; SD=1.23). This implies that a lack of accounting staff could hinder managing public school finances. Finally, the same is the case for the use of hired accountants (Mean=1.15; SD=1.39). This presupposes that all the headteachers sampled for the study strongly disagreed use of hired accountants was not a challengewhen managing public school finances. This implies that the use of hired accountants does not, invariably affect the management of the public school finances.

4.4 In what Ways are public head teachers manage school finances.

This section of the chapter presented the results of the second research objective concerning how head teachers manage school finances in the Kwaebibirem Municipality. Given how the head teachers manage finances, standard deviation and mean score was used for the analysis since they were deemed appropriate for the study. The mean score with standard deviation was used for analysis as they are appropriate for ranking. A mean score, for instance, provides the arithmetic average of a set of given numbers whereas a standard deviation is a formal measure of central tendency which determineshowdeviatedsomevaluesarefromthemean.Italsodetermineshow dispersed or identical values of the mean are. According to Cohen (1988) and Creswell (2014), the higher the mean score, the higher it explains a particular phenomenon.

Table 8: Managing Public School Finances

	Mean	Std Deviation	Interpretation	Rank
Head teachers prepare budget before utilizing funds	4.13	1.46	Agree	5th
Expenditure is based on budget	4.50	1.23	Strongly Agree	3rd
SMC approves school budget before expenditure	3.75	1.39	Agree	6th
Head teachers account for school funds	4.73	1.50	Strongly Agree	1st
Head teachers keep records of financial transactions	4.63	1.13	Strongly Agree	2nd
School finances are audited	4.23	1.46	Agree	4th

Source: Field Study (2021)

The results in Table 8 indicates how headteachers manage public school finances sampled for the study could be derived from various sources. Among these are headteachers accounting for school funds (Mean=4.73; SD=1.50). This results means that the headteachers sampled for the study agreed that headteachers account for the school funds given to them by government through the Ministry of Education. Further, the findings of the study as presented in Table 8 revealed that the head teachers sampled for this study strongly agreed that headteachers keep records of financial transactions (Mean=4.63; SD=1.13). This implies that the respondents sampled for the study agreed that headteachers keep records of all financial transactions when it comes to managing public finances. Moreover, the findings of the study also revealed that the head teachers sampled for the studystrongly agreed that expenditures are based on budget (Mean=4.50; SD=1.23). This means that the all the expenditure made by the head teachers are budgeted for.

To add up, the findings of the study revealed that, the headteachers sampled for the study agreed that they manage public school finances by ensuring that their schools' finances are audited (Mean=4.23; SD=1.46). This in essence means that they ensure that all agreed that the finances of their schools are audited. Also, the results revealed that the headteachers sample for the study agreed that they prepare budget before utilizing funds with mean of 4.13 and a standard deviation of 1.46. This in essence establishes that headteachers prepare budget before utilizing school funds when it comes to managing public finances. Finally, the results as indicated in Table 8 revealed that the headteachers sampled for the study established that SMC approves budget before expenditure had a mean of 3.75 and standard deviation of 1.39 respectivel. This means that the when it comes to managing of public school funds, expenses are incurred after budgets have been approved by SMC.

4.5 The Impact of the Challenges Head teachers Face on Managing Public School Finances

Thissectionpresentedthethirdresearchobjectiveofthestudyconcerning the effect of the challenges head teachers face and managing public school finances in the Kwaebibirem Municipality. Analyzing data using Pearson linear regression, the challenges (accounting challenges, budgetary challenges, auditing challenges, and professional incompetence) represented the independent variable while managing public school finances represented the dependent variable.The regression analysis was interpreted using three tables comprising model summary, ANOVA, and coefficient. The regression model was evaluated by the coefficient of determination denoted by R-square (B). This represents the proportion of variance in the dependent variable which is linearly accounted for by the independent variable (Cohen, 1992). Table 9 gives the model summary of the output.

Table 9: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.627[a]	.393	.388	.65.4

a. Predictors: (Constant), Accounting Challenges, Budgetary Challenges, Auditing Challenges, Professional Incompetence.

Source: Field Study (2021)

From Table 9 above, the coefficient of multiple determinations, B·and the adjusted Bindicate that the explanatory power of accounting challenges, budgetary challenges, auditing challenges, and professional incompetence explained approximately 39.3% of the variations in managing public school finances. This implies that other variables outside this model account for the other 60.7% of the variance in the independent variable (thus, managing public school finances). On the basis thereof, it may be concluded that the independent variable significantly explains 39.3 % of the variance in managing public school finances.

All from the same table, the Adjusted B of 38.8% explains the variation in the dependent variable that is being explained by an adjustment in the independent variable in the regression model or equation. This implies that any adjustment made in the independent variable (thus, accounting challenges, budgetary challenges, auditing challenges, and professional incompetence) will cause about 38.8% change in managing public school finances. This is an indication that managing public school finances requirestheinstitutiontovary(overcome)the accounting, budgeting, auditing challenges, and professional incompetence of the headteachers. This is to say that accounting, budgeting, auditing challenges, and professional incompetence werefound as key dimensions of managing public school finances in the Kwaebibirem Municipality.

Table 10: ANOVA Results of the Regression Analysis

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	64.856	2	32.428	76.744	.000b
Residual	100.144	237	.423		
Total	165.000	239			

a. Dependent Variable: Managing Public School Finances

Predictors: (Constant), Accounting Challenges, Budgetary Challenges, Auditing Challenges, Professional Incompetence

Source: Field Study (2021)

Table 10 above presents the regression results from the data analysis. It can be observed that the regression model was statistically significant (F =76.744; P=.000) for predictions on the basis that it was statistically significant at a 99% confidence level. The implication is that, the regression model has an overall significance and that the data gathered fits the regression model better.

Table 11: Regression Coefficient

Model	Unstandardized Coefficient		Standardized Coefficient	*T*	Sig.
	B	Std. Error	Beta		
(Constant)	4.069	.400		10.178	.000
Accounting Challenges	-.449	.067	-.319	-3.733	.000
Budgetary Challenges	-.451	.105	-.365	-4.293	.000
Auditing Challenges	-.088	.045	.139	-1.961	.042
Professional Incompetence	-.805	.126	-1.083	-6.398	.000

a. Dependent Variable: Managing Public School Finances

Source: Field Study (2021)

From Table 11 it can be seen that accounting challenges significantly and negatively predict managing public school finances B = -.449, p< 0.001). Thus, accounting challenges are proven to have a significant negative impact on managing public school finances in the Kwaebibirem Municipality. In essence, holding all other variables constant, accounting challenges induces a 44.9% change in managing public school finances. Thus, these results prove that a unit change in accounting challenges will induce a 44.9% change in the management of public school finances in the Kwaebibirem Municipality. In other words, when accounting challenges (thus, when teachers submit support accounting documents on time or there are strong accounting control systems in place) are enhanced or improved by 1%, management of public school finances would be improved by 44.9%. The significance level of this outcome according to the study results was 0.000 which is less than 0.001 indicating that the variance between the two variables in question was significant.

Further, the results revealed that budgetary challenges significantly and negatively predict managing public school finances ($B= -.451$, $p< 0.001$). Thus, budgetary challenges are proven to have a significant negative impact on managing public school finances in the Kwaebibirem Municipality. In essence, holding all other variables constant, budgetary challenges induces a 45.1% change in managing public school finances. Thus, these results prove that a unit change in budgetary challenges will induce a 45.1% change in the management of public school finances in the Kwaebibirem Municipality. In other words, when budgetary challenges (thus, when procurement issues and financial management skills of the headteachers) are enhanced or improved by 1%, management of public school finances would be improved by 45.1%. The significance level of this outcome according to the study results was 0.000 which is less than 0.001 indicating that the variance between the two variables in question was significant.

In addition,it can be seen that auditing challenges significantly and negatively predict managing public school finances ($B= -.088$, $p< 0.05$). Thus, auditing challenges are proven to have a significant negative impact on managing public school finances in the Kwaebibirem Municipality. In essence, holding all other variables constant, auditing challenges induces an 8.8% change in managing public school finances. Thus, these results prove that a unit change in auditing challenges will induce an 8.8% change in the management of public school finances in the Kwaebibirem Municipality. In other words, when auditing challenges (thus, when the competence of a headteacher as an internal auditor and formation of procurement committee) are enhanced or improved by 1%, management of public school finances would be improved by 8.8%. The significance level of this outcome according to the study results was 0.042 which is less than 0.05 indicating that the variance between the two variables in question was significant.

Finally, the results from Table showed that professional incompetence significantly and negatively predict managing public school finances (B = -.805, p< 0.001). Thus, professional incompetence is proven to have a significant negative impact on managing public school finances in the Kwaebibirem Municipality. In essence, holding all other variables constant, professional incompetence induces an 80.5% change in managing public school finances. Thus, these results prove that a unit change in professional incompetence will induce an 80.5% change in the management of public school finances in the Kwaebibirem Municipality. In other words, when professional incompetence (thus, when the competence of a headteacher and gaps in the training of headteachers) are enhanced or improved by 1%, management of public school finances would be improved by 80.5%. The significance level of this outcome according to the study results was 0.000 which is less than 0.001 indicating that the variance between the two variables in question was significant.

4.6 Measures to Mitigate the Challenges Headteachers in Managing Public School Finances.

This section of the study presents the measures to mitigate the challenges headteachers face in managing public school finances in the Kwaebibirem Municipality. Given the measures suggested by the headteachers, standard deviation and mean score was used for the analysis since they were deemed appropriate for the study. A mean score, for instance, provides the arithmetic average of a set of given numbers whereas a standard deviation is a formal measure of central tendency which determineshowdeviatedsomevaluesarefromthemean.Italsodetermineshow dispersed or identical values of the mean are. According to Cohen (1988) and Creswell (2014), the higher the mean score, the higher it explains a particular phenomenon. The result of the mean scores was discussed with 1 to 2.9 indicating low mitigating strategy while 3 to 5 indicating high mitigating strategy as shown in Table 12.

Table 12: what are theMeasures to Mitigate the Challenges Headteachers face in Managing Public School Finances.

	Mean	Std Deviation	Interpretation	Rank
Training in auditing effectiveness	4.65	.76	Agree	1st
Capacity building in accounting	4.47	.89	Agree	2nd
Workshop on financial management practices	4.46	.99	Agree	3rd
Capacity building in financial record keeping	4.41	.73	Agree	4th
Capacity building in budget preparation and control	4.40	.63	Agree	5th
Training in financial administration	4.34	1.09	Agree	6th

Source: Field Study (2021)

From Table 12, it can be seen that headteachers sampled for the study revealed some measures to mitigate challenges that headteachers face in the management of public school finances. Among these measures suggested by the headteachers, training in auditing effectiveness had the highest mean with standard deviation (Mean=4.65; SD=.76). This in essence means that all the headteachers sampled for the study were of the view that, when they are well trained in auditing the books of accounts effectively would be one of the major measures that can be adopted when it comes to the management of public school finances. This implies when the headteachers are well trained in auditing, the more they will be able to manage the finances of public schools. Also, capacity building in accounting for the headteachers was revealed as the next major measure that can be adopted to mitigate the challenge that may occur in the future as a result of an outbreak that may occur. This is because the result had a higher mean of 4.47 with a standard deviation of .89. This means that all the headteachers sampled for the study agreed that capacity building in accounting should be done for the headteachers in the Kwaebibirem Municipality. This implies that building the capacity of headteachers in accounting could invariably enhance their management of public school finances.

The same is the case for workshops on financial management practice. This is revealed as the next major measure that can be adopted to mitigate the challenge that headteachers face in managing public school finances. This is because the result had a higher mean of 4.46 with a standard deviation of .99. This means that all theheadteachers sampled for the study agreed that workshops on financial management practices should be organized for headteachers in the Kwaebibirem Municipality. This implies that organizing the workshops could decrease the academic burden of the headteachers and invariably enhance their ability to manage public school finances. To add, the results also revealed a mean and standard deviation of (M=4.41, SD=.73) for capacity building in financial record keeping and (M=4.40, SD=63) for capacity building in budget preparation and control.

This presupposes that all the headteachers sampled for the study agreed that building the capacity of the headteachers in terms of financial recording, preparation, and control of budgets were of the major measures suggested by the student sampled for the study. This implies that when the headteachers are trained in respect of financial record keeping and the preparation and control of budget would aid in the successful management of public school finances. Finally, the results in Table 12 revealed another major measure that can be considered in managing public school finances. The results revealed that the headteachers should be trained in financial administration (M=4.34; SD=1.09). This result implies that when the headteachers are trained in financial administration, the more they know how to manage their finances.

4.7 Testing of Hypothesis

Testing of Hypothesis

Thissectionpresented the hypothesis of the study which states that "There is significant negative impact of the challenges the headteachers face on the management of public basic schools' finances". Analyzing data using Pearson linear regression, the challenges (accounting challenges, budgetary challenges, auditing challenges, and professional incompetence) represented the independent variable while managing public school finances represented the dependent variable. The regression analysis was interpreted using three tables comprising model summary, ANOVA, and coefficient. The regression model was evaluated by the coefficient of determination denoted by R-square (B). This represents the proportion of variance in the dependent variable which is linearly accounted for by the independent variable (Cohen, 1992). Table 12 gives the model summary of the output.

Table 13: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.657[a]	.432	.404	.873

a. Predictors: (Constant), Challenges Head teachers Face

Source: Field Study (2021)

From Table 13 above, the coefficient of multiple determinations, B' and the adjusted B^2 indicate that the explanatory power of challenges head teachers face explained approximately 43.2% of the variations in managing public school finances. This implies that other variables outside this model account for the other 56.8% of the variance in the independent variable (thus, managing public school finances). On the basis thereof, it may be concluded that the independent variable significantly explains 43.2% of the variance in managing public school finances.

All from the same table, the Adjusted B^2 of 40.4% explains the variation in the dependent variable that is being explained by an adjustment in the independent variable in the regression model or equation. This implies that any adjustment made in the independent variable (thus, challenges head teachers face) will cause about 40.4% change in managing public school finances. This is an indication that managing public school finances requirestheinstitutiontovary(overcome)the challenges the head teachers face. This is to say that the challenges head teachers face was found as key dimensions of managing public school finances in the Kwaebibirem Municipality.

Table 14: ANOVA Results of the Regression Analysis

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	72.312	6	12.052	15.817	.000[b]
Residual	95.249	125	.762		
Total	167.561	131			

a. Dependent Variable: Managing Public School Finances

Predictors: (Constant), Challenges Head teachers Face

Source: Field Study (2021)

Table 14 above presents the regression results from the data analysis. It can be observed that the regression model was statistically significant (F =15.817; P=.000) for predictions on the basis that it was statistically significant at a 99% confidence level. The implication is that, the regression model has an overall significance and that the data gathered fits the regression model better.

Table 15: Regression Coefficient

Model	Unstandardized Coefficient		Standardized Coefficient	*t*	Sig.
	B	Std. Error	Beta		
(Constant)	2.903	.400		7.251	.000
Challenges Head Teachers Face	-.706	.163	-.800	-4.330	.000

a. Dependent Variable: Managing Public School Finances

Source: Field Study (2021)

From Table 15 it can be seen that the challenges headteachers face significantly and negatively predict managing public school finances (B= -.706, p< 0.001), hence hypothesis one of the study was supported. Thus, the challenges head teachers face are proven to have a significant negative impact on managing public school finances in the Kwaebibirem Municipality. In essence, holding all other variables constant, the challenges induces a 70.6% change in managing public school finances. Thus, these results prove that a unit change in the challenges will induce a 70.6% change in the management of public school finances in the Kwaebibirem Municipality.

In other words, when the challenges (for example, when teachers submit support accounting documents on time or there are strong accounting control systems in place) are enhanced or improved by 1%, management of public school finances would be improved by 70.6%. The significance level of this outcome according to the study results was 0.000 which is less than 0.001 indicating that the variance between the two variables in question was significant. "On this grounds, the study fails to accept *H_0. Therefore, it can be concluded that there is a statistically significant negative effect of the challenges headteachers face on the management of public school finances in the Kwaebibirem Municipality.*

4.8Discussion of Findings

This study sought to examine how public basic school headteachers manage school finances, the challenges headteachers face managing public school finances in the Kwaebibrem Municipality within the Eastern Region of Ghana; by examining the impact of the challenges headteachers face and management of public school finances, and identify ways of mitigating the challenges headteachers face in managing public school finances. The results of the study are discussed in detail in the following sub-paragraphs.The first objective of the study sought to identify the challenges headteachers face when managing public school finances. The findings of the study revealed that the headteachers were faced with accounting challenges such asinadequate training of headteachers, weak accounting control system, failure of teachers to submit accounting support documents on time, and delay of fund disbursement.

The findings of the study also revealed some budgetary challenges such as overspending and underspending of funds, procurement issues, lack of financial management skills, and poor budgeting. In furtherance, the results of the study revealed some auditing challenges such as headteacher incompetence as an internal auditor, inadequate audit staff at the district, and irregular auditing. Finally, the findings of the study revealed some professional incompetence on the part of the headteachers such as lack of accounting staff, gaps in the training of headteachers, and use of hired accountants.These findings are consistent with Ginder's(2017) assertion that schools lack budgetary program planning and budgeting systems, where plans are provided find it difficult to obtain educational objectives. The further established that headteachers made no attempts to measure the results of expenditure to determine whether the budget decisions have achieved desired results. Suaka and Kuranchie (2018) added that poor budgeting has made it difficult for headteachers of public secondary schools to run the schools effectively. Manu *et al.* (2020) in their study posited that a majority that majority of the headteachers had no financial management and accounting skills and so the majority took books of accounts to pseudo accountants to update them to fit their interest which had far-reaching implications on the management of public school finances. Suaka (2018) in their study revealed that most headteachers had little knowledge in accounting for school funds. Some were overspending and some vote heads and underspending on some leading them into challenges such as misappropriation and mismanagement of school funds, a mistake punishable by interdiction and demotion as provided in the Teachers Service Code (TSC) code of regulations. Such headteachers may not be in a position to manage school funds effectively.

The second objective of the study sought to examine how head teachers manage public school finances. The findings of the study revealed that the head teachers manage public school funds by ensuring that head teachers prepare budget before utilizing funds, expenditure is based on budget, SMC approves school budget before expenditure, head teachers account for school funds, head teachers keep records of financial transactions and by ensuring that school finances are audited. These findings are consistent with Steiner-Khamsi and Dugonjić-Rodwin (2018), every year the government channels amount of funds in public schools to cater for their needs. Despite this, some schools are currently experiencing financial constraints. This may be due to a lack of financial management skills by some headteachers Factors like lack of financial management skills by the principal and the Bursar, lack of government regular auditing, and lack of involvement the SMC and teachers during the final budgeting may have a great influence and significant relationship on the financial management of public schools. Effective financial control can prevent an organization from collapsing.

The third objective of the study sought to examine the impact of the challenges the headteachers face on the management of public school finances. The findings of the study revealed that accounting challenges significantly and negatively predict managing public school finances, hence hypothesis one of the studywas supported. In furtherance, the findings of the study also revealed that budgetary challenges significantly and negatively predict managing public school finances, hence hypothesis two of the studywas supported. The findings of the study also revealed that auditing challenges significantly and negatively predict managing public school finances, hence hypothesis three of the studywas supported. Finally, the findings of the study also revealed that professional incompetence significantly and negatively predicts managing public school finances, hence hypothesis four of the studywas supported.

These findings are consistent with Lavalley's (2018) assertion that management of finances in many rural schools has been poor and this has significantly affected the quality of education provided by these schools. The number of cases of embezzlement of funds by school heads and misappropriation is quite frightening (Hashim et al., 2020). This means that schools in rural areas are deprived of their meager resources due to embezzlement, misappropriation, and fraud. As Lavalley (2018) posits, although some criminal elements amongst the heads are responsible for the misuse of school funds, in the majority of cases, heads fail to account for finances due to lack of financial background and expertise on financial matters which has a significant negative effect on the management of public school finances. Steiss (2017) on the other hand added that the efficient and effective management of the finances of an organization to achieve the objective of that organization. It involves planning, allocating, directing, and controlling resources. According to Mestry (2017), there are many principals and school governing board members who lack the necessary financial knowledge and skills and are placed under tremendous pressure because they are unable to work out practical solutions to problems that have a significant effect on the management of public school finances.

The fourth objective of the study sought to suggest ways of mitigating the challenges headteachers face in managing public school finances. The findings of the study also revealed that The findings of the study revealed that the headteachers should be trained in auditing effectiveness, encouraged to undertake capacity building in accounting for the headteachers, organize workshops on financial management practice, capacity building in financial record keeping, capacity building in budget preparation and control, and training in financial administration.These findings are consistent with Clark (2017) assertion that, availability of capacity building is one of the challenges confronting the effectiveness of managing public school finances, and for that matter, it is, therefore, necessary that headteachers are encouraged to undertake capacity building programmes to improve upon the effectiveness of managing public school finances. Also, according to Almaiah *et al.* (2019) training programs are also essential in managing finances. They also posit that headteachers who are not familiar with managing public school finances may require insight as to how to go about it. Therefore, training headteachers will help them understand certain basic principles and adopt strategies to ensure effective management of public school finances.

4.9 Summary of Chapter

The finding of this study has emphasized the challenges headteachers face in managing public school finances in the Kwaebibirem Municipality. However, it was also evident from the findings of the study that accounting challenges, budgetary challenges, auditing challenges, and professional incompetence have significant effectson head teachers' quest to excel manage public school finances in the Kwaebibirem Municipality. These findings, therefore, serve as a reference point for headteachers who are at a fix as to the most effective strategies to adopt to help cope with the pressures that come with the management of public school finances.

CHAPTER FIVE

SUMMARY, CONCLUSION, AND RECOMMENDATION

5.0 Introduction

This study aimed to assess how pubic basic school headteachers manage school finances in the Kwaebibirem Municipality. The hypotheses formulated were subjected to statistical and inferential testing using Pearson's Product Moment Correlation and Regression Analysis to show the relationship that exists between the study variables as well as to establish the cause-effect relationships among the constructs understudy. The analysis was based on a sample size of thirty-five (35) headteachersusing the simple random sampling technique. The questionnaire was used as the main instrument to collect data and the data analysis followed thereof with the aid of Statistical Package for Social sciences (SPSS v.23). The results from the study proved the relevance of accounting challenges, budgetary challenges, auditing challenges, and professional incompetence in the management of public school finances in the Kwaebibirem Municipality. Consequently, the proceeding sub-sections of the study present the summary of findings, conclusions, implications for practice, and recommendations.

5.1 Summary of Findings

5.1.1 Management of Public Basic School Finances

The first objective of the study sought to identify the challenges headteachers face when managing public school finances. The findings of the study revealed that the headteachers are faced with accounting challenges such as the inadequate training of headteachers (Mean=4.89; SD=.66), weak accounting control system (Mean=4.87; SD=.80), failure of teachers to submit accounting support documents on time (Mean=4.38; SD=1.05) and delay of fund disbursement (Mean=4.26; SD=1.29). The findings of the study also revealed some budgetary challenges such as overspending and underspending of funds (Mean=4.46; SD=1.56), procurement issues (Mean=4.43; SD=5.90), lack of financial management skills (Mean=4.08; SD=1.38), and poor budgeting (Mean=4.05; SD=3.96). In furtherance, the results of the study revealed some auditing challenges such as headteacher incompetence as an internal auditor (Mean=4.63; SD=1.50), inadequate audit staff at the district (Mean=4.28; SD=1.30), and irregular auditing (Mean=4.03; SD=.76). Finally, the findings of the study revealed some professional incompetence on the part of the headteachers such as lack of accounting staff (Mean=4.13; SD=1.46), gaps in the training of headteachers (Mean=4.05; SD=1.23), and use of hired accountants (Mean=1.15; SD=1.39).

5.1.2 *The Challenges faced by Public Basic Head Teachers in managing school finances*

The second of the study sought to examine what ways head teachers manage public school finances. Overall, the findings of the study revealed that head teachers account for school funds (Mean=4.73; SD=1.50). This means that the head teachers agreed that head teachers account for the school funds given to them by government through the Ministry of Education. Further, the findings of the study revealed that that head teachers keep records of financial transactions (Mean=4.63; SD=1.13). This implies that the head teachers keep records of all financial transactions when it comes to managing public finances. Moreover, the findings of the study also revealed that the head teachers strongly agreed that expenditures are based on budget (Mean=4.50;

SD=1.23). This means that the all the expenditure made by the head teachers are budgeted for. To add up, the findings of the study revealed that the head teachers agreed that they manage public school finances by ensuring that their schools' finances are audited (Mean=4.23; SD=1.46). This in essence means that they ensure that all the finances of their schools are audited. Also, the results revealed that the head teachers agreed that they prepare budget before utilizing funds with mean of 4.13 and a standard deviation of 1.46. This in essence denote that the teachers prepare budget before utilizing school funds when it comes to managing public finances. Finally, the results denoted that SMC approves budget before expenditure with a mean of 3.75 and standard deviation of 1.39. This means that the when it comes to managing of public school funds, expenses are incurred after budgets have been approved by SMC.

5.1.3 *The Impact of The Challenges Head Teachers On The Management Of School Finance*

The third objective of the study sought to examine the impact of the challenges headteachers face and managing public school finances. Overall, the findings of the study revealed that accounting challenges significantly and negatively predict managing public school finances (B = -.449, p< 0.001), hence hypothesis one of the studywas supported. Thus, accounting challenges are proven to have a significant negative impact on managing public school finances in the Kwaebibirem Municipality. In essence, holding all other variables constant, accounting challenges induces a 44.9% change in managing public school finances. Thus, these results prove that a unit change in accounting challenges will induce a 44.9% change in the management of public school finances in the Kwaebibirem Municipality. In furtherance, the findings of the study also revealed that budgetary challenges significantly and negatively predict managing public school finances B = -.451, $p< 0.001$), hence hypothesis two of the studywas supported. Thus, budgetary challenges are proven to have a significant negative impact on managing public school finances in the Kwaebibirem Municipality. In essence, holding all other variables constant, budgetary challenges induces a 45.1% change in managing public school finances. Thus, these results prove that a unit change in budgetary challenges will induce a 45.1% change in the management of public school finances in the Kwaebibirem Municipality.

The findings of the study also revealed that auditing challenges significantly and negatively predict managing public school finances (B = -.088, $p< 0.05$), hence hypothesis three of the studywas supported. Thus, auditing challenges are proven to have a significant negative impact on managing public school finances in the Kwaebibirem Municipality. In essence, holding all other variables constant, auditing challenges induces an 8.8% change in managing public school finances. Thus, these results prove that a unit change in auditing challenges will induce an 8.8% change in the management of public- school finances in the Kwaebibirem Municipality. Finally, the findings of the study also revealed that professional incompetence significantly and negatively predict managing public school finances (B = -.805, $p< 0.001$), hence hypothesis four of the studywas supported. Thus, professional incompetence is proven to have a significant negative impact on managing public school finances in the Kwaebibirem Municipality. In essence, holding all other variables constant, professional incompetence induces an 80.5% change in managing public school finances. Thus, these results prove that a unit change in professional incompetence will induce an 80.5% change in the management of public -school finances in the Kwaebibirem Municipality.

5.1.4 *Training Needs Required to Mitigate the Challenges Faced by Public Basic School Head Teachers to Make them Effective Finance Officers*

The fourth objective of the study sought to suggest ways of mitigating the challenges headteachers face when managing public school finances in the Kwaebibirem Municipality. Overall, the findings of the study revealed training in auditing (Mean=4.65; SD=.76), capacity building in accounting for the headteachers (Mean= 4.47; SD=.89), workshops on financial management practice (Mean=4.46; SD=.99), capacity building in financial record keeping (M=4.41, SD=.73), capacity building in budget preparation and control (M=4.40, SD=63), and headteachers should be trained in financial administration (M=4.34; SD=1.09) as the measures or strategies that can be adopted to mitigate the challenges head teachers face managing public school finances.

5.2 Conclusion

In conclusion,it came to light that the challenges the headteachers face had a significant negative effect on the management of public school finances in the Kwaebibirem Municipality. It is evident from the findings of the above study that headteachers facenumerous financial challenges in the management of public school finances in the Kwaebibirem Municipality.

5.3 Recommendations

As a result of the findings of the study, the following recommendations were arrived at;

1. As a method of preparing headteachers for financial management responsibilities, teachers training institutions and universities should redesign their curriculum to incorporate in-depth teaching of financial accounting, budgeting, and auditing.
2. That the government through the Ministry of Education, establish a strong financial management curriculum to guarantee that serving and assistant headteachers are appropriately and efficiently taught to handle school money. This is to ensure continuous professional development (CPD)of the headteachers.
3. That the government hires extra auditors to guarantee that school books are audited on schedule. These auditors may provide financial management training to headteachers and assistant headteachers. With a larger number, the advisory audit will be better, resulting in more responsible financial management.
4. Headteachers chosen to lead schools must have a strong accounting experience. The research found that having competent financial management personnel leads to more efficient and effective financial management.

5.4 Implication for Practice and Future Studies

The findings of the study bring to the limelight that a significant negative and positive association exists among the constructs understudy. This implies that policymakers and headteachers need to be awakened to this empirical evidence and take pragmatic steps to ensure management of public school finances is enhanced. This will improve and arouse the interest of headteachers to manage public school finances in their care. This can be done by putting into practice the measures recommended below, this will also enable them to apply to their delivery processes. This will also help policymakers to sensitize and encourage students to manage finances at their disposal.

As in the case of any other study, this study is not exempted from limitations. It is therefore imperative to examine the impact of the challenges the headteachers face on other outcomes such as job satisfaction and employee commitment. The findings of this study have highlighted the impact of the challenges headteachers face in managing public school finances in the Kwaebibirem Municipality. The findings of this study have paved the way for similar studies to be conducted. Notwithstanding, the results of this research can be further tested by taking into consideration a more holistic approach by taking both qualitative and quantitative data to have an in-depth insight into the impact of the strategies suggested on the management of public school finances. In furtherance, the findings of this study were based on empirical evidence obtained from the Kwaebibirem Municipality. Perhaps the headteachers from this municipality may exhibit a uniform system of managing public school finances, hence the findings may not be generalized to cover other headteachers who did not participate in the study. Hence, another study can be conducted to assess the impact of the adoption and implementation of effective financial management practices on the management of public school finances in other municipalities in Ghana

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APPENDIX

UNIVERSITY OF EDUCATION, WINNEBA

DEPARTMENT OF EDUCATIONAL ADMINISTRATION AND MANAGEMENT

RESEARCH QUESTIONNAIRE

Dear Respondent,

This questionnaire is designed to assist the researcher to make an objective assessment on *"The Challenges Headteachers Face in Managing Public School Finances"*.This exercise is essential for academic purposes in partial fulfillment of the requirement for the award of a Master of Philosophy degree in Educational Administration and Management. Your response is of utmost importance and as such your answers would be treated with the utmost confidentiality. Thank you.

SECTION A: PERSONAL BACKGROUND

Please tick ( ) in the appropriate box

1. Sex. Male ( )Female ( )
2. AGE: Below 35 years ( ),36-40years ( ), 41 -45 years ( ), 46-50 years ( ), 51years and above ( )
3. RANK: A. Senior Superintendent 1 ( ) B. Principal Superintendent ( ) C. Assistant Director II ( )D. Assistant Director I ( ) E. Deputy Director ( ) F. Director ( )
4. Which of the following applies to your academic/professional qualification?

   A. Diploma ( ) B. Bachelor's Degree ( ) C. Second Degree ( )

5. How many years have you served?

   A. Below 5 years ( ) B. 6-10 years ( ) C. 11-15 years ( ) D. 16-20 years ( ) E. 21-25 years ( ) F. 26 years and above ( )

SECTION B: CHALLENGES OF MANAGING PUBLIC SCHOOL FINANCES.

Please indicate the extent these statements correspond to your work by circling 1 (strongly disagree) to 5 (strongly agree)

Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	**2**	**3**	**4**	**5**

	ACCOUNTING CHALLENGES					
1	Inadequate training of headteachers in accounting	1	2	3	4	5
2	Weak accounting control systems	1	2	3	4	5
3	Failure by teachers to submit accounting support document on time	1	2	3	4	5
4	Delay of fund disbursement	1	2	3	4	5
	BUDGETARY CHALLENGES					
1	Overspending and underspending	1	2	3	4	5

2	Procurement issues	1	2	3	4	5
3	Lack of financial management skill	1	2	3	4	5
4	Poor budgeting	1	2	3	4	5
	AUDITING CHALLENGES					
1	Head teacher incompetence as an internal auditor	1	2	3	4	5
2	Inadequate audit staff at the district level	1	2	3	4	5
3	Irregular auditing	1	2	3	4	5
	PROFESSIONAL INCOMPETENCE					
1	Lack of accounting staff	1	2	3	4	5
2	Gaps in training of headteachers	1	2	3	4	5
3	Use of hired accountants	1	2	3	4	5

SECTION C:MANAGEMENT OF SCHOOL FINANCES

Please indicate the extent by circling 1 (strongly disagree) to 5 (strongly agree)

Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	2	3	4	5

1	Headteachers prepare budget before utilizing capitation grant	1	2	3	4	5
2	School budget is approved before implementation	1	2	3	4	5
3	School Management Committee takes part in the budget preparation	1	2	3	4	5
4	Staff takes part in the preparation of the school budget	1	2	3	4	5
5	School management committee approves the school budget	1	2	3	4	5
6	School management committee Chairman appends his signature	1	2	3	4	5
7	Auditing of capitation grant takes place when necessary	1	2	3	4	5
8	Auditors examine valued books before auditing	1	2	3	4	5
9	Headteachers understand financial regulations	1	2	3	4	5
10	Auditors discuss audit report with headteachers	1	2	3	4	5

11	Auditors report are available in schools	1	2	3	4	5
12	School management committee receives auditor's report	1	2	3	4	5
13	Internally generated funds are audited	1	2	3	4	5
14	School management committee monitor the use of internally generated funds	1	2	3	4	5
15	Staff are involved in the utilization of school funds	1	2	3	4	5
16	The circuit supervisors supervise the preparation of the School budget	1	2	3	4	5
17	The circuit supervisors monitor the utilization of the capitation grant	1	2	3	4	5
18	The School Management Committee members have knowledge in financial management	1	2	3	4	5
19	Valued books are available in school for financial transaction	1	2	3	4	5
20	Headteachers account for internally generated funds	1	2	3	4	5
21	Circuit supervisors report on capitation grant	1	2	3	4	5

SECTION D: MEASURES TO MITIGATE THE CHALLENGES OF E-LEARNING IMPLEMENTATION

What are some of the measures that can be adapted in other to mitigate the barriers or challenges of managing public school finances?

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THANK YOU ONCE AGAIN FOR YOUR TIME.