

**FACTORS AFFECTING FINANCIAL MANAGEMENT IN
PRIVATE SCHOOLS IN DAR ES SALAAM:
A CASE OF KINONDONI MUNICIPAL**

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PRIVATE SCHOOLS IN DAR ES SALAAM:
A CASE OF KINONDONI MUNICIPAL**

**By
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A Research Dissertation Submitted in Partial Fulfillment of the Requirements for the Award of the Degree of Master of Business Administration in Corporate Management (MBA-CM) of Mzumbe University Dar es Salaam Campus College

2013

CERTIFICATION

We, the undersigned certifies that he has read and hereby recommends for acceptance by Mzumbe University a dissertation titled; **Factors Affecting Financial Management in Private Schools in Dar es Salaam: A Case of Kinondoni Municipal**, in partial fulfillment of the requirements for the award of the degree of Master Degree of Business Administration in Corporate Management (MBA-CM) of Mzumbe University.

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DECLARATION

I **Lusekelo John Ngondya**, declare that this thesis is my own original work and that it has not been presented and will not be presented to any other university for a similar or any other degree award.

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Last but not least, I owe thanks to all the people who could not be mentioned here but have contributed in one way or other toward completion of this dissertation. To all of them together I say thanks very much and may the almighty God bless you all.

DEDICATION

I dedicate this dissertation to my late father John Ngondya whose love and encouraging words kept me going until the end of the programme, to my daughters Nuru, Kemilembe, and Tubhagile they were always encouraging and praying for my success. My special dedication goes to Ms Elda Mushonela who took care for my children and daily home activities thus enabling me to be comfortable and enjoy my studies.

ABBREVIATIONS

ABC	-	Affect, Behavior, and Cognition
HR	-	Human Resource
HRM	-	Human Resource Management
MBA	-	Masters in Business Administration
NSSF	-	National Social Security Fund
P-J	-	Person-Job
P-O	-	Person-Organization

ABSTRACT

This study presents the assessment of the factors affecting financial management in private schools particularly in Kinondoni Municipal. Specifically, the study assesses the financial management and performance of private schools; examine the financial management practices in private schools; and examine challenges facing financial management in private schools.

Data for this research was collected using structured questionnaires, primary data, secondary data, observation and interview. The research also used qualitative and quantitative methods of data analysis. Notably, this study use 51 respondents as sample size

It was identified that Private schools faces factors affecting financial management as follows; Staff resistance, Management commitment and System complexity and Capacity of the schools. However, most of the respondents decided that financial management and performance of private schools are good. Notably, challenges facing financial management in private schools are Poor level of bursar's computer literacy, Poor level of computer facilities and Minimum involvement of accounts staff i.e. bursars.

The Study depict that, financial management key areas are policy dealing with financial controls with proper implementation and monitoring efforts in place; adequate bonding of employees who handle money; complete and up-to-date accounting records.

Moreover, Private schools bursar managers must assess risks and develop financial control procedures that address these risks in a cost effective manner. Also, management of the private schools should put in place modern financial management control systems especially adoption of computer related packages to ensure they are able to plan properly and avoid financial surprises.

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CHAPTER ONE

PROBLEM SETTINGS

1.1 Introduction

This chapter is covering the background to the problem, statement of the problem, objective of the study, research question, and significance of the study, scope of the study and limitation of the study.

1.2 Background to the Problem

Private schools were nationalized by the government and became government owned in the 1960s and 1970s under the slogan of free and universal public education. Restrictions, Registration and operation discouraged the creation of new private schools especially at the primary level (Ministry of Education and Culture, 1987).

However the student flow from the primary schools forced the government to allow non-government (private schools) at secondary level in the 1980s. After a decade of restricting private secondary education, the government of Tanzania embarked new policies to support its expansion. The shortage of resources to support public provision of services, the perception that public education is inefficient and the increase in choices for parent were among the key driving forces. Following the 1980-1982 presidential commission for Education led by late Hon. Jackson Makweta (MP), the government removed barrier to private schools and the result was a rapid expansion of schooling opportunity (Ministry of Education and Culture, 1987).

With the economic liberalization which started in 1994 (Bines and woods, 1994), private secondary schools were allowed to operate at all levels, and their number is growing rapidly. The justification for the policy and being that “Given its limited domestic resource base, the government advocates increased roles of private sector so as to broaden the participation base in the economy” (URT, 1995). Hence, it is justifiable from above observation to have not only public school offering education

services but also for the private school to be in hand which requires individuals ,enterprises and NGO's to mobilize fund and invest in schools. Market for private schools has not been fully exploited; it has large potential because of unmet demand, according to 2012 statistics, private primary and secondary schools in Tanzania account for only 1% and 30% of all Tanzania primary and secondary schools respectively. Income Management is crucial for survival of private schools, not all private schools operate with sound system and policies of revenue collection, not all private schools have a good system of payment and some lack good investment and expansion plans (URT, 1995).

After the government lay good grounds of allowing individuals to venture into this opportunity, many investors still lack experience and are exposed to risk of losing their investment if they don't manage their finance properly, they need to operate with qualified personnel in finance department. Therefore, it is against this background, that this study assesses factors that affect financial management in private schools in Tanzania (URT, 1995).

However, the backbone for this private school is the own generated revenue as there are no subsidies from the government. Therefore, it is crucial for these schools to have sound financial management system for their sustainability.

1.3 Statement of the Problem

Financial management has become and continues to be of high importance particularly in private Schools in Dar es Salaam. According to Dean (2004:114), one of the biggest changes that have taken place in educational management since 1994 is the local management of the school funds which in most cases has been done through the school governing body, financial committee and the school principal. This has given schools much more freedom in managing their own affairs and opened the door to better ways of managing the school fund.

However, operating private school is a business opportunity that has not been fully exploited in Tanzania, currently private primary and secondary school account for 1% and 30% respectively of all school in the country. Private investors in education sector ease government spending in education budget when they enroll as many students as possible and providing them with learning resources. However, in year 2012, 100 private Schools closed down operation due to many challenges, especially financial related issues (NIPASHE Issue of Saturday March 23, 2013.pg 21). This situation is alarming it need to be addressed to win more investors in Education sector which is crucial to the growth of a nation economy. Survival of private schools dependent on financial management and administration issues within the schools, considering that they don't get subsidies from the government. Hence; it's of interest to investigate factors that influence financial management within the private education sector, challenges facing private schools and examine their financial practice and performance.

Therefore, financial management practice and performance of these private schools were assessed alongside the challenges that influence financial management.

1.4 Research Objective

The general objective of the research was assessing factors affecting financial management in private schools particularly in Dar es Salaam Region. In addressing this objective; three specific objectives were raised to confine the study; which were;

- (i.) To assess the financial management and performance of private schools.
- (ii.) To examine the financial management practices in private schools.
- (iii.) To examine challenges facing financial management in private schools

1.5 Research Questions

The study aimed to address the main question that states: "What are factors affecting financial management in private schools in Dar es Salaam?" This was then broken down into three specific questions as follows;

- (i.) What are the financial management and performance of private schools?
- (ii.) What are the financial management practices in private schools?
- (iii.) What are challenges facing financial management in private schools?

1.6 Significance of the Study

The study is intended to reveal factors affecting financial management in private schools in Dar es Salaam and suggest possible measures to be taken for effective financial management policies. The findings of the study are therefore expected to be significant and value to various institutions as depicted here under;

This significance of this study is to enable the government through the Ministry of Education and Vocational Training to design relevant policies that promote private schools in Tanzania in their effort of boosting national economy by improving financial management.

This study is expected to provide a foundation for further studies in the related topic; hence limited published research has been done so far. Also to the researcher it can as well be helpful to have a deep and broader knowledge base on this study as well identify viable area for further research.

This study also helps in the management of the Private schools on formulating policy on financial management. With input from this research, any private Schools that will get access to it and utilize it; it will be of great help.

1.7 Scope of the Study

The research covered the population of private schools in Tanzania; the study was done in Dar es Salaam Region. However, this study also identifies factors affecting financial management in private schools in Dar es Salaam with crucial examination of design of secondary control system which includes the size of the school, one's position in the secondary's hierarchy, and degree of decentralization, culture, and importance of an activity. Also, financial management practices in private schools were examined as no financial transaction is handled by only one person from beginning to end. Moreover For cash disbursements, this might mean that different people authorize payments, sign checks, record payments in the books, and reconcile the bank statements for effective cash management control.

1.8 Limitation of the Study

The study was limited by information disclosure from employees and employers some respondents were unwilling to disclose the information required. Information related to finance was considered to be sensitive and few respondents had the mandate to respond on them. Late feedback on some questionnaires, some did submit their responses early which lead to delayed analysis of data. I also did not have enough time to do the work; this is because I have a full time job besides doing the research. Financial constrain running to the Library, schools, office and other costs related with printing were high.

1.9 Delimitation of the Study

As far as above limitation is concerned, the study had to be done. Follow up was made to all respondent who were not able to respond as early as possible, they ultimately responded with complete information in their questionnaires and facilitated data analysis. on issues of information the research was strictly using them for academic purpose not otherwise, assurance was given to the management of schools that all information will be treated with strict confidential and they will not be detrimental to their operations .All financial avenues were exploited to facilitate presentation of this study.

1.10 Organization of the Dissertation

This dissertation is organized in five main chapters. Chapter one presents the background to the problem, statement of the research problem, research objectives and questions, significance of the study, limitations and delimitations of the study, scope and variables of the study.

Chapter two presents the review of the related literature in relation to information, ideas, data and evidence written from a particular stand point to fulfill certain aims or express certain views on key statement of this study on assessing factors affecting financial management in private schools, review of empirical studies, research gap and end up with the conceptual framework.

Chapter three details study methodologies while Chapter four presents main study findings discussion and analysis of the main findings whereas Chapter five presents the summary, conclusion, and recommendations. A fine list of references and appendices finalize the dissertation.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter gives the reader an insight on assessing the factors affecting financial management in private schools. The chapter lays down contextual knowledge to assist in a better understanding of what is going to be examined and reported in the study. In accordance with the aims and objectives of the study, the chapter provides a theoretical review, empirical review, analysis of literature review and conceptual framework as well as research gap.

2.2 Conceptual Definitions

Private schools, also known as independent schools or non state schools, are not administered by local, state or national governments; thus, they retain the right to select their students and are funded in whole or in part by charging their students tuition, rather than relying on mandatory taxation through public (government) funding; at some private schools students may be able to get a scholarship, which makes the cost cheaper, depending on a talent the student may have e.g. sport scholarship, art scholarship, academic scholarship etc. Private schools are typically more expensive than their counterparts (Dean (2004).

On the other hand, financial management is an integral part of overall management. It is concerned with the duties of the financial managers in the business firm. It is concerned with the efficient use of an important economic resource namely, capital funds” (Solomon, 2001).

Financial Management deals with procurement of funds and their effective utilization in the business”. It is an application of general managerial principles to the area of financial decision-making. However, it is an area of financial decision-making, harmonizing individual motives and enterprise goals”. It is also the operational activity of a business that is responsible for obtaining and effectively utilizing the

funds necessary for efficient operations. Thus, Financial Management is mainly concerned with the effective funds (Joshep and Massie, 2002)

Financial management is concerned with all areas of management which involve finance not only the sources and uses of finance in the enterprise, but also the financial implications of investment, production, marketing or personnel decisions and the total performance of the enterprise (McMahon, 1995).

Financial management is concerned with raising the funds needed to finance the enterprise's assets and activities, the allocation of these scarce funds between competing uses, and ensuring that the funds are used effectively and efficiently in achieving the enterprise's goals (McMahon, Holmes, Hutchinson and Forsaith, 1993).

2.3 Financial Management Concept

Prior to 1994 various systems in education lacked both financial and management accountability owing to problems of over-decentralization of control and limited legitimacy of the political authorities (Bush and Heystek 2003:3) The last seventeen years have seen major challenges in the nature of school governance. As a result of new legislation in South Africa such as the South African Schools Act (84 of 1996), considerably more authority and responsibility of decision-making has been devolved to the school level than was previously the case. There is a move towards self-managing schools which can be described as one for which there has been significant and consistent decentralization to the school level of authority and responsibilities to make decisions related to the allocation of resources, in a system of education having centrally determined goals, priorities and framework of accountability (Cadwell and Spinks 1998:5).

According to the School Finance Manual for Victorian Government Schools in the United States of America, the Education and Training Reform Act of 2007 Section 36 (1) stipulates that school councils must ensure that finances are kept in the form determined by the Secretary, proper accounts and records of the transactions and

affairs of the school council and any other records necessary to sufficiently explain the financial operations and financial position of the school. The instructions in this manual are in a form determined by the Secretary. The school council must maintain records in a form that will: Ensure that all money payable to the council is properly collected; Ensure that all money expended in the council's name is properly authorized and expended; Ensure that adequate control is maintained over assets held in the name of the council or in the council's custody; Ensure that all liabilities incurred in the council's name are properly authorized; Ensure efficiency and economy of operations, and avoidance of waste and extravagance, and Develop and maintain an adequate internal audit system.

Good management of school finances means that principals should involve parents, community members, staff and learners when making financial decisions. Principals, as school financial managers, need to look for ways in which the interest and ability of each individual stakeholder can contribute to effective financial management. The first task is to ensure that the elected school governing body will assist them in managing their school finances (Kritzinger and Fourie, 1997:2).

Management of school finances comprises a cycle of financial planning, organization, leading/guiding and control (Rees and Porter 1996:2 and Palmer et al. 1992:267). However, since financial organization relates very closely to the policies, rules, regulations and legislation discussed in the preceding paragraphs, it is considered first in the discussions that follow, despite the fact that it should actually be preceded by financial planning in the above-mentioned financial management cycle.

2.3.1 Financial Management Control

Financial Management control is defined by NBAA (2002) as the whole system of control, financial and otherwise, established by the management in order to manage cash in an orderly and efficient manner, the completeness and accuracy of the records, ensure adherence to management policies, safeguard and secure as far possible the completeness and accuracy of the records.

In establishing a satisfactory cash management system control, Mahushi (2000) point out that any organization needs to consider three measures: Organization system planning, financial forecasting, preparation and authorization, recording and custody procedures establishment.

Plan of the organization system -This provides proper segregation and definition of functions/responsibilities between departments and powers are properly delegated. Segregation of duties reduces the opportunities to allow any person to be in a position to both perpetrate and conceal errors or irregularities in the normal course of his duties. Segregation of duties includes assigning different people the responsibilities of authorizing transactions, recording transactions, and maintaining custody of assets. There is a risk of cash mismanagement if one person is vested with all the above duties.

A system of authorization, recording and custody procedures- This must be adequate to provide reasonable accounting control over assets, liabilities and capital. Proper accounting for revenues and the related accounts receivable is a matter of considerable importance since no long-term care facility can survive for long without adequate revenues. To assure adequate controls in this area the administrator should ensure that: There are effective controls that all charges are billed and properly recorded on the accrual basis of accounting and properly classified by type of service rendered. Also revenues are based on pre-numbered charge slips, daily census and/or other effective controls. Controls are in effect to assure the accuracy and completeness of financial records information. Management of the above guarantees good cash management which will ensure perpetual succession in business, because resources will be used for a desired objective.

Preparation of financial forecast-This is a plan of operation and analyzed by setting goals for each division of the business as for example, the expected volume of sales, amount of expenses and future cash balance. All business operations require budgeting because resources are scarce and need to be managed properly, which will ensure that there is clear focus on what is required to be done and how much

resources are available to meet such end. Senkoro (2002) enumerated the importance of having cash management control department by pointing out functions as follows; Division of responsibilities so that one person work is checked by another and then authorized at higher level. It highlights weaknesses in cash management control and makes changes where necessary.

The implication from the above observation is to assist to detect cash mismanagement by avoiding embezzlement if one person work goes on without being checked by another, because even normal system of internal control requires that. Also when the higher level authorization is the order of the day, it will make all subordinate workers more keen and honest on what they are discharging ,because if they don't do well they will be exposed and be subject for explanation and become responsible for their action.

Woof (2001) in operation standing (guidelines) define cash management control as whole system, financial and otherwise established by the management in order to manage cash in an orderly and efficient manner, ensure adherence to management policies and safeguard the assets. The issue of contention is all management strive to achieve their set and desired goals ,so all established policies in cash management's primarily goal is to assist in meeting the business mission and vision.

2.3.2 Objectives of Financial Management

Main aim of managing Financial is to evaluate the role played by the finance and account department to ensure smooth and safeguard cash against any means of thefts or fraud and to examine the company's cash management system in general so as to achieve the companies intended goal.

Mahushi (2000) points out steps that are essential in instituting a sound system of cash management and accounting which must ensure there is independent accountability for all revenue. Established on the basis of proper documentary authority upon which the authority is limited to few known individuals and that there must be good management of cash to avoid frequent cash shortage or holding excess

financial in hand. This imply that at all point in time cash is safe guarded against all possible risks of loss by the management and encourage utilizing cash efficient and effectively.

2.4 Management Theories

This part examines the theory of Management by Frederick Taylor - Scientific Management, Max Weber – Bureaucracy and Henri Fayol – Administration

2.4.1 Frederick Taylor - Scientific Management

Frederick Taylor, with his theories of Scientific Management, started the era of modern management. In the late nineteenth and early twentieth century's, Frederick Taylor was decrying the "awkward, inefficient, or ill-directed movements of men" as a national loss. He advocated a change from the old system of personal management to a new system of scientific management. Under personal management, a captain of industry was expected to be personally brilliant. Taylor claimed that a group of ordinary men, following a scientific method would outperform the older "personally brilliant" captains of industry (Taylor, 2007).

Taylor consistently sought to overthrow management "by rule of thumb" and replace it with actual timed observations leading to "the one best" practice. Following this philosophy he also advocated the systematic training of workers in "the one best practice" rather than allowing them personal discretion in their tasks. He believed that "a spirit of hearty cooperation" would develop between workers and management and that cooperation would ensure that the workers would follow the "one best practice." Under these philosophies Taylor further believed that the workload would be evenly shared between the workers and management with management performing the science and instruction and the workers performing the labor, each group doing "the work for which it was best suited (Taylor, 2007)."

Taylor's strongest positive legacy was the concept of breaking a complex task down in to a number of small subtasks, and optimizing the performance of the subtasks. This positive legacy leads to the stop-watch measured time trials which in turn lead

to Taylor's strongest negative legacy. Many critics, both historical and contemporary have pointed out that Taylor's theories tend to "dehumanize" the workers (Taylor, 2007).

To modern readers, he stands convicted by his own words: " in almost all of the mechanic arts, the science which underlies each act of each workman is so great and amounts to so much that the workman who is best suited to actually doing the work is incapable of fully understanding this science, without the guidance and help of those who are working with him or over him, either through lack of education or through insufficient mental capacity." And: "to work according to scientific laws, the management must takeover and perform much of the work which is now left to the men; almost every act of the workman should be preceded by one or more preparatory acts of the management which enable him to do his work better and quicker than he otherwise could (Taylor, 2007)."

2.4.2 Max Weber - Bureaucracy

At roughly the same time, Max Weber was attempting to do for sociology what Taylor had done for industrial operations. Weber postulated that western civilization was shifting from "wert rational" (or value oriented) thinking, affective action (action derived from emotions), and traditional action (action derived from past precedent to "zweckational" (or technocratic) thinking. He believed that civilization was changing to seek technically optimal results at the expense of emotional or humanistic content.

Viewing the growth of large-scale organizations of all types during the late nineteenth and early twentieth century's, Weber developed a set of principles for an "ideal" bureaucracy. These principles included: fixed and official jurisdictional areas, a firmly ordered hierarchy of super and subordination, management based on written records, thorough and expert training, official activity taking priority over other activities and that management of a given organization follows stable, knowable rules. The bureaucracy was envisioned as a large machine for attaining its goals in the most efficient manner possible.

Weber did not advocate bureaucracy, indeed, his writings show a strong caution for its excesses: "the more fully realized, the more bureaucracy "depersonalizes" itself, i.e., the more completely it succeeds in achieving the exclusion of love, hatred, and every purely personal, especially irrational and incalculable, feeling from the execution of official tasks" or: "By it the performance of each individual worker is mathematically measured, each man becomes a little cog in the machine and aware of this, his one preoccupation is whether he can become a bigger cog."

2.4.3 Henri Fayol - Administration

With two exceptions, Henri Fayol's theories of administration dovetail nicely into the bureaucratic superstructure described by Weber. Henri Fayol focuses on the personal duties of management at a much more granular level than Weber did. While Weber laid out principles for an ideal bureaucratic organization Fayol's work is more directed at the management layer.

Fayol believed that management had five principle roles: to forecast and plan, to organize, to command, to co-ordinate and to control. Forecasting and planning was the act of anticipating the future and acting accordingly. Organization was the development of the institution's resources, both material and human. Commanding was keeping the institution's actions and processes running. Co-ordination was the alignment and harmonization of the groups' efforts. Finally, control meant that the above activities were performed in accordance with appropriate rules and procedures.

Fayol developed fourteen principles of administration to go along with management's five primary roles. These principles are enumerated below: Specialization/division of labor, Authority with responsibility, Discipline, Unity of command, Unity of direction, Subordination of individual interest to the general interest, Remuneration of staff, Centralization, Scalar chain/line of authority, Order, Equity, Stability of tenure and Initiative, Esprit de corps.

The final two principles, initiative and esprit de corps, show a difference between Fayol's concept of an ideal organization and Weber's. Weber predicted a completely impersonal organization with little human level interaction between its members. Fayol clearly believed personal effort and team dynamics were part of an "ideal" organization.

It is clear that modern organizations are strongly influenced by the theories of Taylor, Mayo, Weber and Fayol. Their precepts have become such a strong part of modern management that it is difficult to believe that these concepts were original and new at some point in history. The modern idea that these concepts are "common sense" is strong tribute to these founders.

2.5 Empirical Literature Review

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) (Clarke 2007).

Planning is a vital component of effective school financial administration (Du Preez et al. 2003). The planning of school finances usually begins with the drafting of a budget (Kruger 2005). According to Bisschoff (1997), a budget is the mission statement of the school expressed in monetary terms. McKinney (1995) argues that 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 (Clarke 2007; Du Preez et al. 2003). Bisschoff (1997) summarizes the purpose of a budget 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.

Leadership in financial administration involves three aspects: sound relationships, communication with all stakeholders and internal as well as external and motivation of all the people concerned with school finances (Bisschoff 1997). Bisschoff (1997) argues that good communication will ensure that each staff member who is involved in school finances would be informed about authorizations for various expenditures, is knowledgeable about the financial procedure for expending money, and knows to whom the results of the expenditure should be reported. Bisschoff (1997) emphasize that all staff members should feel that they have a role to play in all of the school's activities, as this will motivate them to work hard and consequently achieve effective and efficient financial administration.

Clarke (2008:278) describes financial management as follows: "It is essential that the (school) principal makes sure that she/he has the knowledge and understanding of the basic processes involved in managing the school accounts, the budgeting process and the systems and controls that are necessary to ensure that the school's monies are not misappropriated." Swanepoel, Erasmus and Schenk (2008:402) explain financial management as a requirement of managers to take responsibility for the actions and achievements in greater managerial discretion over their inputs. Thus, managers have to take responsibility for their performance. Van Wyk (2004:411) states that the objective of financial management in the public sector is to support management in the allocation of limited resources with the purpose of ensuring economy, efficiency and effectiveness of the service in the delivery of outputs required to achieve desired outcomes that will serve the needs of the community (school). Bischoff states that for sound financial school management it is important to have an accurate system for recording financial transactions. Picus, Lawrance, Odden and Fermanich (2003:205) define financial education management as the distribution and use of money for the purpose of providing educational services and producing student achievement. This implies that the SGBs should use the money at their disposal for learners'

achievement. In order for a school to manage its finances effectively and efficiently, a school finance policy must be developed, adopted by all the relevant stakeholders and implemented accordingly (Mestry 2004:1)

Analysis drawn from the above literature review is financial management consist of principles and objective that assist in achieving effective education through harmonious collaboration between academic and administration. Financial activities are dealt with most effective when both the administrative and academic personnel are involved in the process. Communication is the basis for establishing relationship and providing motivation. This implies that school governing board should use generated resources for education purpose, for the schools to manage their Finance effectively and efficiently they need to develop finance policy by involving all resourceful stake holders, adopt and implement them accordingly.

2.6 Research Gap

In-depth review of the literature on assessing the factors affecting financial management in private schools was done;

Bisschoff (1997) notes that “harmonious collaboration between academic and administration staff is a prerequisite for successfully achieving financial objectives”. Niemann (1997) believes that financial activities are dealt with most effectively when both the administrative and academic personnel are involved in the process. Communication is the basis for establishing relationships and for providing motivation (Niemann, 1997).

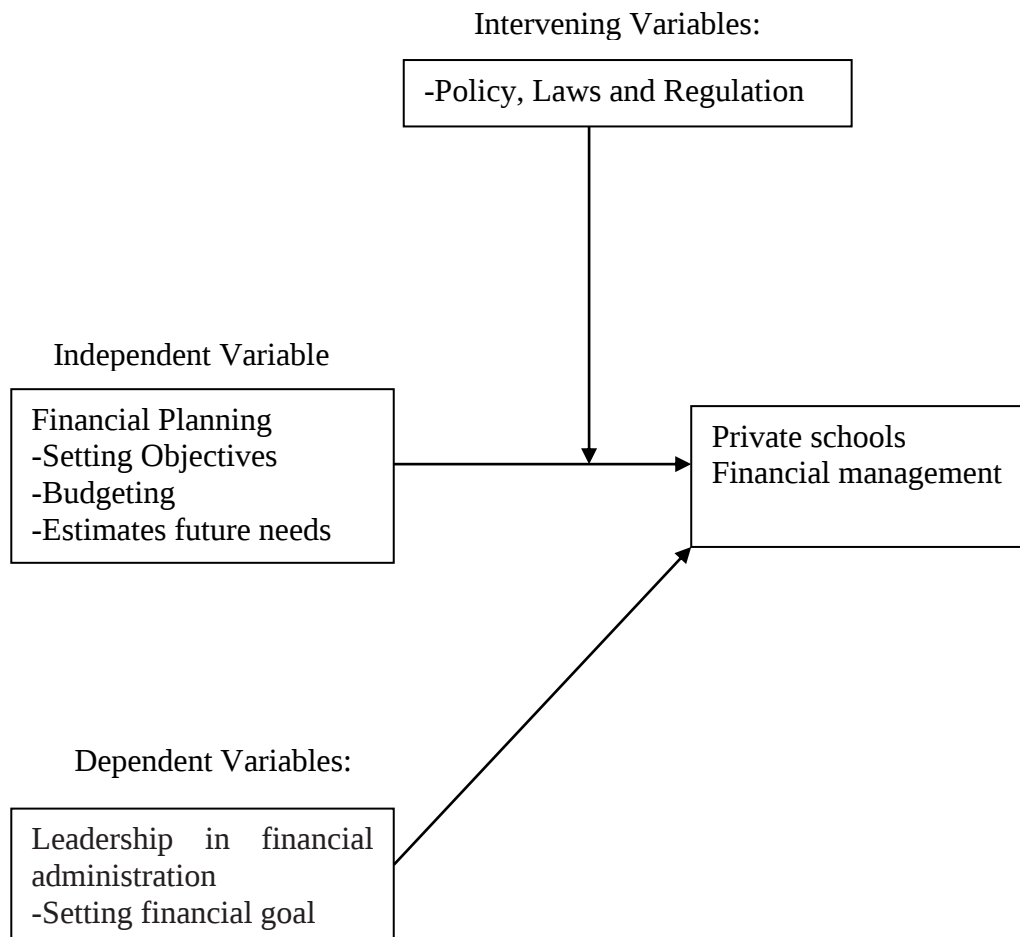
However this research specifically examined financial management challenges in private schools that might lead to close down of such schools if will not be checked. Also it assesses the financial management practice and performance of private schools.

2.7 Conceptual Framework

A conceptual framework makes a logical sense of the relationships among the several factors that have been identified as important to the problem (Uma, 2003). The basic framework of this study is built around the conceptual model (See Figure 2.1). In order to get the variables contributing on key statement a conceptual framework is essential.

Under this study two independent variables were considered: financial planning and leadership in financial administration which tend to influence the overall financial management with Financial Laws and Regulation being Intervening Variables.

Figure 2.1: Conceptual Model



Source: Created by the researcher 2013

As depicted in the model, financial planning is a process of setting objectives, assessing assets and resources, estimating future financial needs, and making plans to achieve monetary goals. Many elements may be involved in financial planning, including investing, asset allocation, and risk management. Tax, retirement, and estate planning are typically included as well.

However, financial planning also plays a starring role in helping individuals get the most out of their money. Careful planning can help individuals and couples set priorities and work steadily towards long-term goals. It may also provide protection against the unexpected, by helping individuals prepare for things such as unexpected illness or loss of income.

Moreover, Kallaway (2002:165) describes policy as a statement of intent, decisions, courses of action and/or resources allocation designed to achieve a particular goal or resolve a particular problem. The Oxford Illustrated Dictionary (1976) defines policy as a document containing the rules for prudent conduct indicating the courses of action to be taken by an institution. Mestry (2006:35) indicates that a good policy identifies and articulates the values and the basic principles to be applied to specific needs of the organization. It should not only set direction but should also give direction. Bischoff (1997:158) defines finance policy as a statement concerning the manner in which funds will be generated and spent at a specific school. The financial policy should either form an integral part of the school policy or be a separate policy as in the case of the subject policy. It is therefore essential that all stakeholders be directly involved in the drafting and implementing of all school policies.

2.7.1 Hypothesis

A hypothesis is a prediction of the outcome of a study. The study was guided through by two hypotheses: The hypotheses set are according to the theory that has been put forward by other authors in their context: either they are believed to be true from financial management perspective. However from this research scenario those statements are to assist for the argument but have not yet been proven. The study gave special consideration to the null hypothesis above due to the fact that null

hypothesis relate to the statement being tested expected to be accepted or rejected after the outcome. The first group of hypothesis was geared towards testing the relationship between financial planning and financial management; to see if there is any significant relation between these variables. For this the hypotheses set were;

Ho: there is significant relationship between financial Planning and financial management.

H1: there is no significant relationship between financial Planning and financial management.

The hypothesis was tested by using one tailed test as the test was proven the significant relation on Poor financial Planning and financial management. One-tailed tests method is used for asymmetric distributions that have a single tail, which are common in measuring goodness-of-fit, such as the normal distribution, which is common in estimating location; this corresponds to specifying a direction. On the other hand it was deemed necessary to test the relationship between leadership in financial administration and financial management. The set hypothesis for this group was;

HO: there is significant relationship between poor Leadership in financial administration and financial management.

HI: there is no significant relationship between poor Leadership in financial administration and financial management.

The method that was used to test this hypothesis explained above is by using one tailed test as the test was proven the significant relation on Poor Leadership in financial administration and financial management. However, One-tailed tests are used for asymmetric distributions that have a single tail, which are common in measuring goodness-of-fit, such as the normal distribution, which is common in estimating location; this corresponds to specifying a direction.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

Methodology involves process of data collection and designs. This involves quantitative or qualitative approach, sample selection, type of data collected, sampling units, tools of data collection, data entry as well as data analysis. The area of interest in this study is to consider area that has many private schools.

3.2 Area of Study

Area of study is a place where data is to be collected (Adam and Kamuzora, 2008). The study was carried out in Dar es Salaam region. The area of study was selected for a number of reasons. Among which were, although private schools practices business everywhere in Tanzania, but majority of them are in Dar es Salaam where their performance was expected to be at reasonable level and effectively measurable. Secondly, Dar es Salaam is the largest city of all in Tanzania and therefore, it is presumed that private schools were facing more challenges than in any other regions. Third, the time and money is scarce to be able to conduct the research country wide.

3.3 Population, Sample Size and Sampling Procedures

The population of the study was a number of private schools operating in Dar es Salaam. The focused private schools are based on the period in operation of at least 12 years, and which are believed to have faced many business challenges (i.e. Makongo, Tegeta and Mbezi beach Secondary Schools in Dar es Salaam Region). Research population is 204, consisting of Heads of schools (12) Staff Teachers(180),and Bursars (12).population characteristic was considered to be sharing similar trait, that is common binding characteristics hence they are all in the same sector, same job description ,working environment ,organization chart, power and responsibility are similar. The selected population was expected to answer research questions which address factors affecting financial management in private schools with great precision.

The sample size is 51 respondents which were taken from Makongo, Tegeta and Mbezi beach Secondary Schools in Dar es Salaam Region as indicated in table 3.1 below.

Table 3.1: Distribution of Sample Size

Sample Descriptions/subjects	Sample Size	Population	Sampling Technique
Head of School	3	12	Snowball
Staff Teachers	45	180	Snowball
Bursars	3	12	Snowball
Total	51	204	

Source: Researcher's Construct, 2013

Sampling technique used to draw the sample size above from a large population, from Makongo, Tegeta and Mbezi beach Secondary Schools in Dar es Salaam Region is snowball method due to the fact that this region has many private schools than other region. Its geographical position has good transportation and communication facilities and that; together with other constraints the researcher believes that it was able to avail sufficient information for the study.

Snowball sampling is a non-probability sampling technique where existing study subjects recruit future subjects from among their acquaintances. Thus the sample group appears to grow like a rolling snowball. As the sample builds up, enough data is gathered to be useful for research

3.4 Variables and Measurement Procedure

Both primary and secondary data were collected in order to determine the adequacy of dependent variable (Private Schools and Financial Management). These data were measured quantitatively and qualitatively by showing what development approach is used to get needed data on each variable. Under this measurement a focus was taken to find how the four independent variables Financial Planning and Leadership in financial administration whose measurement is detailed in the table below. Table 3.2 shows the study variables on which data were collected in relation with research

objectives for the base of study analysis and extraction of final recommendations. An important step in designing all quantitative research as this, evaluating variables helps to arrive at effective data collection, by defining or identifying financial planning and Leadership in financial administration, they were measured, described to facilitate data that were needed such as setting objectives, budgeting and estimates of future needs under Financial leadership on one hand and setting financial goals data for leadership in financial administration on another hand.

Table 3.2: Study Variables

S/N	Variables	Needed data on each variable
1	- Financial Planning	-Setting Objectives -Budgeting -Estimates future needs
2	Leadership in financial administration	-Setting financial goal

Source: Researchers, 2013

3.5 Data collection Methods

In this study, the researcher has two sources of data, primary and secondary sources of data.

Questionnaires method was used to collect information in all objectives. The respondent questionnaires were printed in English, since from the pilot survey conducted by other researcher shows that most private schools practitioners are conversant with English language. The self administered questions were prepared with the combination of open and closed ended questionnaires gave the target group opportunity to give answers concerning with their personal qualification and term of service, Questionnaires were consisting of two major sections; first section is to understand the characteristics of the respondents to be interviewed. This section was including personal information i.e. Age, home background, education background, marital status. The second section was including the activities that the respondent is involved currently, length of time of activities involved and the challenges observed when collecting income from parent/guardian. It includes factors affecting financial

management in private schools in Dar es Salaam Region. This section was including semi structured interview on selected sample for more clarification on factors affecting financial management in private schools in Dar es Salaam. This method was chosen because it is effective and it gives freedom to respondent in giving their view without any interference and they were not required to write down their names, which gave them more freedom to express their view without fear of losing their jobs.

Notably, Interview method was chosen because first data from one interview to the next one are easily comparable, second recording and coding data do not pose problems and greater precision to be achieved. Lastly attention in this type of interview is not diverted to extraneous, irrelevant and time consuming conversation. Interviews method was used as it allows a researcher to control the line of questioning; a proper designed and executed interview attain higher response rate than structured questionnaires. The researcher was using this technique to obtain additional or supplementary information in all objectives. The information obtained using this technique was compared and contrasted with information obtained through questionnaires to check the consistency of respondent's responses.

3.6 Data Analysis Plan

Data analysis is intended to derive descriptive statistics by classifying, organizing and summarizing the data in tables and graphs as deemed appropriate. In addition, data analysis was leading to the development of inferences from the finding and provides room for decision making interested bodies in the sector as well as the whole country for the better improvement of private schools.

Both qualitative and quantitative data were collected; statistical tools were used in the inferential analysis to reach conclusions and interpretation based on the study objectives. Qualitative data was quantified subject to the content analysis, with a view of extracting relevant and useful information (Kerlinger, 1973). The quantified data was then presented in simple tables and charts; where frequencies and percentages were calculated to facilitate comparison between respondent for the

purpose of drawing up inferences related to particular research questions of this study data analysis was done simultaneously with data, data interpretation and report writing. In order to maintain internal validity, consistency, reliability and accuracy, the researcher constantly compared data from interview responses.

After collection, data editing and cleaning was done to ensure data consistency, uniformity and completeness. The researcher was employed using computer software such as MS Excel and STATA for analysis and presentation. These statistical packages were useful because of their simplicity and ability to draw graphs and tables.

According to Saunders et al, (2009), Content analysis refers to a technique used to analyze communication with systematic, objectives and qualitative manner in order to measure variables. And thus in private schools qualitative data was quantified subject to content analysis with a view to extract relevant information. Data analysis was also involved comparisons and contrasts from one respondent to another so as to obtain alternative explanations for the findings. Data analysis was made simultaneously with data collection, data interpretation and report writing of the study.

The researcher was collecting the data himself, because the researcher is the one conceived the idea of this research and also who is familiar with the objectives of the study as well as reliable for eliciting required requisite information in both structured and unstructured situations. The researcher was using guided checklist questions to probe the respondent's information regarding the objectives of the study.

CHAPTER FOUR

PRESENTATION OF FINDINGS AND DISCUSSION

4.1 Introduction

The first part of chapter explains the Background Characteristics of Respondents while analysis in the response of the research objectives. The last part explains discussion of the study findings.

4.2 Respondents Characteristics

The study was conducted at Dar es Salaam Region by taking three private schools (Makongo, Tegeta and Mbezi beach secondary schools) in assessing factors affecting financial management in private schools. A total of fifty one (51) respondents were selected out of 204. Questionnaires was distributed and returned (see table 4.1) the response rate is

Table 4.1: Distribution of Respondents

Respondent	Population	Sample Size	Percentages (%)
Head of School	12	3	6
Staff Teachers	180	45	88
Bursars	12	3	6
Total	204	51	100

Source: Study Findings, 2013

4.3 Demographic Characteristics

The demographic characteristics of the respondents that were investigated include age, sex, age, and education level of the respondent.

In investigating the age profile of the respondents, it was noted that majority (58.9%) were within 31-45 years of age with only 6% who were less than 30 years. Therefore, it shows that most of the respondents were in age-categories between 31-45 years (see table 4.2).The age group was considered and it was necessary in the first place

due to the fact that such people who are bearing such age are more matured, experienced and exposed to working environment and communication with other people. The implication was such age group was resourceful to the study and availed to the researcher reliable data.

On linking to the findings, according to Mckenna (2000 p. 276) argues that in financial management as it deals with managing cash, Older people have better understanding with money than younger people, since, due to a longer career, they had more chances to manage cash rather than younger people. However, most financial managers, directors of finance and bursars are aged enough because older people have adjusted their expectations downwards over the years and they are therefore more easily contempt than younger people, again the older generation as a whole has always been more satisfied.

Table 4.2: Age Group of Respondent

	Age	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 30 years	6	11.0	11.0	11.0
	Between 31 - 45 years	30	58.9	58.9	69.9
	Above 45 years	15	30.1	30.1	100.0
	Total	51	100.0	100.0	100.0

Source: Study Findings, 2013

However, in investigating the sex profile of the respondents, most of the respondents (64%) of the respondents were male, while the 36% were female. Therefore, analysis of findings show indicates that, more male were sampled (see table 4.3). Therefore, analysis of findings show indicates that, more male were sampled (see table 4.3). On linking to the findings, Lefkowitz (1994) analyzed a number of studies and discovered that women's are less invested in their work in financial management than men's, since women's incomes are, or at least used to be, merely the second income in the household. Another, more likely, reason would be that women experience less accounting experience than men.

Table 4.3: Sex of Respondents

	Sex	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	33	64.0	64.0	64.0
	Female	18	36.0	36.0	100.0
	Total	51	100.0	100.0	

Source: Study Findings, 2013

Moreover, in investigating the education level of respondents; it is clear that the holders of Diploma were representing 25 %(13) of the respondents, while the holders of Advance Diploma were representing 23 %(12) of the respondents, holders of certificates are representing 20 %(10) respectively of the total respondents. The last majority of the respondents have attained secondary education i.e. 31 %(16). Therefore, analysis of findings show indicates that, more respondents holding Secondary education were interviewed, The rationale behind this respondent with the above academic background are knowledgeable and capable of giving their objective opinion, which made data collection more convenient (see table 4.4). on linking to the findings, Green & Gallie (2002) find that both the level of, and the increase in, the skills required in financial management are associated with higher levels of arousal among workers, but also greater task discretion and greater participation of workers in decisions concerning their jobs, and, to a lesser extent, more support from a team. Stress ensues because the arousal is excessive with respect to the other gratifying effects. By contrast, under-skilling tends to generate boredom and depression (see also Maynard et al. 2006).

Table 4.4: Level of Education

	Level of Education	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Advanced diploma	12	23.0	23.0	23.0
	Diploma	13	25.0	25.0	48.0
	Certificate	10	20.0	20.0	68.0
	Secondary	16	31.0	31.0	100.0
	Total	51	100.0	100.0	

Source: Study Findings, 2013

4.4 Factors Affecting Financial Management in Private Schools

On establishing Factors affecting financial management in private schools, as noted in Table 4.5, out of 60 questionnaires distributed, on responding to factors affecting financial management in private schools, 57%(34) of the respondents say Staff resistance, 17%(34) of the respondents says Management commitment, and 15% of the respondents say system complexity and Capacity of the secondary school.

Table 4.5: Factors Affecting Financial Management in Private Schools

	Factors	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Staff resistance	6	11.00	11.00	11.00
	Management commitment	9	17.00	17.00	28.00
	System complexity and Capacity of the school	7	15.00	15.00	43.00
	Degree of decentralization	29	57.00	57.00	100.00
	Total	51	100.00	100.00	

Source: Study Findings, 2013

As noted in table 4.5 above, majority (57%) of the respondent in the findings, argued that; the greater the degree of decentralization the more bursars empower their subordinates in discharging their duties toward achieving private schools set goals and objectives. Because bursars who don't delegate authority are ultimately end up doing everything in the finance department hence not achieving financial efficiency. Bursar can observe and monitor what subordinates are doing and create a team work rapport, because they will be jointly reliable for their actions in case of a problem.

In Lee's article (2012) schools are increasingly complex places, heads of schools can rely on prudent of non academic matters to a bursar. The professional bursar provides the business management skills necessary to support the head in attaining the schools aim and objective. The bursar can also undertake many of the non academic functions of the schools including supervision of non academic staff.

As noted by 17% of the respondent in the findings, argued that Commitment management is designed to achieve sustained commitment from employees. The application of commitment management in private schools today originated from an alignment of the employees' and the private secondary schools mission. Attribute this congruence as a product of performance and psychological collaboration between the private secondary schools and its employees. Since its initial developments, commitment management has been driven by self-regulated behavior and performance-driven group dynamics. Fayol (2008) clearly believed personal efforts and team dynamics were part of an ideal organization.

As noted by 15% of the respondent in the findings, argued that; System complexity and Capacity presents problems both in mathematical modeling and philosophical foundations. According to Taylor (2007) It represents a new approach to science that investigates how relationships between parts give rise to the collective behaviors of a system and how the system interacts and forms relationships with its environment in financial management.

As noted by 11% of the respondent argued that staff resistance exist in private schools to some policy and financial regulations stipulated by the management. While resistance is the normal human reaction in times of change, good change management can mitigate much of this resistance. Financial management is not just a tool for managing resistance when it occurs; it is most effective as a tool for activating and engaging employees in a change. Capturing and leveraging the passion and positive emotion surrounding a change can many times prevent resistance from occurring - this is the power of utilizing structured change management from the initiation of a private schools. In Thornton's article (2013) the management style affects employees' motivation and capacity to learn. Most effective management vary in their commitment depending on the employees knowledge and skills, the nature of the task, time constrain and other factors, by so doing they encourage and inspire employees to do their best all the time.

In Kinene's article (1996), accountability is widely known as the biggest factor affecting financial management in private schools; more so, when there is crucial need to show that money is spent correctly. According to Wetson and Brigham (1969), financial record keeping is an accounting control that relates to protection of funds or assets of the organization and reliability to financial reports. Briefly, record keeping is concerned with reporting and measurement of financial position. Financial management uses information provided by the accounting system to make decisions, which would enable the organization to achieve its goals.

However, Keeping of financial records is pointed out as an important issue as regards to factor affecting financial management in private schools. Keeping of records is very instrumental in providing information about financial control. Nkata and Onyek (1991), consider financial record keeping at any private schools level as passing and following four steps: authorization, approving, executing and recording. That is, top management authorizes payment, the financial controller may approve it and there should be one person to execute payment by preparing invoices and later recording the transactions by the Accounting Department.

For an effective record keeping of financial matters, Briston (1981) emphasizes on sub-division of duties so that no one handles transaction completely from the beginning to the end. To this author, it is not proper for an individual charged with the custody of cash to get involved in the accounting function. This is because when financial errors or any improper actions are made the individual can conceal such blunders. Therefore, Hass and Bierman (1975), are of the view that it is significant that the finance functional areas of management are brought into focus, for a broad mutual enrichment of functions between management and accounting which is a vital feature in the successful life of the private schools. Most private schools, however, need proper sub-division of duties and a careful design of accounting procedures to provide a basis for adequate financial control. Financial management particularly concerns cash management. Cash is the money which the organization can distribute immediately without any restriction.

According to Banified (1973) financial planning and budgeting is a periodic assessment for private schools revenue. It can also be said to be a plan especially one concerning a particular period of time, specifying how money coming in, for instance, to a household or a business and payment will be allocated. He further sets out clearly the process of rational financial planning drawing from rational choice theory previously established in economics and the study of decision-making. Three divisions of rational choice are central to financial planning and budgeting as a reflective of cognitive activity undertaken apart from operational activity. This includes, listing of all the opportunities for action open to decision makers, identifying all the consequences which would follow from the adoption of each of the possible actions and selecting the action which would be followed by the preferred set consequences.

4.5 Financial Management and Performance of Private Schools

As noted in Table 4.6, out of 60 questionnaires distributed, on responding to financial management and performance of private schools, 57%(34) of the respondents decide that their performance are good, whereas 42% of the respondents decide that their performance are not good. Hence, this finding implies that private schools their financial management led into to good performance. In general, privately managed schools tend to have more autonomy, better resources, better school climate and better performance levels due to good financial management.

Table 4.6: Financial Management and Performance of Private Schools

	Responses	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Good	29	57.00	57.00	57.00
	Not Good	22	43.00	43.00	100.00
	Total	51	100.00	100.00	

Source: Study Findings, 2013

Financial Management Performance

Management is a very wide term that deals with the process of watching or otherwise keeping check on the organization while guiding activities to achieve the

organization's objectives. According to Mullins (1994), management is an integral part of the process of organizational development. It draws together the discrete elements into whole institutional action. More broadly, management is the process of designing and maintaining an environment in which individuals, working together in groups, efficiently accomplish selected aims (Koontz and Weirch, 1990).

Management practices such as financial management have always been critical processes. They are the vital stages in the formation of the expectations that form employees' psychological contract with the university on which, with an emphasis on organization policies, employees choose to join the organization (Bratton 2000).

In practicing financial management at private schools bursars should follow practices/procedures in managing cash collections which are:

Segregation of Duties- This means that no financial transaction is handled by only one person from beginning to end. For cash disbursements, this might mean that different people authorize payments, sign cheques, record payments in the books, and reconcile the bank statements for effective cash management control. If an organization is small managed by volunteers and possibly one staff person, this principle can be hard to put into practice whereby consider having one person, such that, he/she paid staff member, sign checks and assign a different person, such as the board treasurer, to review disbursements, bank statements, and canceled checks on a monthly basis.

Authorization and Processing of Disbursements- In this, developing policies regarding who in the organization can authorize payments. Private schools designate this function solely to the financial manager to ensure that he/she is the one person paying attention to monies going out of the organization. In other cases, a financial manager as department head might authorize purchases for that department, as long as they are within the department's budget. In most organizations, once the board approves the budget, it does not need to authorize individual purchases within that budget. However, unbudgeted purchases would require additional approval. Also, in

very small organizations, the board treasurer or board president may be asked to authorize all purchases. Even larger organizations have policies requiring the board to authorize significant expenditures, such as purchases for computers or other assets. It is important to agree and formally define what constitutes a significant expenditure and how these purchases will be handled. Notably, all disbursements should be accompanied by adequate documentation, in the form of receipts or an invoice.

Managing Restricted Funds (financial collection) - financial collections are a form of revenue unique to the organization. Money which has been restricted by the donor for a specific use (such as buying a new building, starting a new program, building an endowment, etc.) should only be used for the purpose for which it has been given.

However, most organization finds them tempted to borrow against restricted monies when facing a cash shortage. In cases where the finder clearly prohibits such borrowing, such action clearly violates the finder's trust and instructions and may lead to revocation of the grant. In other cases, donors allow temporary borrowing as long as the money is replaced within a certain period of time, usually within the grant year.

Ultimately, it is the role of the board to ensure that the organization fulfills its obligations to donors. Therefore, in cases where borrowing against restricted funds is permitted, the board should establish policies which describe the circumstances under which such borrowing is allowed. These policies might include how often borrowing may occur, who may authorize the internal fund loan, and how much can be borrowed (such as a percentage of the total grant). In addition, a repayment plan should be established and the board should be advised regularly on the status of any internal fund loans.

Cheque Signing- There is some debate regarding the number of signatures required on a cheque. In many cases, it is useful to require two signatures on cheque, especially for purchases over a certain amount. This amount will vary with the organization's budget; accountant may be able to help determine how much is

significant. At private schools cheques require two signatures to be authorized but the number of authorized signatories should be kept to a minimum, while ensuring that daily business is not unnecessarily hampered.

The purpose of this cheque control is to make sure that there are deliberate decisions made about who to pay, how much to pay, and when to pay bills. If habitually they have one or more cheque that is pre-signed by one of the two required signatory, it defeats that purpose. If more than one signer is not regularly available, this inhibits ability to meet obligations.

Generalization in practicing financial management, most participants expressed uncertainty regarding the roles, responsibilities and accountability of the school board members. This seems to suggest that where roles are not clear, the possibility arises that conflict may occur between parent governors and principals, thus affecting the functioning of the school. Gamage and Sooksomchita (2004:30) report that principals interviewed agreed that it was important for school principals to undergo leadership and management training because “the ability to delegate authority was an essential skill of a principal. Moreover, the school board members are empowered to make important decisions regarding, among others: Managing the school budget; developing policy articulating school vision and goals; composing mission statements; and managing performance management.

Mazibuko (2004) studied the role perceptions of SGB and SMT members on school governance. The findings of his study reveal that members of both the school governing body and the school management team indicate a relatively good understanding of their roles and responsibilities in the school. The findings further reveal that poor training hindered all members of the SGB and SMT respectively from performing their roles and responsibilities effectively. The findings seem to suggest that SGBs and SMTs needed to be trained in all areas of their responsibility because the school faced the problem of involving all the stakeholders in the affairs of the school. It should be noted that there is no training aimed specifically at principals and chairpersons.

However, in practicing financial management, Heystek (2004) studied the relationship between the principal and the parent in the school governing body. He reports that though many principals have long years of experience, the participative and democratic management approaches are new for most of them. He further mentions that not even their experience can prepare them for these changed situations. Since the democratic management approach may be a new experience to some principals, it is possible that they may resist sharing power with other people. Such resistance may result in disagreements between principals and parent governors, thus throwing the school into chaos. However, where the principals are willing to share power with other role players, effective teaching and learning takes place.

Also, in practicing financial management at private schools, all heads were necessarily heavily involved in the financial management of their schools, and most agreed that almost every decision was essentially a financial one in some way. However, the general impression given was that while they made decisions in this area and tried to keep their fingers on the pulse, they preferred to leave the practical matters and associated paperwork to other members of the financial management team, relying quite heavily on bursars to support them. Heads were also often frustrated by the amount of bureaucracy in general, and by the meetings they faced on a daily basis, often around fairly small issues. Some heads were clearly more proactive and hands-on than others: whereas some had an interest in every decision taken, others were more interested in the overall direction the school was heading in. There also appeared to be a small number of heads who preferred to take overall responsibility for their school's finances. These heads preferred their bursars to work as part of a financial admin team, rather than working more independently. This situation sometimes appeared to have occurred in smaller schools (typically primary schools) due to circumstances rather than by choice. A small number of heads had ended up taking control of their school's finances because they could not afford a bursar (or at least one with much contact with the school). These heads tended to work at weekends and evenings in order to stay on top of their finances. Some heads were unhappy with their bursars due to the lack of support they felt they received,

largely stemming from their perceived lack of real skills, and/or their refusal to work with governors. Linked to this was sometimes a more fundamental element of tension between heads and bursars. This was difficult to explore fully, but appeared to stem from the fact that heads were focused on educational outcomes whereas bursars were focused on financial efficiency – which could lead to a perceived disjunction in goals.

Moreover, in practicing financial management at private schools, Bursars had a number of job titles including „bursars“, „school business managers“ and financial managers“. For the sake of clarity, we shall refer to them all as bursars unless a specific audience is being discussed. Bursars differed according to a number of factors relating to their role and impact on the school’s financial management. A fundamental issue was the question of the amount of contact they had with the school, specifically whether they were full or part time. Some were permanent members of staff, whilst others worked only 1 day a week or, in extreme cases, 1 day a month in their schools. In Yorkshire, several schools were making use of a Local Authority Bursar Service, a group of essentially freelance bursars who would pay a monthly visit to a school, and who all looked after several schools. As might be expected, the less contact a bursar had with the school, the more abstract their role from the day to day running. That said, this also had the effect (on some) of making them more dispassionate about their schools and allowing them to make blunted recommendations (regarding cuts, for example).

4.6 Challenges Facing Financial Management in Private Schools

As noted in Table 4.7 below, out of 60 questionnaires distributed, on responding to challenges facing financial management in private schools, 57%(34) of the respondents say Poor level of bursar’s computer literacy, 17%(34) of the respondents say Poor level of computer facilities, and 15% of the respondents say Minimum involvement of accounts staff i.e. bursars. Hence, this finding implies that private secondary schools have challenge in level of bursar’s computer literacy that facing managing their financials.

Table 4.7: Challenges Facing Financial Management in Private Schools

	Responses	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Poor level of bursar's computer literacy	26	50.98	50.98	50.98
	Poor level of computer facilities	22	43.14	43.14	94.12
	Minimum involvement of accounts staff i.e. bursars	3	5.88	5.88	100.00
	Total	51	100.00	100.00	

Source: Study Findings, 2013

Linking to the findings, Heystek (2004) argued that challenges facing financial management in private schools, it is in practicing financial management as all heads were necessarily heavily involved in the financial management of their schools, and most agreed that almost every decision was essentially a financial one in some way.

However, the general impression given was that while they made decisions in this area and tried to keep their fingers on the pulse, they preferred to leave the practical matters and associated paperwork to other members of the financial management team, relying quite heavily on bursars to support them.

Heads were also often frustrated by the amount of bureaucracy in general, and by the meetings they faced on a daily basis, often around fairly small issues. Some heads were clearly more proactive and hands-on than others: whereas some had an interest in every decision taken, others were more interested in the overall direction the school was heading in.

There also appeared to be a small number of heads who preferred to take overall responsibility for their school's finances. These heads preferred their bursars to work as part of a financial admin team, rather than working more independently. This situation sometimes appeared to have occurred in smaller schools (typically primary schools) due to circumstances rather than by choice. A small number of heads had ended up taking control of their schools finances because they could not afford a bursar (or at least one with much contact with the school).

These heads tended to work at weekends and evenings in order to stay on top of their finances. Some heads were unhappy with their bursars due to the lack of support they felt they received, largely stemming from their perceived lack of real skills, and/or their refusal to work with governors.

Linked to this was sometimes a more fundamental element of tension between heads and bursars. This was difficult to explore fully, but appeared to stem from the fact that heads were focused on educational outcomes whereas bursars were focused on financial efficiency – which could lead to a perceived disjunction in goals.

Poor Level of Bursar's Computer Literacy

From the study that was done 34 out of 60 responded pointed out one of the challenges facing Private schools was the bursar's poor level of computer literacy, all their financial operations are conducted manually, that is lack of computer education to the bursar's makes the whole system of tracking all financial related information more complex and cumbersome to handle. Reconciling and providing financial related report within a short time become an uphill task because nothing can be accessed at their desktop which makes them do a difficult job for a long time of following up to their respective subordinates. Bursar's in modern business environment requires them to be exposed to accounts packages to ease their operation workload, and thus be able to give financial reports on time.

Poor level of computer facility, it was noted from respondent as depicted above that in private schools they lack computer facilities, which could have helped to link the principal office and accounts department to ease financial management operation these two offices depend on each other to discharge their duties for the information availed to each other.

Accounts department need information such as number of students, teachers, schools requirements and the principal on the other hands at any point in time need to be on top of what is happening in school, such as the financial position for decision making budget implementation, and outstanding income. All these information could be

accessible and shared easily if computer facilities were available in private schools and utilized with some workable accounting and office package. Also computer facilities are a reliable way of storing information for a long time which can be used for future needs without going through a pile of dust files somewhere, which stresses the importance of computer facilities in Financial Management in private schools.

Minimum involvement of accounts staff i.e. bursars, as indicated from the respondent, it was established that one of the challenges in financial management in private schools is due to some schools head who don't want to involve the school bursars in schools financial matter, as it was covered in literature review that all school bursars target at achieving financial efficiency and schools head tend to focus on educational outcomes, which lead to a perceived disjunction goals. From this scenario some schools head tend to sideline bursars because with all schools structure the school head is in charge of all the workers in schools, including the school bursars. When this occurs the financial management in schools is compromised and becomes one of the challenges.

4.7 Financial Management Techniques

Financial management systems provide techniques for private schools to validate and influenced by design private financial control system. These factors include size of the school, one's position in the secondary's hierarchy, and degree of decentralization, culture, and importance of an activity. Discussed financial management techniques here are workable for effective and efficient financial management practice recommended by the study to out compete challenges facing financial management in private schools.

4.7.1 Goal Setting

It is hard for private schools to begin implementing financial management techniques unless they have concrete goals for their financial future. Determine where private schools see themselves financially in the next five years, the next ten years and at retirement. Private schools may not have aspirations to be continuity without calculating their income against expenses to get an accurate view of where they need

to save and reallocate funds to achieve their goals. Open a specific savings account or investment account to track their savings.

4.7.2 Budgeting Skills

A budget is a plan of income and expenditure for the following year. It is evident from the definitions of the budget that it will be difficult to monitor the cash flow of school finances without a copy of the budget. It seems as if the challenge lies in the availability of the school finance policy where only five chairpersons had copies. The procedure for the approval of expenses without policy may differ greatly as the issue of maintenance of constancy may be difficult to implement.

Once private schools have their goals in place, it will be much easier to take a hard look at where their money is going. By writing down their expenses and categorizing them as "need to have" and "nice to have," they will quickly realize opportunities to save. When private schools take into account their paycheck and expenses, they choose a concrete figure that they need to save. Analyze all bills for savings opportunities and remember to check different providers for services.

According to Oosthuizen (1998:300), a budget is a management tool or mechanism by means of which the management team of the school can estimate and plan, utilize and co-ordinate, control and evaluate the human material and other resources of the school in financial terms. The school has the function of providing a foundation for planning and implementing a financial strategy for the school as well as providing an operational cost-effective framework for the implementation of school programmes. Discipline is an important principle of budgeting. Therefore, when dealing with the budget, the elements of the budget such as income, cost, assets and liabilities should be reflected. The school budget is informed by the School Improvement Plan (SIP) for one year and School Development Plan (SDP), which may be projected for a period of three years. When drawing up the annual budget, the school manager and the financial committee must consider the following range of purposes, as highlighted by Bischoff (2002:67).

A budget can assist in systematic planning to guide the activities of an academic financial year; be used in qualifying objectives and identifying priorities. The school needs are prioritized by focusing on activities that may lead to the realization of the vision and mission of the school. The principle of value for money will apply in all expenditures incurred; assist in co-ordinating activities and communicating plans within the organization; be used to motivate and increase the accountability of middle management; be used as a tool for the authorization of expenditure and activities within an institution; be used for controlling, monitoring and analyzing expenditure; and can be used as a means of evaluating performance at the end of the financial year to ascertain whether the budget objectives and priorities of an organization have been achieved or not.

It is important that all stakeholders must participate in the budgeting process so that they can own it. In this study, the budget of the school will be determined in terms of the expected income and expenditure for the dates starting from the 1st of January to the 31st of December each year. The principal of the school is responsible for monitoring the budget. According to (Glover 1996:3) monitoring the budget is the continuous process that goes on throughout the year. It involves keeping a check on the differences between the planned financial status of a school at a given time and the actual financial status at the time. Monitoring the budget involves checking expenditure against the budget allocations, checking that the resources that are mobilized effectively, evaluating, and re-organizing if and where necessary.

4.7.3 Strategies Reported to Improve Financial Management

Private schools have developed a variety of strategies to counteract some of the critical problems of fiscal management. Some of the most widely used strategies include: seeking bids and comparison pricing for all purchases, and pay all bills promptly if discounts are involved; Develop partnerships with local organizations for funding educational materials (consider establishing an educational foundation to coordinate such efforts); Use local personnel to provide various services (including volunteers and student employees); Cooperate with other school to access specialized personnel, materials, and other resources (for example, to share or exchange

custodial services with other local agencies); Use sweep accounts to keep investment income at the highest possible return.

Other areas where strategies have been developed are adjusting length of private schools day and year (for example, reducing a high school schedule from seven to six periods), eliminating study halls, combining small enrollment grades, and offering some secondary classes in alternate years. Strategies concerning staff include working around salary issues; implementing early retirement options; using time management techniques; involving staff at all levels in developing the budget and planning facilities; and hiring very talented people with multiple skills and interests.

Strategies for dealing with equipment and facilities include contracting specialty and janitorial services, using mobile libraries and portable classrooms, leasing school buildings, eliminating vandalism, and reducing fuel consumption. Strategies for generating funds include the use of school stores, vocational class products, adult evening classes, wise investments, cooperative buying, cooperative application for federal aid programs, community support of school projects, and local donations.

Strategies to maximize state aid, Although most rural districts are not happy with current funding formulas, rural school administrators reported strategies to make the private schools finance formula work more effectively for their districts.

These strategies include: increase average daily attendance (ADA) by providing a full-day kindergarten (if appropriate and if additional costs do not outweigh added fiscal benefits); increase student attendance rates by development of a perfect attendance incentive program; Budget the general fund legal limit; Make certain all eligible families apply for free or reduced lunches; include home scholars' in the head count--simply sponsor and monitor their program; schedule purchases to encourage quick state turnaround in state aid; access as many special programs as possible that provide additional funding sources outside the regular state aid formula; and join with others to influence policymakers.

4.8 Test of the Hypothesis (See Appendix II)

Introduction:

One tailed test is a statistical test in which the critical area of a distribution is one-sided so that it is either greater than or less than a certain value, but not both. If the sample that is being tested falls into the one-sided critical area, the alternative hypothesis will be accepted instead of the null hypothesis. The one-tailed test gets its name from testing the area under one of the tails (sides) of a normal distribution, although the test can be used in other non-normal distributions as well.

On testing the hypothesis the researcher use one tailed test. In statistical significance testing, a one-tailed test is alternative ways of computing the statistical significance of a data set in terms of a test statistic, depending on whether only one direction is considered extreme directions.

One-tailed tests are used for asymmetric distributions that have a single tail, which are common in measuring goodness-of-fit, or for one side of a distribution that has two tails, such as the normal distribution, which is common in estimating location; this corresponds to specifying a direction.

In the approach of Ronald Fisher, the null hypothesis H_0 will be rejected when the p-value of the test statistic is sufficiently extreme (in its sampling distribution) and thus judged unlikely to be the result of chance.

In a one-tailed test, "extreme" is decided beforehand as either meaning "sufficiently small" or meaning "sufficiently large" values in the other direction are considered not significant. For a given test statistic the corresponding one-tailed tests for the test statistic it will be considered either twice as significant (half the p-value), if the data is in the direction specified by the test, or not significant at all (p-value above 0.5), if the data is in the direction opposite that specified by the test.

Procedures

The first group was geared towards testing the relationship between financial planning and financial management.

Ho: there is significant relationship between financial Planning and financial management.

H1: there is no significant relationship between financial Planning and financial management.

Level of significance $\alpha = 5\%$.

Critical value(s) $Z\alpha \pm 1.64$

Test statistics T.

$T = P1 - P2 = 2.35$

SE

Since our T calculated above of 2.35 is within Critical value(s) $Z\alpha \pm 1.64$ hence we decide to accept Null hypothesis:

Ho: there is significant relationship between financial Planning and financial management.

On the other hand the relationship between leadership in financial administration and financial management is presented as follows;

Ho: there is significant relationship between Poor Leadership in financial administration and financial management.

H1: there is no significant relationship between Poor Leadership in financial administration and financial management.

Level of significance $\alpha = 5\%$.

Critical value(s) $Z\alpha \pm 1.64$

Test statistics T.

$T = P1 - P2 = 2.35$

SE

Since our T calculated above of 2.35 is within Critical value(s) $Z_{\alpha} \pm 1.64$ hence we decide to accept Null hypothesis:

Ho: there is significant relationship between Poor Leadership in financial administration and financial management.

Assumptions of One Tailed Test

If you are using a significance level of 0.5, a one tailed test allots all your alpha to testing the statistical significance in the one direction of interest, This means 0.5 is one tail of the distribution of your test statistic. When using one tailed test you are testing the possibility of the relationship in one direction and completely disregarding the possibility of a relationship in the other direction. Our null hypothesis is that the mean is equal to x, A one-tailed test will test either if the mean is significantly greater than x or if the mean is significantly less than x but not both. Then depending on the chosen tail, the mean is significantly greater or less than x, if the test statistic is in top 5% of its probability distribution or bottom 5% of its probability distribution the resulting in p-value less than 0.05.

The assumptions underlying a t-test are that Z follows a standard normal distribution under the null hypothesis, s^2 follows a χ^2 distribution with p degrees of freedom under the null hypothesis, where p is a positive constant, Z and s are independent. The data used to carry out the test should be sampled independently from the two populations being compared. This is in general not testable from the data, but if the data are known to be dependently sampled (i.e. if they were sampled in clusters), then the classical t-tests discussed here may give misleading results.

Interpretations

According to test of the hypothesis we accept Null hypothesis, this implies that, it is true that there is significant relationship between financial Planning and financial management as private schools cannot manage cash without planning. According to Pidgion (2001) managing cash is a challenging task that includes strict procedure and techniques.

However, as we accept Null hypothesis, it implies also there is significant relationship between Poor Leadership in financial administration and financial management. According to Paul (2002), emphasis that, in order to establish a satisfactory system of financial management, the following measures must be taken into consideration; Plan of the organization financial management system; this provides proper segregation of function responsibilities between departments and individuals, which will be defended, and power is properly delegated, Financial management system of authorization, record and custody procedures; this must be adequate provided reasonable accounting control over asset, liabilities and capital, Preparation of financial forecast in which a plan of operation are analysed by getting goals for each division of the business, Financial management supervision and review to internal audit; this ensure sound practices of each department assigned to a competent personnel to ensure control of cash.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter entails the summary of the research, conclusion, recommendations and area for further research that emanating from the findings of the study.

5.2 Summary of Study Findings

This study summarises that, on responding to factors affecting financial management in private schools, respondents mentioned the following factors Degree of decentralization, Staff resistance, Management commitment, and System complexity and Capacity of the schools. In Lee's article (2012) schools are increasing complex places, head of schools can rely on prudence of non- academic matters to the bursar, is practice of decentralization to ease financial management complexity. In Kinene's (1996) accountability is widely known as the biggest factor affecting financial management in private schools, where there is staff resistance as depicted in the findings it is hard to attain accountability in private schools.

However, on responding to financial management and performance of private schools, majority of the respondents decide that their performance is good, whereas other respondents decide that their performance is not good. Hence, this finding implies that financial management in private schools they led to good performance. 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. Clarke (2008:278) describes financial management as follows: "It is essential that the (school) principal makes sure that she/he has the knowledge and understanding of the basic processes involved in managing the school accounts, the budgeting process and the systems and controls that are necessary to ensure that the school's monies are not misappropriated." This will ensure that good performance is attained by the private schools, through adhering to acceptable financial practice.

Notably, on responding to challenges facing financial management in private schools, respondents say Poor level of bursar's computer literacy, Poor level of computer facilities, and of the respondents say Minimum involvement of accounts staff i.e. bursars. Hence, this finding implies that private schools face a challenge in the level of bursar's computer literacy in managing their finances.

Moreover, due to poor financial records keeping and poor technologies application in financials, the absence of a clear policy directive on financial leadership and control is reflected by unsatisfactory financial leadership and arbitrary auditing practices in private schools. Swanepoel, Erasmus and Schenk (2008:402) explain financial management as a requirement of managers to take responsibility for the actions and achievements in greater managerial discretion over their inputs. Thus, managers have to take responsibility for their performance.

5.3 Conclusion

The general objective of the research was assessing factors affecting financial management in private schools. In addressing this objective; three specific objectives were raised to confine the study; which were; to assess the financial management and performance of private schools, to examine the financial management practices in private schools. to examine challenges facing financial management in private schools. Financial management is concerned with raising the funds needed to finance the enterprise's assets and activities, the allocation of these scarce funds between competing uses, and ensuring that the funds are used effectively and efficiently in achieving the enterprise's goals (McMahon, Holmes, Hutchinson and Forsaith, 1993).

From this study, it may be concluded that; financials can be highly susceptible to dishonesty or misuse. In the area of financial management there are key areas of importance that help promote accountability and promote trust and confidence. These key areas would include: policy dealing with financial controls with proper implementation and monitoring efforts in place; adequate bonding of employees who handle money; complete and up-to-date accounting records, including establishing an

investment record; performing cash reconciliations; segregation of duties as well as procedures for monitoring work performed; securing undeposited receipts and regular, timely deposits of cash; and adequate computer controls. Woof (2001) in operation standing (guidelines) define cash management control as whole system, financial and otherwise established by the management in order to manage cash in orderly and efficient manner, ensure adherence to management policies and safeguard the assets.

However, cash controls are necessary, but not fool proof. It is possible for employees to circumvent certain controls, thereby weakening any established system. In addition, some controls cannot be implemented because the cost of the controls would exceed their potential benefit. Senkoro (2002) enumerated the importance of having cash management control department by pointing out functions as following; Division of responsibilities so that one person work is checked by another and then authorized at higher level. It highlights weaknesses in cash management control and makes changes where necessary.

Bursars in private schools are primarily responsible for designing, implementing, and monitoring the effectiveness of financial management controls. The governing board is ultimately responsible for ensuring that the chief financial officer and department heads fulfill their cash control responsibilities. Bursars can assist the governing boards in meeting their financial control responsibilities.

The study with the main objective on factors affecting financial management in private schools has uncovered financial management performance of private schools to be good but being affected with staff resistance, Degree of decentralization, Management commitment, system complexity and capacity of the schools .Also faces challenges such as poor level of bursar's computer literacy, poor computer facilities and minimum involvement of accounts staffs. Recommendation follows on how to address those challenges and factors affecting financial management in private schools.

5.4 Recommendations

The following are the recommendations for this study: They have been categorized into two parties, the first one specifically deals with research findings recommendation and the second party will cover the general acceptable sound financial management practice. First study with the main objective on factors affecting financial management in private schools has revealed that financial management performance of private schools to be good but being affected with staff resistance-which can be prevented through capturing and leveraging the passion and positive emotion surrounding change.

Degree of decentralization-delegation of responsibilities to prudent employees is highly recommended for efficiency operation. Management commitment-achieving sustained employee commitment by aligning them with private schools mission. System complexity and capacity of the schools-there must be interaction and good relationship between management and employees to form good relationships with its environment in financial management. On the other side they also face challenges such as poor level of bursar's computer literacy-Bursar must be computer knowledgeable, exposed different office and accounting package. Poor computer facilities-Management needs to invest in computer facilities and train its employees with applicable packages to their field of specialization. and minimum involvement of accounts staffs-all accounts personnel should be involved in financial related matter and decision.

Second recommendation is on generally acceptable sound financial rules and practice, as captured below.

5.4.1 Maintain Timely and Complete Accounting Records

In this, Private schools bursars should maintain complete and up to date accounting records. That is, bursars need to be accountable to protect their assets and resources from loss, waste, abuse and misuse. To be fully accountable, bursars at Private schools need to establish and maintain adequate accounting records to identify, assemble, classify record and report their transactions for managing their financials.

Surprisingly, based on previous audit experience bursars do not keep complete, accurate or timely records. Accounting records are posted two or more months after transactions have occurred or accounting records are incomplete. Errors and irregularities do occur. If records are not complete and up to date, it is likely that any errors or irregularities that have occurred will tend to be more problematic to identify and correct or even potentially go unnoticed.

To help ensure that cash transactions are recorded accurately and that moneys have been properly accounted for, cash reconciliations should be performed each month. Proper reconciliations would involve comparing adjusted bank balances to cash balances recorded in the accounting records. Differences disclosed in the reconciliation process may be indicative of errors or irregularities and should be promptly investigated and resolved. These reconciliations should be formally documented and retained on file to be available for audit purposes and review by the board.

However, performing cash reconciliations is an important and integral part of any cash management system. When these reconciliations are not being properly performed it creates a significant cash control and financial system weakness. Under these conditions, accountability at private schools financial resources is greatly diminished and increases the risk that errors and irregularities may occur and not be detected and corrected in a timely manner.

5.4.2 Separate Record Keeping Duties from Access to Cash

At Private schools, bursars did not separate the duties of individuals performing record-keeping functions from those having access to cash i.e. cashier. Also, individuals who had access to or custody of cash assets also performed bank reconciliations. That is, mixing record-keeping duties with access to cash may be a weakness in cash management controls and may represent a significant risk for loss of cash.

One method to help achieve the goal of improved financial management is to ensure that one person does not control all key aspects of a transaction. In relation to cash, one person should not receive cash, record the transaction in the accounting records, make bank deposits, prepare and disburse checks, or perform cash reconciliations. Ideally, the record-keeping function should be separated from having custody of or handling cash.

Understandably at Private schools operations are so small (few employees). That is, the entire accounting function is performed by one individual. Hiring additional personnel to separate duties may not be a cost beneficial solution. However, in cases where tasks cannot be effectively separated, management can substitute increased supervision and oversight as an alternative control that can help prevent or reduce risk of loss or misuse of cash assets.

5.4.3 Protecting Undeposited Receipts and Making Timely Bank Deposits

A number of methods for storing receipts prior to being deposited in the bank should be practiced at Private schools. These ranged from keeping undeposited receipts in a locked box inside a safe to instances where the chief financial officer kept undeposited moneys in their home. Also, all of the local governments and school districts told us they deposited moneys within ten days, with the majority making daily deposits.

However, two important elements of financial management controls include providing appropriate physical safeguards for protecting undeposited cash receipts and making regular, timely bank deposits. Ideally, receipts should be deposited in the bank on a daily basis or as soon as practicable from the date of receipt. If there are undeposited receipts, they should be adequately safeguarded and stored in a secure device and location, such as a safe, offering limited access and least portability. Adequate safeguarding of receipts coupled with prompt deposits of those receipts increases the security of cash and reduces the risk of loss.

5.4.4 Restrict Custody of Check-Signing Devices

At Private secondary schools, bursar should use cheque-signing machine (with signature plate) or a rubber signature stamp to sign company cheques. When a mechanical cheque signing device is used, custody of the signature plate or stamp should be properly safeguarded and secured, preferably kept in the custody of and used under the sole control of the officer whose name is on the signature device. Restricting custody of the signature plate or stamp will reduce the possibility for misuse.

5.4.5 Adequately Protect, Back-Up and Store Computer Files

In a computerized record keeping environment, the purpose for the use of individual passwords is to help ensure that only authorized persons have access to the appropriate computer database. The use of passwords also allows for fixing of responsibility and accountability on an individual basis for any changes made to support programs and data files. Passwords should be changed frequently and their use restricted to only those persons to whom they are assigned to ensure the controls that they are intended to provide. Some software programs enhance password security by restricting certain types of transactions or access to certain records to only authorized personnel.

However, a simple way of securing computerized records is to back-up the data everyday and store the back-up files either in a fire proof container or at an offsite location. If data is lost without adequate back- up of files not only would considerable resources be needed to reconstruct or regenerate the work, but it also increases the risk that assets such as cash would be more susceptible to loss or misuse without available accounting records to track financial activity.

Computer files provide, among other benefits, significant convenience but they can also be a liability if not properly protected. Providing for appropriate password and back-up protection of computerized accounting systems will enhance the security of the data.

5.4.6 Monitoring System

Private schools bursar managers must assess risks and develop financial control procedures that address these risks in a cost effective manner. It will not be practical or cost effective to have cash control procedures that specifically address every existing risk.

A properly functioning monitoring system that periodically provides cross checks or audits of pertinent functions is often the compensating control in place when specific procedures are not cost effective. It was not practicable for us to determine for all of the units included in our study whether this compensating control was effectively in place. It is the governing board's responsibility in their adopted policy to ensure that an appropriate monitoring system is in effect for their local government or school district. This one overriding control may help to lower risks associated with cash management to an acceptable level in all local governments regardless of size.

Therefore, management of the private schools should put in place modern financial management control systems especially adoption of computer related packages to make sure they are able to plan properly and avoid financial surprises. There is need to priorities expenditures such that most pressing issues are spent on while they leave behind some funds to cater for the unforeseen circumstances.

5.4.7 Develop Accurate Cash Forecasting Models

Because of the uncertainty of cash flows, private schools use forecasts to help offset these uncertainties and match incoming receipts with disbursements. Sources of solid information range from shipping data to orders from salespeople to buying patterns, and even include news gathered from grapevines -- all the quantitative and qualitative intelligence available.

Forecasts are based on seasonal, monthly, daily, and cyclical patterns as well as trends. Forecasts are further divided into short term (covering one day to two weeks), medium term (covering a few weeks up to one or two years), and long term (covering one to several years). Where firms have many business units, short-term

forecasts can track how well each unit does as well as how the private schools as a whole fares.

Integrating information into the forecast as soon as it is obtained, using a "rolling" format so that updating is continuous, helps the private schools time disbursements to meet incoming receipts. Further, use of a rolling forecast improves forecasting accuracy and can see the company through cash-critical periods.

5.4.8 Review the Cash Management System Regularly

When the financial management system is reviewed on a regular basis, the review helps identify where existing processes can be improved, offers a recurring tracking measure, and provides some assurance that company financial data is reliable without resorting to a formal audit. Ideally the review focuses on the processes that affect the cash-to-cash cycle; for instance, collections practices and payment float.

The review evaluates the private schools financial management in particular, their performance. Also, the review considers the risk factors that affect cash flow throughout the payment system. Risk factors include fraud, liquidity risks, and risk for erosion of day-to-day cash flow.

It is helpful to gather data for these reviews -- as well as the audit -- by using detailed questionnaires and on-site visits to banking partners. Questionnaires, prepared in advance of site visits, offer opportunities for more in-depth analysis, and on-site visits provide a greater understanding of what cash management issues the company's local markets face.

5.4.9 Financial Document

There are many financial documents which are essential for controlling the school fund cheque account. According to Oosthuizen (1998:66), controlling means to monitor, take action and be able to forecast on the available information. As stipulated in the Basic Financial Management for School Training Manual (1999:16-163), the following financial documents must be kept by the finance officer in a safe

place and recommended books of accounts necessary for effective financial records. Budget – an expected income and expenditure for the next financial year, Cashbook – a record of actual income and expenditure for a particular month. It is also known as payment cash book. Receipt book – a proof of payment received from a person or group or institution offering a particular service. Cheque book- a financial book which is issued by the bank when the SGB opens the current account, All payments of goods and services rendered to the school are paid using a cheque book except for small items which are paid from petty cash, Cheque requisition form – a form or document which is prepared by the service provider on request for service rendered or goods delivered, Bank statement – a detailed exposition of deposits, withdrawals and bank charges for each month of the year, Deposit book – a book issued by the bank consisting of proof of deposit slips, Tender document – a financial document with specification of the service to be rendered and payment thereof.

Quotation document – written statement from the supplier indicating the amount to be paid for goods or services to be rendered to the school, Delivery note – a document which is handed to the school indicating a proof of supply of goods or service rendered, Invoice – a document which shows how much a school owes the supplier. It may also include the tax or VAT amount to be paid, Class register – a record book which carries the information about the amount of school fees paid by the learner and the receipt number issued by the finance officer, Petty cash book – a book where the impress amount is recorded and the supporting vouchers are attached, Remittance registers – a record of money received by the school through the post, Annual financial statement – a finance statement with income and expenditure compiled by the finance officer at the end of the financial year, Statement of debt outstanding – a record of people owing the school money and the amount they are expected to pay to settle their accounts, Cheque – a source document constituting a written order to a bank to pay an amount to another person, Receipt – a source document indicating that an amount has been paid, Balance sheet – a written statement to show the difference between the total amounts of assets and liabilities of the school, Financial policy – a statement concerning the manner in which funds will be generated and spent at a specific school.

The schools management with the bursar will agree on what to be kept in the safe after analyzing risks involved if it is not secured properly,

5.5 Area for Further Studies

Good financial management involves an ongoing quest for solutions to the balancing act that confronts all the private schools: doing efficiently all that is necessary with limited resources. The private schools practitioners involve many participants in the process of constructing the budget, notably including staff, parents, and taxpayers. Building-level and community-level input is particularly important, they note, in rural areas, where schools are the center of attention. Also, the private schools should develop and apply a clear sense of priorities as budgets are planned. Finally, the issue of forecasting has relevance. It is this view, the researcher recommend further studies made in the following areas: “Role of decentralization as key player in managing financials in private schools in Tanzania” this was not covered in this study due to time and financial constrain, hence was set and focused to study on factors affecting financial management in private schools in Tanzania.

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APPENDICES

Appendix 1: Questionnaire

Title: FACTORS AFFECTING FINANCIAL MANAGEMENT IN PRIVATE SCHOOLS IN DAR ES SALAAM: A Case of Kinondoni municipal.

Dear Participant,

I **Lusekelo**, currently undertake Master in Business Administration at Mzumbe University. In order to fulfill the requirements of the Masters program, the following are questions to collect information that will strictly be treated as data collected and will be strictly confidential, and participants' responses will remain anonymous.

Personal Particulars				
	Respondent's Position/Role			
	Date Interview Held	Date	Month	Year

Sincerely

Lusekelo John Ngondya

Questionnaire Number				

INSTRUCTION; Answer(s) the questions correct.

Part I: Demographic Information

Basic Household Information	
	Sex of Respondent 1=M <input style="margin-left: 10px;" type="checkbox"/> 2=F <input style="margin-left: 10px;" type="checkbox"/>
	Age of Respondent A. 18-28 <input style="margin-left: 10px;" type="checkbox"/> B. 29-39 <input style="margin-left: 10px;" type="checkbox"/> C. 40-50 <input style="margin-left: 10px;" type="checkbox"/> D. Over 50 <input style="margin-left: 10px;" type="checkbox"/>
3.	Education Level of Respondent 1 = no formal education 2 = primary education <input style="margin-left: 10px;" type="checkbox"/> 3= secondary education 4 = college education

Part II: General Questions

4. What do you know about financial management? State
.....
.....
.....
5. What are factors affecting financial management in private schools in Tanzania? State
.....
.....
.....
6. What are the financial management and performance of private schools? State
.....
.....
.....
7. What are the financial management practices in private schools? State
.....
.....
.....
8. What are challenges facing financial management in private schools? State
.....
.....
.....

9. What is your recommendation on measures of removing problems affecting financial management in private schools in Tanzania? State

.....

.....

.....

Thanks for Your Patience!

Appendix 2: One Tailed Test of Hypothesis

On finding: $T = (p1 - p2) / SE$

Where:

T = test statistics

P1 = proportion of responded sample

P2 = proportion of non responded sample

n1 = number of responded sample

n2 = number of non responded sample

P1 = 62%; P2 = 38%; n1 = 62; n2 = 38

Pooled sample proportion (p)

$$p = [(p1 * n1) + (p2 * n2)] / (n1 + n2)$$

$$p = [(0.62 * 62) + (0.38 * 38)] / (62 + 38)$$

$$p = (38.44 + 14.44) / (100)$$

$$p = 52.88 / 100$$

$$p = 0.5288$$

Standard error (SE) of the sampling distribution difference between two proportions

$$SE = \sqrt{p * (1 - p) * [(1/n1) + (1/n2)]}$$

$$SE = \sqrt{0.5288 * (1 - 0.5288) * [(1/62) + (1/38)]}$$

$$SE = \sqrt{(0.5288 * 0.4712) * (0.016 + 0.026)}$$

$$SE = \sqrt{(0.2492 * 0.042)}$$

$$SE = \sqrt{0.0104664}$$

$$SE = 0.1023$$

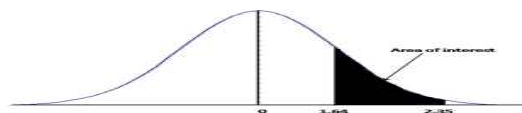
On finding: $T = (p1 - p2) / SE$

$$T = (62\% - 38\%) / 0.1023$$

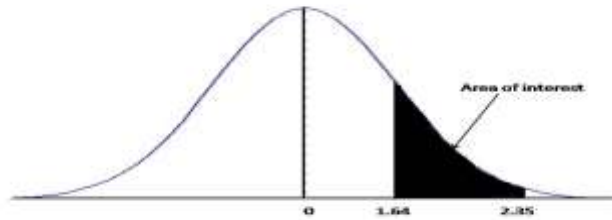
$$T = (0.62 - 0.38) / 0.1023$$

$$T = (0.24) / 0.1023$$

$$T = 2.35$$



Appendix 3: Standard Normal Distribution Table



z	.00	.01	.02	.03	.04	.05	.06	.07	.08	.09
0.0	.0000	.0040	.0080	.0120	.0160	.0199	.0239	.0279	.0319	.0359
0.1	.0398	.0438	.0478	.0517	.0557	.0596	.0636	.0675	.0714	.0753
0.2	.0793	.0832	.0871	.0910	.0948	.0987	.1026	.1064	.1103	.1141
0.3	.1179	.1217	.1255	.1293	.1331	.1368	.1406	.1443	.1480	.1517
0.4	.1554	.1591	.1628	.1664	.1700	.1736	.1772	.1808	.1844	.1879
0.5	.1915	.1950	.1985	.2019	.2054	.2088	.2123	.2157	.2190	.2224
0.6	.2257	.2291	.2324	.2357	.2389	.2422	.2454	.2486	.2517	.2549
0.7	.2580	.2611	.2642	.2673	.2704	.2734	.2764	.2794	.2823	.2852
0.8	.2881	.2910	.2939	.2967	.2995	.3023	.3051	.3078	.3106	.3133
0.9	.3159	.3186	.3212	.3238	.3264	.3289	.3315	.3340	.3365	.3389
1.0	.3413	.3438	.3461	.3485	.3508	.3531	.3554	.3577	.3599	.3621
1.1	.3643	.3665	.3686	.3708	.3729	.3749	.3770	.3790	.3810	.3830
1.2	.3849	.3869	.3888	.3907	.3925	.3944	.3962	.3980	.3997	.4015
1.3	.4032	.4049	.4066	.4082	.4099	.4115	.4131	.4147	.4162	.4177
1.4	.4192	.4207	.4222	.4236	.4251	.4265	.4279	.4292	.4306	.4319
1.5	.4332	.4345	.4357	.4370	.4382	.4394	.4406	.4418	.4429	.4441
1.6	.4452	.4463	.4474	.4484	.4495	.4505	.4515	.4525	.4535	.4545
1.7	.4554	.4564	.4573	.4582	.4591	.4599	.4608	.4616	.4625	.4633
1.8	.4641	.4649	.4656	.4664	.4671	.4678	.4686	.4693	.4699	.4706
1.9	.4713	.4719	.4726	.4732	.4738	.4744	.4750	.4756	.4761	.4767
2.0	.4772	.4778	.4783	.4788	.4793	.4798	.4803	.4808	.4812	.4817
2.1	.4821	.4826	.4830	.4834	.4838	.4842	.4846	.4850	.4854	.4857
2.2	.4861	.4864	.4868	.4871	.4875	.4878	.4881	.4884	.4887	.4890
2.3	.4893	.4896	.4898	.4901	.4904	.4906	.4909	.4911	.4913	.4916
2.4	.4918	.4920	.4922	.4925	.4927	.4929	.4931	.4932	.4934	.4936
2.5	.4938	.4940	.4941	.4943	.4945	.4946	.4948	.4949	.4951	.4952
2.6	.4953	.4955	.4956	.4957	.4959	.4960	.4961	.4962	.4963	.4964
2.7	.4965	.4966	.4967	.4968	.4969	.4970	.4971	.4972	.4973	.4974
2.8	.4974	.4975	.4976	.4977	.4977	.4978	.4979	.4979	.4980	.4981
2.9	.4981	.4982	.4982	.4983	.4984	.4984	.4985	.4985	.4986	.4986
3.0	.4987	.4987	.4987	.4988	.4988	.4989	.4989	.4989	.4990	.4990
3.1	.4990	.4991	.4991	.4991	.4992	.4992	.4992	.4992	.4993	.4993
3.2	.4993	.4993	.4994	.4994	.4994	.4994	.4994	.4995	.4995	.4995
3.3	.4995	.4995	.4995	.4996	.4996	.4996	.4996	.4996	.4996	.4997
3.4	.4997	.4997	.4997	.4997	.4997	.4997	.4997	.4997	.4997	.4998
3.5	.4998	.4998	.4998	.4998	.4998	.4998	.4998	.4998	.4998	.4998