THE HEADTEACHERS' FINANCIAL MANAGEMENT ROLE IN MZUZU CITY PUBLIC SECONDARY SCHOOLS

M.ED (POLICY, PLANNING AND LEADERSHIP) THESIS

by

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UNIVERSITY OF MALAWI

CHANCELLOR COLLEGE

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DECLARATION

I the undersigned hereby declare that this thesis/dissertation is my own original work which has not been submitted to any other institution for similar purposes. Where other people's work has been used acknowledgements have been made.

Vincent Mbazi Mudolo

Full Legal Name

Signature

Date

CERTIFICATE OF APPROVAL

The undersigned certify that this thesis presents the student's own work effort and has been submitted to the Postgraduate Studies and Research Committee and the Senate for acceptance with my approval.

SIGNATURE……………………………………………… DATE:

Richard Walibwe Nyirongo, PhD. (Senior Lecturer)

SUPERVISOR

DEDICATION

This work is dedicated to my God; my wife, Emmie; my children Bless, Glory, Chrissy and Vincent (Jr); and my grandchildren, Princess and Favour Mudolo.

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ABSTRACT

In its endeavour to mitigate financial mismanagement in public secondary schools of Malawi and enhance financial prudence, transparency and accountability, the Government of Malawi (GoM) gave headteachers some autonomy and decentralized financial management. This followed the trends observed in many other countries worldwide in the last three decades which moved towards education decentralization of formal education. (Hallack et al., 2007;Grauwe, 2004 &Somer, 1996).

Guided by the formal and collegial models of the theories of educational management, and the organizational theories based on decentralization, the study investigated the headteachers' role in budgeting, accounting and auditing role in ten public secondary schools in the City of Mzuzu.

In general, the study has confirmed the results of the survey done by Reviere et al,. (2009) that headteachers do not always know what their financial management roles are. Consequently, they have been subjected to audit queries due to the mismanagement of funds through misappropriation, fraud, pilfering of cash, theft and improper control of school funds (Government of Malawi, 2011). The study claims that headteachers are part of the bureaucracy of the education system in Malawi, with administrative and bureaucratic responsibilities, and upward accountability so that they have not engaged other stakeholders in financial management at school level seriously. Furthermore, they lack financial skills and knowledge in budgeting, accounting and auditing, which are the basis of the school financial.

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A LIST OF ABBREVIATIONS AND ACRONYMS

ABB	Activity Based Budget
BC	Boarding Committee
BOG	Board of Governors
CDSS	Community Day Secondary School
DA	District Assembly
EDM	Education Divisional Manager
ESIP	Education Sector Implementation Plan
FGD	Focus Group Discussion
GoM	Government of Malawi
HOD	Head of Department
INSET	In-Service Training
IPC	Internal Procurement Committee
LEA	Local Education Authority
LMS	Local Management of Schools
MGDS	Malawi Growth and Development Strategy
MOE	Ministry of Education
MOE & C	Ministry of Education and Culture
MoEST	Ministry of Education, Science and Technology
NDP	National Decentralization Policy
NED	Northern Education Division
NESP	National Education Sector Plan
NGO	Non-Governmental Organization
ODL	Open Distance Learning
ORT	Other Recurrent Transaction

OBB	Output Based Budget
ODPP	Office of Director of Public Procurement
PFM	Public Finance Management
PIF	Policy Investment Framework
PTA	Parent Teachers Association
SASA	South African Schools Act
SBM	School-Based Management
SDI	Staff Development Institute
SEP	Secondary Education Project
SEST	Secretary for Education, Science and Technology
SGB	School Governing Body
SMC	School Management Committee
SMT	School Management Team
TSC	Teaching Service Commission

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CHAPTER 1

INTRODUCTION TO THE STUDY

1.1 Chapter Overview

This chapter introduces the study on the headteachers' financial management role in Mzuzu City public secondary schools. It begins with a brief background to the school-based financial management that has been invoked in public secondary schools, followed by the headteachers' financial management role, the statement of the problem, purpose of the study and the research questions. It ends with the significance of the study and definitions of some of the terms used in the study. The chapter's main claim is that the headteacher's financial management role in school-based management that has been invoked in Malawi public secondary schools is not clear.

1.2 Background to the study

One of the major challenges facing the secondary education sector in Malawi is the mismanagement of financial resources. In order to mitigate the challenge, the policy documents: Policy and Investment Framework (PIF) (MOE, 2001) and the National Education Sector Plan (NESP) (MoEST, 2008) mandated the Government of Malawi (GoM) to decentralize financial management to school level (MOEST 2008; Kuthemba - Mwale, 2005; MOE, 2001). Headteachers as schools' chief executives were given greater autonomy to manage financial resources at school-level by establishing financial management structures which would be engaged in making financial decisions of the schools in order to promote financial prudence, transparency and accountability and ensure school efficiency and effectiveness.

But most schools have been subjected to audit queries due to the mismanagement of funds through misappropriation, fraud, pilfering of cash, theft and improper control of school funds (GoM], 2011). This has resulted into poor performance and in some cases closure of schools due to their failure to provide the necessary materials to support teaching and learning (*Nyasa Times*, November, 2013; *Malawi News*, November 2004). Mzuzu City public secondary schools are some of the schools that have experienced cases of financial mismanagement and misappropriation (National Audit, 2010; Northern Education Division (NED) Internal Audit, Feb. 2011). No study has been conducted in in the city in order to understand how headteachers are coping with school-based financial management that has been invoked in all public secondary schools in Malawi.

1.3 School Financial Management

The Ministry of Education (MOE) defines financial management as the sourcing and prudent utilization of finances so that the objectives of an organization are achieved (MOE, 2005:4). Similarly, Clarke (2008), Makhubela (2005) and Niemann (1997) define financial management as the execution of those management tasks connected with the financial aspects of the school such as budgeting, accounting and auditing. The common factor in these definitions is that school financial management is designated to a person in a position of authority, and a connection is made between the management tasks and the financial aspects of a school. Thus, headteachers have authority over the overall management of the school so that their financial management tasks are part of the other management activities and actions (Kuthemba-Mwale, 2005).

Education policies during the last two decades have given much attention to decentralization of formal education because it is believed to lead to improvements at school levels of education systems to greater administrative efficiency, increased mobilization of resources, heightened accountability and increased community involvement (Hallack et al., 2007; Grauwe, 2004 & Somer, 1996). Education decentralization entails a repositioning of power from higher (the center) to lower (the school) authorities, parents, students and the wider community in relation to budgeting, accounting and auditing (Makhubela, 2005; Caldwell, 2005).

In countries with a longer history of education decentralization like Australia, New Zealand, Great Britain and Canada, the responsibility of financial management is in the hands of the School Governing Body (SGB) or Local Management of Schools (LMS) (Fitriah, 2010; Hansraj and Theodorou, 2007; Caldwell, 2005). Although the financial management strategies may vary, these countries have mandated the SGBs or LMS to prepare the budget, account for the funds and appoint an auditor to audit the records and financial statements of the school which are then submitted to the Provincial Education Departments. In these countries, headteachers are members of the governing bodies and cannot make decisions on their own. They have to consult with all stakeholders on the governing body to make collaborative and participative financial management decisions.

According to Hansraj (2007) the headteacher is no longer able to see him/herself as the authority figure. Instead, he/she is a coordinator of a number of people representing different interest groups, such as the SGB, educators, learners who together will determine the direction the school will follow. Mestry (2004) adds that in education decentralization, the headteacher plays a supportive role in ensuring that the school's finances are managed efficiently. In this way, Fitriah (2010), Hansraj (2007) and Caldwell (2005) argue that there is greater financial efficiency, heightened accountability and increased community involvement.

Similarly, Malawi, has adopted School-Based Financial Management (MoEST, 2013; 2011; 2008; 2005). The Malawi National Decentralization Policy of 1998 provided that elected local governments in districts and major urban centres (District Assemblies: DAs) be established, and part of Central Government functions be decentralized to them. It identified functions and services to be assigned to DAs which included education services of the nursery and kindergarten; primary schools; and Open and Distance Learning (ODL) Centres. Public secondary schools did not devolve to the DA, but the change brought about a new pattern of school organization in the governance and management of secondary education. Public secondary schools were given greater autonomy and accountability in the utilization of school finances as a way of increasing school effectiveness and promoting the democratic principles through the participation of the grassroots in decision making (MOEST 2008; MOE, 2001).

As a strategy for policy implementation, the Ministry of Education, Science, and Technology (MOEST) called for the institution of financial management bodies which included the School Management Team (SMT), the School Management Committee (SMC) or the Parent Teachers Association (PTA) or the Board of Governors (BOG), the Internal Procurement Committee (IPC) and the Boarding Committee (BC).

The expectation of the MoEST was that headteachers would engage the financial management groups to perform all financial management activities (MoEST, 2011; 2008). According to Kuthemba-Mwale (2005), the headteacher would coordinate and solicit the needs and wishes of staff and community over and above all other financial administration responsibilities such as acquisition of financial resources, allocation of resources to spending officers, controlling the use of the resources and accounting for them by preparing and submitting financial performance reports to the Ministry of Education, Science and Technology (MoEST) through the Education Divisional Manager (EDM)'s office every month (MoEST, 2011; 2008).

However, Reviere et al., (2009) and Chimombo (2008) posit that headteachers in Malawi do not always know what their financial management roles are and engage in survival administration, reacting to situations rather than engaging in positive proactive intervention. Reviere et al. (2009) argue that the school-level management structures are ill-prepared for financial management tasks. Consequently, there are no clearly defined roles within the school administration so that headmasters and department heads lack job descriptions, and do not always know what their roles are, and that the community negatively interferes in the school administration, at times going beyond the PTA mandate.

1.4 Headteacher preparation for financial management role

Preparation of the headteacher is essential for the effective execution of the financial management role. Literature (Hansraj, 2007; Mbatsane, 2007; Nyambi, 2007) states that headteachers need to know their mandates and be equipped with financial management knowledge and skills, and should have the capacity not only to manage the finances well, but also to translate the financial resources into physical resources that would most effectively promote quality education. Reviere et al. (2009) Mestry and Grobler (2006), and Dimmock (1993) assert that lack of training can seriously hamper progress in financial management and lead to massive corruption and financial mismanagement.

In many countries that have decentralized education services like Australia, New Zealand and Canada, pre-service training is provided in the basics of financial management followed by several in-service training sessions to headteachers and the governing bodies before assuming their financial management responsibilities. Similarly, in Malawi workshops were strengthened with the introduction of the Secondary Education Project (SEP) which focused mainly on school management (MOE, 2005). MoEST also called upon the Staff Development Institute (SDI) at Mpemba to offer courses in school management (SDI, 2005).

But a review of the SEP programme (World Bank, 2010) and SDI headteachers' training reveals that the training had little impact on the headteachers' performance because trainers of trainers were not well versed with the training materials they were facilitating, and the training period was too short. No study has been conducted to investigate how headteachers are coping with their financial management role in the City of Mzuzu public secondary schools.

1.5 Statement of the problem

Proper management of school funds is considered an important component of good school administration. According to UNESCO (2003), funds constitute the nerve centre of the school and must therefore be properly managed for the school to achieve its objectives.

In Malawi any teacher can be appointed as headteacher provided he or she has completed a certain number of years of teaching. The enormous duties delegated to a headteacher without proper knowledge and skills can be a challenge to financial management in schools. In their study on Public Financial Management (PFM) in Malawi for Formal and Informal PFM Institutions in a Decentralizing System, Leiderer, et al. (2007) state that lack of capacity in financial management leads to financial decisions in schools that are marked by ad hoc mode of planning and budgeting; informal practices and uncertainty.

Similarly, Simwaka (2006) attributes financial management weakness to the inadequacies in the controlling officers which lead to inadequate monitoring of outputs and service delivery and non-enforcement of rules and procedures. So far, very limited studies have been conducted on the headteachers' financial management role in public secondary schools (*Nyasa Times*, 2013; GoM, 2011; World Bank, 2010; Reviere, et al., 2009; Chimombo, 2009; Simwaka, 2006; MOE, 2005). None of these studies has investigated the headteacher's role in school-based financial management in Mzuzu City public secondary schools. It is therefore not clear whether or not headteachers in Mzuzu public secondary schools are fulfilling the financial management role as envisaged by education decentralization. In the light of the foregoing, the following problem question needs to be investigated: *How are headteachers in Mzuzu City public secondary schools coping with their role in the school-based financial management that has been invoked in all Malawi public secondary schools?*

1.6 Purpose of the study

The purpose of the study was to investigate the role of headteachers in financial management in relation to budgeting, accounting and auditing in the City of Mzuzu public secondary schools. The focus was made on their stipulated financial management responsibility by policy and how these were accomplished in practice in relation to the school-based financial management.

1.7 Research questions

1. How are headteachers in the City of Mzuzu fulfilling their financial management role?

2. What challenges do headteachers in Mzuzu City public secondary schools face in executing their financial management role?

3. How do headteachers and other school-level financial managers perceive the financial management role of headteachers in Mzuzu City public secondary schools?

1.8 Significance of the study

This study stresses the responsibility that is placed upon headteachers in the financial management of public secondary schools of Malawi. It is hoped that the study in public secondary schools of Mzuzu City will shed light on the constraints of the financial management role of headteachers in education decentralization and inform policy and practice. The findings of the study are further expected to be useful to a number of education administrators, policy-makers and stakeholders in secondary schools by providing an expanded knowledge on the headteacher's financial management role. Furthermore, studies of secondary school management in Malawi, let alone, financial management, are very limited. This study will undoubtedly contribute to the world body of the literature on the subject.

1.9 Limitations of the study

Firstly, very few studies have tackled the headteachers' financial management role in public secondary schools of Malawi. This affected the scope of literature review on the local scene. Secondly, the study used the qualitative research design and might have suffered from the weakness that interpretive studies are inclined to exhibit, which is the subjective nature of qualitative studies and that no generalization can be made. Thirdly, the issue of financial management is sensitive. Some research participants did not want to open up when responding to questions for fear of exposing weaknesses in their financial management styles. Additionally, some participants did not want to be tape-recorded so that some valuable information might not have been captured.

However, the use of triangulation and assurance to the participants of all ethical considerations that governed the study went a long way towards validating the findings.

A delimitation was that the study was limited to one district, Mzuzu City as an education District, which has ten secondary schools. As such the results of the study may only be transferred to contexts with similar characteristics.

1.10 Definition of terms

1.10.1 Cost Centre

In the Malawi secondary education context, a cost centre is a public secondary school that is directly funded by the Government through the Treasury and is responsible for the expenditure of the financial resources at school level that includes payments for public utilities, maintenance of buildings and equipment from their budgets (Internal Circular DP1/1/91/1/2 dated 18th February, 2005).

1.10.2 Non-Cost Centre

A non-cost centre is a public secondary school that is supported by the government through monthly subventions that are funded through the Education Divisional office. Normally such subventions are distributed uniformly irrespective of the schools' unique problems and needs (Internal Circular DP1/1/91/1/2 dated 18th February, 2005).

1.10.3 School-Level Management

School-based management has no clear cut definitions, but has various names, such as local management of schools, school-based management, site-based management, self-managing school, school-site autonomy, school-based budgeting, shared-decision-making, restructuring and decentralized management. The differences in names are less important than the shifts in authority from the central government to the local governing bodies (Caldwell, 2005).

1.11 Chapter summary

This chapter has introduced the study on the headteachers' financial management role in Malawi public secondary schools. A brief background to the headteachers' role in school-based financial management that has been invoked in public secondary schools has been described, followed by the statement of the problem, purpose of the study, the research questions, significance of the study, limitations of the study and definitions of some terms used in the study. Its main claim has been that it was necessary to conduct the study to fill the gap in the literature on the headteachers' role in school-based financial management.

CHAPTER 2

LITERATURE REVIEW

2.1 Chapter overview

This chapter presents the financial management structures in Malawi public secondary schools and proposes the framework that locates the study within a body of literature on the subject. It further reviews literature that is related to the role played by public secondary school headteachers in financial management under the following subheadings: (i) Budgeting (ii) Accounting and (iii) Auditing. The skills the headteacher must have to manage the financial resources effectively are discussed and the headteacher's financial management role is contextualized to the Malawian situation with a claim that headteachers execute school-based financial management using a bureaucratic framework which is contrary to the intentions envisaged by the invoked School-Based Management.

2.2 The Financial Management Structures in Malawi Public Secondary Schools

One of the major government policy initiatives taken in 2005 was to decentralize financial management to school level in all public secondary schools of Malawi. This followed the passing of the Decentralization Policy and Decentralization Act by the Government of Malawi (GoM) in the 1990s which called upon GoM Ministries and

Departments to decentralize. As part of the decentralization process in the secondary education sector, the Ministry of Education (MOE) created a number of cost centres, that is, institutions where headteachers and other education managers became directly responsible for the costs of their institutions (Safuli, Kuthemba Mwale, 2005; MOE, 2008). The implication of this innovation was that funding would be made directly to the cost centres by the Central Government from Other Recurrent Transactions (ORT) and that the schools would be responsible for their expenditure. Public secondary schools were further sanctioned to retain school fees to supplement government funding to schools in purchasing teaching and learning materials and paying for other incidentals. Headteachers, as chief executives of public secondary schools in Malawi, were thus entrusted with the responsibility to ensure that they practise sound financial management systems which would enhance financial prudence, transparency and accountability, and focus on the accomplishment of the main objectives of the school.

To do this, schools were called upon to form school-level financial management structures which included the School Management Team (SMT) made up of the school's senior teaching and administrative staff; the School Committee (SC) or Parent Teachers Association (PTA) or Board of Governors (BOG) made up of parents and teachers; the Internal Procurement Committee (IPC) made up of the headteacher, accounting personnel, human resource and teachers; and the Boarding Committee (BC) made up of school management, teachers, students and parents. These school-level financial management structures would manage both ORT and the school fees that is retained at the school such as boarding fees, General Purpose Fund (GPF), Text-book Revolving Fund (TRF), School Development Fund (SDF) and other miscellaneous fees.

Specifically the duties of each of the committees included the following:

2.2.1 The School Management Team (SMT)

- Preparation of budget estimates of revenue collection and expenditure;
- Allocate distribution of funding to spending officers;
- Providing relevant documents to be used in the collection and use of revenues (such as approved budgets, categories of fees and rates, general receipts, vouchers, ledgers, etc);
- Allocation of authority in terms of approval and counter-signing of expenditures;
- Monitor and supervise collection of fees and expenditure;
- Compile and submit monthly cash controls, monthly revenue and expenditure returns to the Ministry Headquarters by 10th of the subsequent month;
- Monitor and evaluate internal control systems;
- Appoint the members of the IPC;
- Approving and signing contract documents prior to their release;
- Approving and signing any contract amendments.

2.2.2 School Committee/PTA/Board of Governors

- Monitor maintenance and provision of school infrastructure, furniture and equipment;
- Monitor reports that relate to collection and use of revenue;
- Advising the Ministry as to whether the conduct of the school is generally in accordance with the school's approved budget;

- Monitor reports that relate to the collection of and use of revenue collected through institution' programmes;
- Hire and fire part-time and parallel instructors and additional support staff with support from the Human Resource Management of the Ministry;
- Monitor maintenance and provision of institution infrastructure, furniture and equipment;
- Participate in review of fees collected and utilized by the institution.

2.2.3 Internal Procurement Committee

The role of the IPC was to ensure that procurement activities were conducted in compliance with the Procurement Act. Key functions included:

- Ascertaining the availability of funds to pay for procurement;
- Approving and signing bidding documents prior to their issue;
- Approving evaluation reports, including contract award recommendations, prior to any contract being awarded;
- Producing and distributing minutes of IPC meetings to Headquarters.

2.2.4 Boarding Committee

- championing the development of boarding facilities in the school;
- recommending for approval the revision of boarding fees to the Minister based on prevailing economic environment where the school is located;
- monitoring purchases of boarding facilities and food stuffs;
- monitoring the quality and quantity of food served to students; and

- preparing budget for boarding to be submitted to the management team for execution.

2.3 The Headteachers financial management role before decentralization

Prior to the adoption of the new intervention, financial management was centralized at the Ministry of Education headquarters (Kuthemba-Mwale, 2005; MOE & C, 1981). This meant that all financial management activities like planning, budgeting, controlling, accounting, auditing and disbursement of funds were done at the Ministry Headquarters or Divisional offices on behalf of the schools. The role of the headteacher was to ensure that the money allocated to his/her school was used properly and economically by spending within the limits set by the Ministry Headquarters and submitting financial returns to the Ministry Headquarters through Divisional Offices. All school orders had to be submitted to the Ministry of Education Headquarters which effected payment for all items purchased.

This way of managing school finances had several disadvantages: Among them were: senior ministry officials were themselves strategists, planners and implementers, and were thus less accountable to the needs of those they served; decision-making process was time consuming as it relied on a process of referral up through the hierarchy; and resources were not equitably distributed among schools with similar problems so that some schools were left unattended to (Kuthemba-Mwale, 2005; MOE & C, 1988). In short, a strict bureaucratic financial management that stressed the need for adherence to a strictly defined hierarchy governed by clearly defined regulations and lines of authority was followed, and this often delayed the required services in schools.

2.4 The Headteachers role in decentralized financial management

By moving financial decision-making closer to the grassroots, budgeting, accounting and auditing, which are core school financial management activities became the responsibility of the schools. The MOE and the Education Division offices would however retain responsibility of providing guidelines; setting budget ceilings; directing budget estimates; enforcing the policy and monitoring and evaluating the operations of school level financial operations through internal audits and financial returns (MoEST, 2008).

In other countries south of the Sahara, education decentralization has been attempted and the results seem to suggest that school-level or school-based financial management provides the potential for participative leadership but there is little empirical evidence to suggest that it is supplanting, or even supplementing, the headteacher's singular leadership. Financial management systems seem not to provide the structures that would accommodate the headteacher, who is legitimately employed, and the PTA or SMC who are volunteers in the school financial management so that eventually it is the headteacher who is at the hem of all financial transactions at the school.

In decentralized school management, authority relationships within schools are expected to change (Hentschke, 2005). Hentschke argues that in practice, however, such changes have rarely occurred. For example, even when budgetary decisions appear to have been delegated, real expenditure authority often will not. Even where decision-making authority appears to have been delegated, the degree of real authority given to the school level is often remarkably limited.

Further, researchers have often concluded that SBM did not change authority relationships significantly, largely because little power was offered and few governance changes were made. In short, the SBM rhetoric has often been much greater than its substance (Wohlstetter & Buffett, 1992).

Wohlstetter & Buffett (1992) point out that SBM usually occurs without clear goals or real accountability. Other than being justified rhetorically as a means to improve schools, SBM plans rarely have accountability mechanisms that assess SBM with respect to those goals or organizational improvements (Wohlstetter & Buffett, 1992). Conley (1991) noted in her research that SBM reforms generally assume either a bureaucratic or organizational perspective. From the bureaucratic perspective, the purpose of SBM is to ease supervision and promote a downward hierarchical form of management. By contrast, the purpose of SBM from the organizational perspective is SMT empowerment, that is, SMT members should have a high degree of participation and power in decision making.

According to Hecksher (2002: 9), participatory management has generally failed to break the walls of bureaucracy: “downsizing and restructuring as they are normally done have the opposite effect: these changes increase bureaucracy and increase organizational politics." Hecksher argues that part of the problem with advocacy for participatory approach to management is that there are two sharply different meanings of "teamwork" or "empowerment": that one of them creates something new, but the other just reinforces bureaucracy which compromises accountability at the local level.

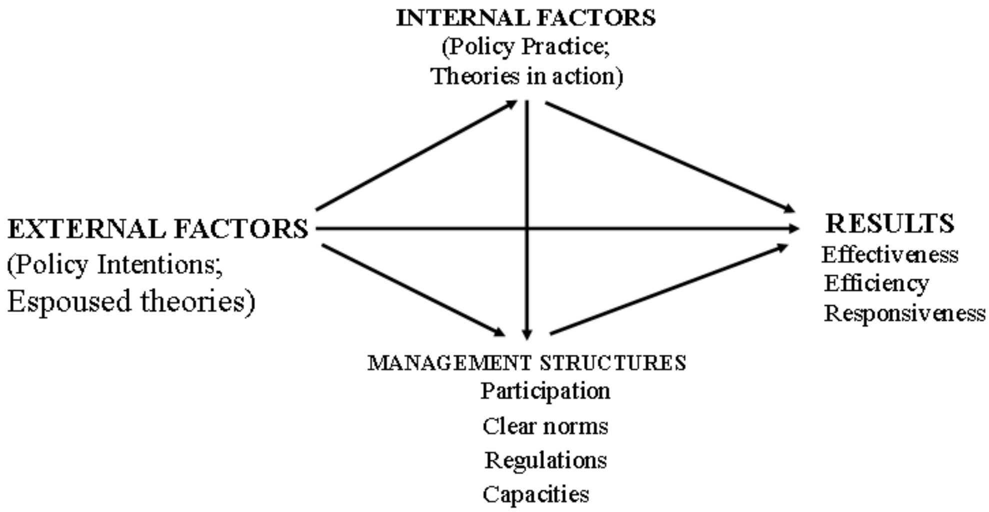
2.5 Theoretical Framework

The policy direction in the secondary education sector in Malawi entails increased participation of all local stakeholders in the financial management decision-making so that the funds are used prudently to achieve the school objectives (MoEST, 2008). However, as Kuthemba – Mwale (2005) argues, the headteacher is responsible to the Secretary for Education, Science and Technology (SEST) for ensuring sound financial management. This entails that the burden of financial budgeting, accounting and auditing falls squarely on the shoulders of the headteacher (MoEST, 2011; 2008; MOE, 2005). Consequently, the study on the financial management role of the headteacher borrows models of educational management from a wide range of disciplines which include School-Based Management (SBM) or decentralization; participation; formal and collegial models. Each one of these models will be discussed in turn.

2.5.1 Decentralization

The organizational theories based on decentralization suggest increased participation of all local stakeholders in the decision-making processes, leading to more collegial relationships and efficient and transparent use of resources (Hallack et al., 2007; & Naidoo, 2005). The education decentralization theoretical frame is underpinned by two main notions: the school internal-external factor linkages and theories of action as portrayed in the figure below.

Figure 1: *A model of organizational theories based on decentralization*



According to Hallack et al (2007); and Naidoo (2005), the internal factors are linked to the school's decision-making structure and school administration. These include monopoly and discretionary power; presence of clear norms; and regulations and management capacities. Overall, school stakeholders have a lot of influence over these factors.

External factors are linked to the overall environment in which the school operates. These include political and quality management; the type of decentralization adopted; presence of well-developed institutions at the local level and the presence of a clear legal framework. The school administration has no direct influence on external factors though they are an asset in the success of school-level management and must be considered.

According to Lewis and Naidoo (2007), school participation and decentralization policies are typically based on theories of action that presume that the institutionalization of local school autonomy will have broad effects on financial performance and quality education (Lewis and Naidoo, 2007). Theories of action, or what Lewis and Naidoo (2007) refer to as maps that guide action, inform new school participation policies in practice. The concept of theory of action provides an approach to interrogate assumptions informing school policies and practices at systemic, pragmatic and individual levels. Within a theory of action, one may distinguish between theories that are espoused, and theories that are in use.

In the context of school financial management, espoused theories may be likened to the intentions and functions that school policy documents or actors assert are the objectives of school-level financial management structures, while theories that are in use are linked to functions that are actually performed by the school-level financial management structures. According to Lewis and Naidoo (2007), a stated policy objective or intention of the school financial management reform such as promotion of participatory practices may ignore the reality of the practice.

The implication of the organization theories based on decentralization is that there is an increase in authority and responsibility at the school level, but decisions are made within a centrally-determined framework that applies to all schools in the system (UNESCO, & Caldwell, 2005). Headteachers possess authority which is centrally determined by virtue of their positions as the appointed leaders of their institutions and are therefore expected to be the agents of change. Within their focus on official authority to execute their duties, they have a view of institutional management which is essentially top down and is likely to conflict with the democratic principles. Therefore, while organizational theories based on decentralization may be applied to school financial management, they fail to define the centrally-determined role of the headteacher in the decentralized framework.

2.5.2 Participation

Other studies point out that school financial management is effective when there is participation. Most of the available literature recognizes a wide range of definitions for participation. According to Fitriah (2010), the various multiple meanings of participation is one of the obstacles to gaining a comprehensive understanding of how school-level management works or fails to work.

(a) Participation as a Means and/or as an End

A broad distinction captured by the vast literature and practices of participation is that between participation *as a means*, and *as an end*. Where participation is interpreted basically as a means, it is essentially described as a state or an input into a development programme; where it is interpreted as an end in itself, it is referred to as a process with the outcome of meaningful participation (Fitriah, 2010). According to Nelson and Wright (1995) the extent of empowerment and involvement on the part of the local management participants is more limited in participation as a means than it is in participation as a means and an end.

(b) Genuine Participation versus Pseudo Participation

Another discourse related to participation is the distinction between genuine and pseudo participation. The classification system of participation described by Deshler and Sock (1985) ranges from the weakest level – which is pseudo participation – to the highest degree, namely genuine participation. These two stages and the ones that lie between also represent various levels of power involved in relationships between stakeholders.

Smith (1998) uses the term 'passive participation' to refer to Deshler and Sock's pseudo participation. This kind of participation treats people as objects or as unpaid hands in self-help schemes which have not been designed by those affected. Secondly, consultation is recognized as the weakest type of participation in decision making, and is often said to be a means of indoctrinating the public in the values and priorities of the planners to ensure they obtain public endorsement of their decisions. Smith argues that consultation maybe used to endow planners with legitimacy, as people are given the right to comment or advise, but not the power to decide.

Research on school-based management considers the involvement of stakeholders in education, namely: teachers, parents and the community as crucial in school governance. Naidoo (2006) states that the core function of the stakeholders in self-managing schools is to promote the educational interests of the school, and consequently of learners. Increased parental and community participation in education is an aspect of decentralization of education management. If designed and implemented effectively, it has the potential to improve service delivery and education quality (Winkler et al., 2007). However, both Fitriah (2010) and De Grauwe (2005) conclude that teachers, school committees and PTAs are not useful in the management and accountability of school finances because members are poorly informed, if not excluded altogether in financial decision-making. Grauwe (2005) argues that many stakeholders do not know the decrees which rule Management Teams, School Committees and PTAs and accept easily that their role is mainly one of mobilizing funds and offering practical help. The studies contend that the headteacher is the most knowledgeable, and by virtue of the legitimate power that s/he possesses, the involvement of other stakeholders has no impact on the financial performance of schools and other decisions that affect the schools.

In this constellation participation as a model of school financial management does not seem to correctly represent the role of the headteacher in school-based financial management. As De Grauwe et al. (2005) argue, when the government appoints headteachers, there is a direct link between the school and the government authorities and the latter are involved in steering and evaluating them without necessarily involving other stakeholders.

Further research studies reveal that while SBM provides the potential for participative leadership, there is little empirical evidence to suggest that it is supplanting, or even supplementing the headteacher's singular leadership (Karlsson, 2002). Thus, other studies have used other models of educational management to investigate the headteachers' role in financial management. The most popular of these models are Bush's (2003) theories of educational management.

Bush (2003) classified the main theories of educational management into six major models namely: formal, collegial, political, subjective, ambiguity and cultural. This study will however, briefly discuss two of them: the formal and collegial models, which are more applicable to the headteachers financial management role than the other four.

2.5.3 The Formal Models

Headteachers possess authority by virtue of their positions as the appointed leaders of their institutions. According to Bush (2003), this focus on official authority leads to a view of institutional management which is essentially top down. Policy is laid down by senior managers and implemented by staff lower down the hierarchy. Thus, their acceptance of managerial decisions is regarded as unproblematic.

Formal models further assume that organizations are hierarchical systems in which managers use rational means to pursue agreed goals. The central assumption of formal models is that power resides at the apex of the pyramid. Thus headteachers possess authority legitimized by their formal positions within the organization and are accountable to sponsoring bodies for the activities of their organization (Bush, 2003).

However studies indicate that it may be unrealistic to characterize schools as goal-oriented organizations and that it is often difficult to ascertain the goals of educational institutions (Bush, 2003). Bolman et al. (1997) also argue that organizations operating in simpler and more stable environments are likely to employ less complex and more centralized structures, with authority, rules and policies as the primary vehicles for coordinating the work. In this regard, the rationalistic-bureaucratic notions that form the basis of formal models seem to have some application to the administrative practice of headteachers in financial management but do not recognize the participation of the stakeholders, which is the basis of school-based management.

2.5.4 The Collegial Models

Collegial models include all those theories that emphasize that power and decision-making should be shared among some or all members of the organization (Bush, 2003). Brundrett (2008) says that collegiality can broadly be defined as stakeholders conferring and collaborating with other stakeholders. Little (2004) explains that the reason to pursue the study and practice of collegiality is that, presumably, something is gained when stakeholders work together and something is lost when they do not.

Thus, collegial models assume that organizations determine policy and make decisions through a process of discussion leading to consensus, with power shared among some or all members of the organization who are thought to have a shared understanding about the aims of the institution.

Collegial models also assume a common set of values held by members of the organization. These common values guide the managerial activities of the organization and are thought to lead to shared educational objectives. The common values of professionals form part of the justification for the optimistic assumption that it is always possible to reach agreement about goals and policies. Brundrett (2008) goes further in referring to the importance of "shared vision" as a basis for collegial decision-making. He states that collegial models assume that decisions are reached by consensus. The belief that there are common values and shared objectives leads to the view that it is both desirable and possible to resolve problems by agreement. As Leslie (2003) posits, the decision-making process may be elongated by the search for compromise but this is regarded as an acceptable price to pay to maintain the aura of shared values and beliefs.

Imposing decisions on staff is considered morally repugnant, and inconsistent with the notion of consent.

In collegial models, therefore, the headteacher is expected to adopt participative leadership strategies in making the financial decisions of the school. According to Leithwood (2005), the collegial model is a normative model, underpinned by three criteria: that participation will increase school effectiveness; is justified by democratic principles, and that leadership is potentially available to any legitimate stakeholder. Sergiovanni (2004) claims that a participative approach succeeds in bonding staff together and in easing the pressures on school headteachers. He adds that the burdens of leadership becomes less if leadership functions and roles are shared and if the concept of leadership density emerges as a viable replacement for headship leadership.

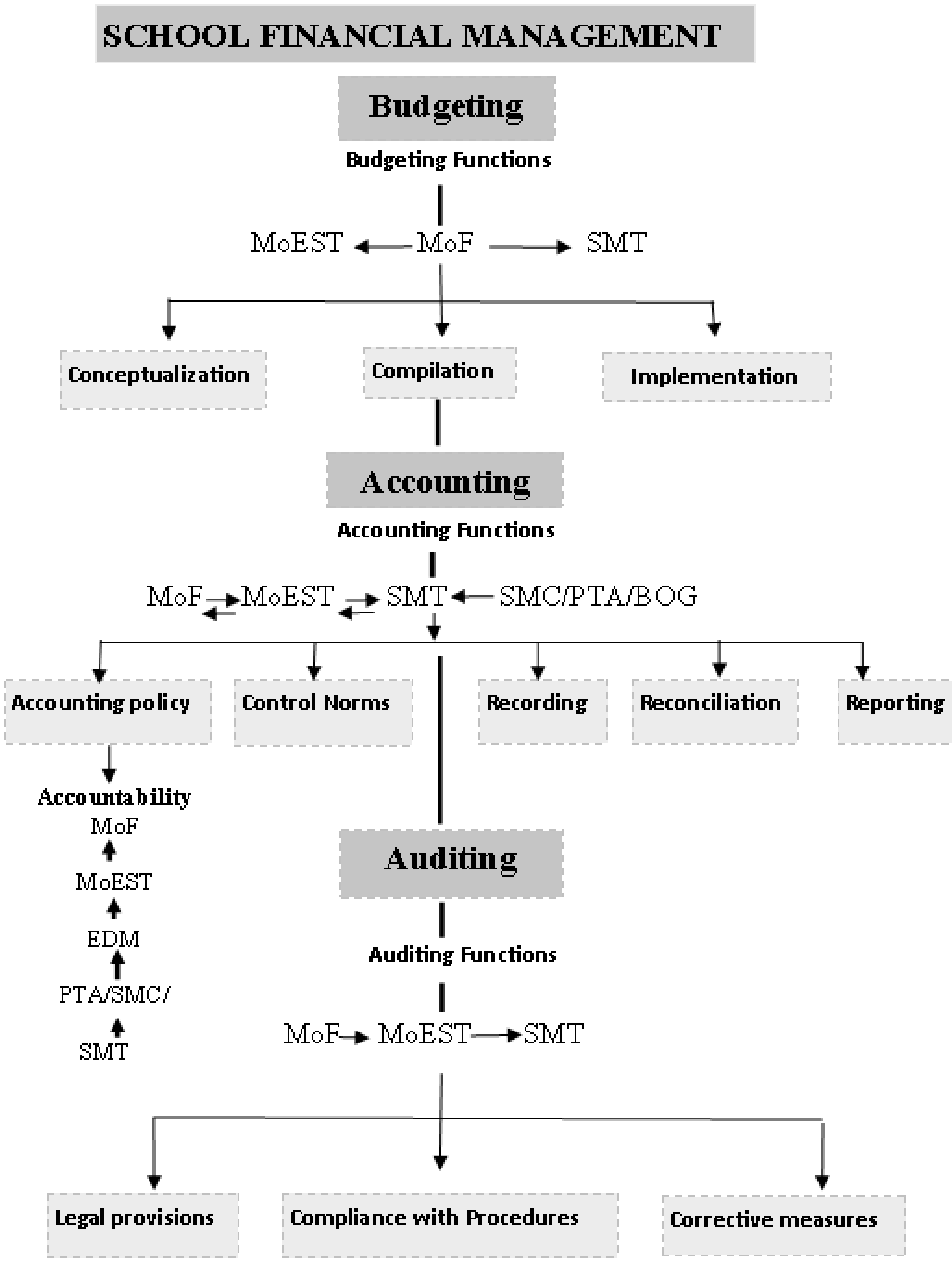
However, much as collegial models have been popular in the academic and official literature on educational management since the 1980s (Bush, 2003), critics point to a number of limitations. Baldridge, et al., (2005) argue that the presence of collegiality in schools tends to be sketchy and incomplete and that the collegial idea of round table decision making does not accurately reflect the actual processes in most institutions. He adds that collegial approaches to decision-making tend to be slow and cumbersome, and participants in decision-making may have to endure many lengthy meetings before issues are resolved. Sallis (2003) adds that the fundamental assumption of democratic models is that decisions are reached by consensus. It is believed that the outcome of debate should be agreement based on the shared values of participants. In practice, though, teachers have their own views and may also represent constituencies within the school. Inevitably these sectional interests have a significant influence on committees' processes. Thus, the participatory framework may become the focal point for disagreement between factions.

2.5.5 The Use of Formal and Collegial Models of Educational Management

Formal models suggest the structural and bureaucratic components of the headteachers role in financial management. But in School-Based Financial Management, decisions have to be reached through the participation and consensus of all immediate stakeholders. This suggests that the headteacher's financial management role has to conform to a decentralized environment where there is increased participation of all local stakeholders in the decision-making processes, leading to more collegial relationships and efficient and transparent use of resources (Naidoo, 2005).

This study therefore used both the formal and collegial models of educational management upon the premise that they exist alongside the participative aspects of decision-making as envisaged in SBM. As Brundrett (2008) posits, collegiality is inevitably the handmaiden of an ever increasingly centralized bureaucracy. By this claim, Brundrett suggests that the democratic forum envisaged by collegiality depends on the application of the headteacher's formalized responsibilities in his/her job description. In this constellation, the headteacher has to adjust or modify his/her management skills to conform to the change in budgeting, accounting and auditing activities, which are the basis of school financial management.

Fig. 2 A summary of a school's financial management



Conceptualized by the Researcher from the functions of the various financial management bodies in Malawi's public secondary schools

The framework above suggests that the central government is involved at every level of the school financial management with an upward accountability. However, the budget process, the cash management and the legal and institutional framework which determine the financial practices in public secondary schools have to be implemented with the participation of the immediate stakeholders as recommended by policy.

2.6 School-Based Financial Management

Kruger (2008) defines a school's financial management as the execution by a person in a position of authority of those management actions (regulated tasks) connected with the financial aspects of schools and having the sole purpose of achieving effective education. Similarly, 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. Thenga (2012) and Makhubela (2005) suggest that the financial management tasks are basically focused on budgeting, accounting and auditing (Clarke 2007).

2.6.1 Budgeting

Malawi's Ministry of Education (MOE, 2005) defines a budget as a plan of proposed activities expressed in financial terms and budgeting as a process of converting plans to proposed activities in financial terms. Similarly, Clarke (2008), Bisschoff and Niemann (1997) look at a budget as an educational programme which is expressed in financial terms and budgeting as an ongoing and dynamic process that is typically marked by regular phases, such as planning, needs assessment and priority setting. Thus, a budget is one of the most important administrative tools which serves also as a plan of action for achieving quantified objectives and a standard for measuring performance.

According to Drake and Roe (1994), budgeting involves establishing a plan of action over a specific period, requiring an appraisal of past activities in relation to planned activities, establishing work plans, providing security for the administration by assuring the financing and approval of a plan of action, foreseeing expenditure and estimating revenues, orderly planning and coordination throughout the organization, establishing a system of management controls, providing an orderly process of review and planning for both personnel and facility's needs, and serving as a public information device. The MOE (2005) has indicated that the planning of school finances usually begins with the drafting of a budget.

2.6.1.1 The Budget Preparation Process in Malawi

The preparation and execution of the budget is the key instrument through which the government of Malawi implements its policies (GoM, 2008). According to the Ministry of Finance (GoM, 2008) the most important aspects of budgeting are: ensuring that expenditures are allocated according to the activities that are the priorities of the Malawi Growth and Development Strategy (MGDS), the overarching operational medium term strategy for Malawi designed to attain the nation's Vision 2020; maximizing the value for money that Ministries get from their expenditures (GoM, 2008); and increasing the accuracy of budget and cash management estimations.

To achieve these, the Ministry of Finance considers the following elements and factors as important in the preparation of the budget: (a) the proper definition and alignment of activities with government policy as reflected in the MGDSs; (b) the Activity Based Budget (ABB) which ensures that all expenditure is aligned to specific activities and the specific indicators and targets as expressed in the Output Based Budget (OBB); and the OBB which is crucial for ensuring transparency and accountability in the implementation of the budget as the activities are given specific indicators and targets through which the execution of activities can be monitored (GoM, 2008).

In budget preparation, cost centres are required to provide indications of the expected monthly break-down of all expenditures to improve cash management. This would include cash flow estimations which would originate from the work plans of each cost centre. According to the Ministry of Finance (GoM, 2008), indications of the predicted monthly breakdown of expenditures should help to improve the coordination of expenditures and revenue. Failure to provide monthly break-downs of cash requirements is treated as non-submission. Thus, the ministry deplores extra-budgetary requests which are an indicator of unrealistic activity costing as well as lack of prudence in financial management, and virements which also indicate poor planning.

2.6.1.2 The legal and institutional framework

The legal and institutional framework that regulates the management of public finances in Malawi are: the 1994 Constitution of the Republic of Malawi, the Public Finance Management (PFM) Act No. 7 of 2003, the Public Audit Act No. 6 of 2003, and the

Public Procurement Act No. 8 of 2003 (Leiderer, 2007). At public secondary school level, financial management is regulated mainly by the Guidelines for the Retention and Use of Tuition and Boarding Fees at School Level for Public Secondary Schools (MOEST, 2008) and clarified by such Government Circulars.

Malawi educational system is arguably being decentralized. As such, the budget process in Malawi, the cash management and the legal and institutional framework which determine the financial practices in public secondary schools have to be implemented with the participation of the immediate stakeholders as recommended by policy.

2.6.1.3 The role of the Financial Management Structures in budgeting

Kuthemba-Mwale (2005) argues that in the democratic dispensation, financial management decisions must be arrived at through the collaboration and participation of the financial management structures that have been instituted in public secondary schools. Thus, the Guidelines for the Retention and Use of fees at School Level for Public Secondary Schools in Malawi (MOEST, 2013; 2011; 2008) (herein referred to as The Guidelines) indicate that to ensure effective implementation of a school budget, the School Management Team (SMT), the School Management Committee (SMC) or the Parent Teachers Association (PTA) or the School Governing Board (SGB), teachers and pupils should be consulted when a school budget is drawn. The purpose of consulting all stakeholders is to ensure that there is prudence, transparency and accountability in financial management so that the needs and the objectives of the school are catered for.

According to the Guidelines (MoEST, 2013; 2011; 2008), budgeting is the responsibility of the SMT comprising the Head Teacher, Deputy Head Teacher, Heads of Departments, Bursar, Head of Accounts, Stores Supervisor and matron. These have to prepare budget estimates of revenue collection and expenditure and allocate and distribute funding to spending officers; provide relevant documents to be used in the collection and use of revenues (such as approved budgets, categories of fees and rates, general receipts, vouchers, and ledgers. It is assumed that members of the SMT would define and align the budget estimates with government policy as reflected in the MGDSs and to specific activities and the specific indicators and targets as expressed in the Output Based Budget (OBB). The SMT members would further provide indications of the expected monthly breakdown of all expenditures to improve cash management by producing work plans and cash flows, the estimations which would originate from the work plans of each cost centre. The role of the headteacher in budgeting is not articulated, nor are the qualifications of the members of the SMT.

In countries that have adopted School-Based Financial Management, the SGB prepares the budget that will guide and inform school expenditure. The chairperson of the SGB guides the budget process (Mngoma 2009). For example, in South Africa it is indicated that the SGB must prepare budget each year according to guidelines determined by the Member of the Executive Council (MEC), which shows the estimated income and expenditure of the school for the following year. According to the Department of Education (2002) in National Norms and Standards for School Funding – Training manual 2, the finance committee of the SGB asks the SMT to distribute special budget preparation forms to each department in the school and to activity heads. All subject departments and sub-committees come up with suggestions on budgetary requirements for their departments. Their suggestions are submitted to the SGB so that they are included in the school's budget.

According to Thenga (2012), the drafted budget is presented to the parent body (all parents of the school) for review and acceptance. Once the budget is approved by the parents it is minuted and becomes the budget of the following year. Mestry (2004) argues that some of the most important functions of the finance committee are to develop and implement a finance policy, to construct a budget and keep control of it, monitor and approve all expenditure and ensure that all procurement (purchasing of goods and services) is done through correct quotation and tendering process. It is clear that the finance committee of the school plays a pivotal role in managing the finances. According to Mestry (2004), it is recommended that where members of the SGB have little or no financial knowledge, the SGB can solicit the services of an expert. It is also important for this committee to conduct regular meetings to discuss financial matters and that the members should be committed to carry out their responsibilities. Decisions relating to financial matters taken by the finance committee are always be ratified by the SGB (Mestry 2004).

The role of the headteacher in budgeting is not articulated. According to Hansraj (2007) the headteacher is no longer able to see him/herself as the authority figure. Instead, he/she is a coordinator of a number of people representing different interest groups, such as the SGB, educators, learners who together will determine the direction the school will follow. Mestry (2004) adds that in education decentralization, the headteacher plays a supportive role in ensuring that the school's finances are managed efficiently.

2.6.2 Financial accounting and reporting

Related to budgeting is the accounting system. The accounting system is the method by which a school can assess the overall effectiveness of the financial plan. In fact, the accounting structure (line items, spending categories, costing and spending procedures) is reflected in the budget, and will later be used in auditing the system for legal, appropriate, and responsible spending.

David Thompson and Craig Wood (2005) explain five purposes for the use of accounting in schools. The first purpose is to set up a procedure by which all fiscal activities in the school can be accumulated, categorized, reported, and controlled. The second function is to assess the alignment of the school's financial plan (budget) with the country's educational programs. An accounting system allows the school whether it has the financial resources to meet the needs of its programs.

Accounting is thus the tool by which school management can structure, organize, and operationalize the school financial plan (the budget). Accounting also provides the roadmap by which fiduciary entities, such as board of education members, public citizens, and state government officials can evaluate a school's financial status. In addition, school accounting provides the necessary procedures and data to enable an independent, certified public accountant to conduct the annual financial audit. Okumbe (2008) points out accounting ensures that financial resources are used for the intended purpose and determines the degree of honesty and integrity of the accounting officers and enables educational authorities to have a quick but effective check on both the rate of expenditure and proper financial control.

Roe (2000) observes that most school administrators are not accountants but they should know the function and general structure of an adequate school financial accounting system in order to be able to .assure that it is properly organized and administered. Administrators must have this competency if they are able to provide proper leadership for the business administration of the schools.

The Guidelines (MoEST, 2013; 2011; 2008) allocate financial accounting and reporting to the SMT and the SMC/PTA/BOG. The SMT would provide relevant documents to be used in the collection and use of revenues (such as approved budgets, categories of fees and rates, general receipts, vouchers and ledgers); monitor them; compile and submit monthly cash controls, revenue and expenditure returns to the Ministry Headquarters by 10^{th} of the subsequent month; and monitor and evaluate internal control systems. On their part, the SMC/PTA/BOG would monitor reports that relate to collection and use of revenue and advise the Ministry as to whether the conduct of the school was generally in accordance with the school's approved budget. The Malawi public secondary schools have therefore adopted upward accountability and reporting. Consequently, financial management appears to be generally bureaucratic in nature with rules and procedures that demand upward accountability.

The Guidelines (MOEST, 2008) further state that the headteacher has the responsibility to ensure that a designated accounts officer collects all fees due to the school and that where an accounts officer is not available, the school bursar or the deputy headteacher may collect the fees. The guidelines add that all revenue due must be promptly collected and accounted for, and that adequate internal controls exist to prevent loss or misappropriation of revenue such as issue of official receipts, record-keeping, surprise checks, segregation of duties and keeping cash in a safe or cash chest. The guidelines further recommend that schools open bank accounts into revenue must be deposited within a period of two weeks, and that all transactions be recorded in a series of ledgers: tuition ledger, boarding ledger and other fees ledger. Headteachers, bursars and boarding masters are asked to carry out surprise checks of cash, cashbooks and other accounting documents at frequent intervals.

In other countries which have adopted SBFM, the headteacher is accountable to the provincial head of the department (HOD), or the Local Management of Schools (LMS), the SGB and parents of learners attending the school as an accounting officer. The SGB or LMS is responsible and accountable for the management of funds of the school. In this way, accountability is a collective responsibility which include all stakeholders. According to Hansraj (2010), the headteacher and the SGB deal with funds in a responsible manner and are accountable to the parents, learners, the community and the Department of Education. The headteacher sees to it that monthly and quarterly statements are kept, a final report on the income and expenditure for the financial year is submitted to the SGB for approval, and that parents are invited to comment on and acknowledge the annual report (Kruger 2003). Therefore, it is pertinent that the headteacher is conversant with the accounting documents that guide the accounting process. According to MoEST (2008) and MOE (2005), the financial and accounting documents include cashbook, ledger, receipt books, commitment register, stores ledgers, inventories, payment vouchers, requisition order, local purchase order, fees registers, attendance registers, counterfoil receipt book register, rent/service and charge registers .

2.6.3 Auditing

Okumbe (2000) states that auditing deals with the investigation of the financial records of an educational organization in order to ascertain the objectivity and accuracy of the financial statements. According to MOE (2005), auditing ensures that accounts are correct; adequate systems of internal control exist; financial transactions do not infringe on existing laws, rules and regulations; and that budget allocations are not overspent or misappropriated. It is thus an activity which appraises the accuracy and completeness of the accounting system applied by an educational organization.

2.6.3.1 Objectives of Auditing

According to the 2003 Public Audit Act (GoM, 2003), the main purpose of auditing is not to uncover mismanagement or embezzlement of the funds but to:

(i) determine whether the financial statements made by an institution are accurate in both calculations of figures and in application of the recommended accounting guidelines.

(ii) determine whether an organization uses procedures that comply with legal provisions, policies and procedures stipulated by the Ministry of Education or the relevant body.

(iii) identify any operational problems in the accounting procedures used by the organization so as to provide remedial recommendations for improvement.

2.6.3.2 Types of Auditing:

There are two types of auditing:

(i) Internal Auditing

Internal Auditing is usually a management activity and is a service intended to ensure regular and frequent checking on a school's financial transactions and records. The headteacher of an institution is the internal auditor, who ensures that the school accounts staff is efficient in their day-to-day management of school finances. Internal auditing also serves to check whether all financial transactions have taken place according to the budget, to set procedures, and following management policies. The internal auditing objectives may differ from school to school, but the general aim is to promote efficiency in the school's financial control and management.

The school headteacher is directly involved in authorizing and approving expenses and signing cheques and the school finance committee of the board may also inspect and carry out internal control of the funds. To manage the school finances properly and have a successful control of the budget, the governors and the headteacher may devise a set of rules and procedures of their own to suit local circumstances for instance:

(a) They might establish dates at which automatic reviews of expenditure takes place,
(b) Give important rules such as prohibition of the same person placing an order and also making payment for it,
(c) Others may include clear statements of the range of discretion of individuals and sub-groups, e.g. the maximum size of expenditure for a single time, virement and trade-offs between two vote heads getting authority from the Board etc. (Paisey Allan, 1992).

The management responsibility (i.e. the Board and the school headteacher) is to see that enough rules and procedures are adapted to prevent fraud, anticipate overspending and accurate knowledge of the overall financial position but not more than the minimum needed to meet these objectives, whilst avoiding the imposition of unnecessary work (Paisey Allan, 1992:90). Okumbe (2000) states that internal auditing enables an organization to appraise the effectiveness of its financial management techniques and control. It is therefore an important financial management control device. The headteacher is expected to be conversant with auditing techniques within the organization so that he may help in detecting financial management flaws - before it is too late to alleviate them.

2.6.3.3 External Auditing

External auditing is performed by agencies from outside the educational organization. Paisey, 1992) asserted that the financial management of a school is subject to public audit. The job of a public auditor is to see that money which is supplied from public sources is properly spent and accounted for. This includes ensuring that books, records and internal control have been established and kept in proper working order and that the accounting system overall is right for the school and takes care of transactions, which are then presented in an accurate and intelligible form. The accounts are compared with other records to establish that stated assets and liabilities actually exist and are fairly valued and stated, as are resulting profits or losses. Paisey continues to observe that the auditor has to confirm that legal and accounting standards have been met. Okumbe (2000) states that the main aim of external auditing is to ascertain that the organization has complied with the stipulated financial control mechanisms.

In many countries which have decentralized financial management, financial accountability is one of the major responsibilities of the school board of governors/directors and the school head. Government statutes usually include sections outlining the financial principles and practices which boards and heads must follow to achieve accountability for the funds they collect and receive to run their schools. But quite often most countries appoint an independent, qualified person who is not a member of the school staff or governing body to audit the books annually (Hansraj, 2010). Among other documents, the auditor needs to check documents such as minutes of meetings, attendance register and departmental letters so as to perform proper auditing service (Department of Education 2002).

2.7 Financial management skills and competencies needed by headteachers

According to Davidoff and Lazarus (1997: 107, quoted in Mbatsane, 2006), headteachers and members of the school governing bodies need to be equipped to analyze budgets and financial statements, and manage finances. Shojo (2011) and Nyambi (2004) expand this further by suggesting that governing bodies should have the capacity not only to manage the finances well, but also to translate these financial resources into physical resources that will most effectively promote quality education. Studies suggest that except for accounts personnel who are trained on the job most members of the instituted management bodies have no knowledge and skills in financial management (MOE, 2005). Clarke (2008) asserts that financial management is an area in which most headteachers have little or no training or expertise and elected members of the school governing are equally ill-equipped. Mestry (2004) concurs when he states that there are many headteachers and school governing body members who lack the necessary financial knowledge and skills. Du Preez and Grobler research findings as cited in Mestry (2006; 35) indicate emphatically that there is a correlation between sound financial management and effective and efficient school governing bodies – it is incumbent for the Head of Department to ensure that school governing bodies are trained continually.

Training in financial management is thus fundamental in preparing and equipping school managers with financial skills. Bush, et al in Mestry (2006; 35) states that every member (of the school governing body) – not just a few – must receive training. The training should enable the headteacher and the school governing body to be responsible and accountable for funds that have been received for the attainment of specific school objectives.

As stated in the literature above, headteachers play pivotal role in financial management. For them to play their role effectively and efficiently it is imperative that they acquire the relevant skills and competencies in financial management. Hourigan (2003) observes that headteachers differ significantly with regard to financial management knowledge and skills. Furthermore, he shows that while some headteachers require guidance to improve the financial management systems of their schools, others, especially new headteachers, lack in-depth training to develop proper financial systems for their schools. To support the foregoing viewpoint Blanchard et al., (1999) assert that in the light of the role to be played by headteachers of the new millennium, headteachers do everything in the school. Thus he contends, that apart from ensuring that the curriculum is correctly implemented by educators, headteachers have to ensure that they add financial management skills to the skills and abilities they already have. This means that whether a headteacher is a novice or whether s/he is experienced, ongoing professional development and training is not an option but essential for enhancing the achievement of the goal of educative teaching in a school.

As Van der Westhuisen (1991) postulates, school headteachers need a range of skills which include those required to carry out financial management tasks such as planning, organizing, leading and the controlling of finances in a manner that will result in effective teaching and learning in a school. The implication here is that even though each school may manage its finances differently, depending on its nature and environmental factors, headteachers need to be comprehensive with the required financial management skills and competencies. As a result, they should ensure that they implement appropriate financial management systems in their schools. Additionally, it is a fundamental principle for headteachers to note that the financial management system in the school is appropriate only if it enhances the achievement of educative teaching in the school in which it is being implemented.

To assist headteachers and other stakeholders, Hourigan (2003) suggests that the following financial management skills: The ability to:

(a) interpret the validity of the financial systems and the financial terms used in them;
(b) develop the school's integrated budget for financial performance, cash flows and financial position;
(c) operate within the constraints of the budget and regularly report to the board the progress against the budget;
(d) implement systems to allow a close check on financial matters. This means the ability to analyze the financial statements, interpret the results and trends and make accurate projections;

(e) decide on priorities of financial allocation to reflect needs including the priorities in the strategic plan. The strategic plan priorities reflect areas that have the greatest benefit in improving student learning outcomes;

(f) delegate financial responsibilities to teaching staff and other stakeholders through providing the training to them, and to monitor their compliance to budget;

(g) ensure that all financial systems are highly functional and comply with accepted standards of operation;

(h) provide sound advice to the school board that includes the reliance on professional financial advice in making financial decisions; and

(i) implement and manage all board financial decisions and auditor management recommendations.

Considering the extensiveness of the aforementioned list of the skills postulated by various scholars, it is obvious that headteachers are not able to carry out every task on their own. In this case, the delegation of duties to suitable stakeholders is paramount. According to Ramabele (2000) it is physically impossible for the headteacher to undertake all the financial administration and management tasks alone. Therefore, s/he has to assign some of the tasks to other stakeholders to manage the sub-financial programmes of departments. It is therefore important to outline some of the implications of delegation, more especially in financial management as outlined below.

2.8 Delegation

The concept of delegation is of vital importance especially if headteachers implement it with circumspection. According to Butler et al. (1999) delegation is all about the separation of powers and duties among stakeholders. For example, the work of the monitoring of financial information involving the headteacher only when there are problems, could be delegated to a bursar or educators with the necessary expertise (Blanchard, Lovell & Ville 1989). On the other hand, Davies and Ellison (1997) point out that delegation is not as simple as the word implies. It is not a matter of simply giving someone else a task to carry out and then forgetting about it; the headteacher has to work closely with those delegated to ensure that rules are followed.

Tronc (1977) and Van der Westhuisen (1991) suggest that prior to the allocation of financial tasks headteachers need to thoroughly examine such tasks, as well as the capabilities of the staff members. This is because whether delegations are done properly or not, ultimately the final responsibility lies with the headteacher. Besides, a headteacher is always the highest ranking order manager in a school. According to Allen in Van Deventer and Kruger (2003) management tasks such as teaching, learning, extra-activities and administrative work are entrusted to educators by the headteacher with the hope that they will carry out the work that has been assigned to them. From the financial management perspective the headteacher will delegate responsibility for money matters to the personnel who have the right expertise. For instance, Bisschoff (1997) believes that if there are personnel with some commercial knowledge among the stakeholders, the headteacher will delegate mainly financial management tasks to them. Otherwise, a thorough search should be made for a person with the right expertise. This implies that the headteacher needs to treat the issue of delegation with circumspection and thoroughness to avoid the misappropriation of school finances. It is important that the headteacher is cautious when delegating to stakeholders since the final accountability and responsibility passed on still remains with the headteacher.

2.9 Headteacher's financial management role contextualized to Malawi

The International literature has provided two perspectives of the headteachers' role in school-based financial management. The first perspective suggests that the headteacher is a member of the governing bodies at school level. The responsibility for financial management of the school is in the hands of the governing body of the school and the headteacher has become a coordinator of a number of people representing different interest groups. S/he is not an authority figure in financial management.

The second perspective gives autonomy to the headteacher to manage finances at school level in collaboration with the governing bodies. In this perspective, the headteacher seems to use his/her authority legitimized by his/her position power to determine the manner finances should be managed. While in the first perspective accountability seems to be outward to the immediate stakeholders and members of the community and parents, in the second perspective, accountability is upwards to the authorities that granted power to the headteacher.

The Malawi scenario confuses the two perspectives. In the first place, the guidelines do not specify the actual duties that the headteacher must perform in school based financial management. He/she belongs to the various management structures and has to perform the financial management duties as outlined for each structure. For example, as a member of the SMT, the headteacher has to be involved in:

(a) the preparation of budget estimates of revenue collection and expenditure;
(b) allocation and distribution of funding to spending officers; providing relevant documents to be used in the collection and use of revenues (such as approved budgets, categories of fees and rates, general receipts, vouchers, and ledgers) etc.

(MoEST, 2008); These s/he has to do in collaboration with all the other members of the SMT.

Similarly, the headteacher is secretary to the PTA/SMC, but his/her duties in the parent's committee are not defined. They are understood within the prescriptions of the duties of the PTA/SMC like:

(a) monitoring the maintenance and provision of institutions' infrastructure, furniture and equipment;
(b) advising the Ministry as to whether the conduct of the school is generally in accordance with the school's approved budget;
(c) hiring and firing part-time and parallel instructors and additional support staff with support from the Human Resource Management of the Ministry; and
(d) participating in the review of fees collected and utilized by the institution.

From the foregoing, it would appear that financial management in Malawi's public secondary schools is truly decentralized. However, the legal and institutional frameworks, and the accountability mechanisms seem to suggest that the headteacher has to perform his/her financial management duties as prescribed by the legal documents with accountability to the centre: the Ministry of Education, Science and Technology Headquarters, or the Ministry of Finance. In this way, the financial management role of the headteacher seems to be bureaucratized, and departs from the democratic principles which call for participation and collaboration in financial decisions. The literature available does not articulate the dilemma that the headteacher must find himself/herself in school-based financial management.

2.10 Summary

Chapter 2 has discussed the framework of school financial management. It has demonstrated that there is no single all-embracing framework for school financial management. This reflects the varied nature of problems encountered by educational institutions, and the multifaceted nature of theory in education and the social sciences. The literature review has discussed the three major components of school financial management, namely: budgeting, accounting and auditing; the skills needed by headteachers to manage finances effectively and efficiently, and the inclusion in financial management of stakeholders through delegation. The chapter has contextualized financial management to the Malawi situation.

The major gap in the literature is that the official engagement of the headteacher in the bureaucratic set up of the employer is not properly synchronized with the role he/she must play in school-based financial management that has been invoked in all public secondary schools in Malawi. Since school-level financial management is a relatively new concept in Malawi, the burning question is whether headteachers are implementing their financial management role in Mzuzu public secondary schools as defined in the guidelines.

The next chapter looks at the Research Design and Methodology.

CHAPTER 3

RESEARCH DESIGN AND METHODOLOGY

3.1 Chapter overview

The goal of this study was to investigate the headteachers' financial management role in the City of Mzuzu. Since the researcher's goal sought to explore meaning and participants' role in public secondary education management and governance, this research was oriented in the interpretive paradigm using qualitative approach. This chapter explores the rationale behind the qualitative approach and clarifies the research sample, data collection techniques and an overview of data analysis. The chapter concludes with issues of ethical concern.

3.2 Research Paradigm

Research of different kinds has been associated with different paradigms. A paradigm is a network of coherent ideas about the nature of the world and of the functions of researchers, which are adhered to by a group of researchers, condition the patterns of their thinking and underpin their research actions (Mertens, 2005; Bassey, 1995). It is composed of certain philosophical assumptions that guide and direct thinking and action of looking at the world.

This study is oriented in the interpretive paradigm. It seeks to interpret the meaning, experiences and understanding of Head Teachers' role in financial management. The interpretive orientation fits the researcher's personal reason for conducting this study as he believes in the assumption that knowledge is socially constructed by people and the researcher should attempt to understand the complex world of lived experiences from the point of view of those who live it (Schwandt, cited in Mertens, 2005:12; Bassey, 1999).

Interpretive inquiry insists on two central issues: the self-understanding of the individual as a basis for all social interpretation and transparent human consciousness (Waghid 2003). In this view, Nieuwenhuis (2007) argues that "interpretivism focuses on people's subjective experiences, on how people construct the social world by sharing meanings and how they interact with or relate to each other". Explicitly, both Waghid (2003) and Nieuwenhuis (2007) address participants' understanding of their own world to eventually be able to communicate their understandings to other people.

According to *C*ohen *et al.* (2000) the central endeavour in the context of the interpretive paradigm is to understand the subjective world of human experience to retain the integrity of the phenomenon being investigated. Mungunda (2003) emphasizes that in the interpretive paradigm reality is seen as subjective and multiple, seen through the eyes of the participants within the context of their frame of reference. The features of the interpretive paradigm such as subjectivity of reality and the social construct of knowledge are some of the main reasons that attracted the researcher to base this study in this paradigm.

The limitations of the interpretive paradigm

Like other paradigms, the interpretive paradigm has been criticized by many authors for a number of reasons. “The interpretive approach becomes hermetically sealed from the world outside the participants’ theatre of activity” (Cohen *et a*l., 2000:27).

Bernstein cited in Cohen *et al*. stated “Subjective reports are sometimes incomplete and they are sometimes misleading” (*ibid*.). The validity of interpretive research is questionable since human bias can never be underestimated in research. However, since there are certain ways of reducing validity threats (for example triangulation and member-checking), the interpretive paradigm still remains one of the major paradigms applicable for current research.

3.3 Research Design

A qualitative research design was used in order to establish how participants make meaning of financial management at their schools. According to McMillan et al., (2001), interactive qualitative research is an inquiry in which researchers collect data in face-to-face situations by interacting with selected persons in their settings. Qualitative research describes and analyzes people’s individual and collective social actions, beliefs, thoughts and perspectives. The researcher interprets phenomena in terms of the meanings people bring to them.

According to McMillan et al. (2001), qualitative studies can provide a detailed description and analysis of a particular practice, process and event. Some studies document the happenings while other studies contribute by increasing the participant’s own understanding of the practice to improve the practice. Qualitative methodology thus allowed the researcher to achieve the above aims.

3.4 Sampling

Sampling refers to the selection of site and population of the study. Creswell (2009) and McMillan et al. (2001) define the population as that larger community from which the sample is to be drawn. Purposive sampling was used to select the sample for this study. The purposive sampling procedure employed is a convenient sampling technique in which the researcher “handpicks the cases to be included in the sample on the basis of their judgment of their typicality” (Cohen *et al*., 2000:103) and on their experience of the central phenomenon being studied. Purposive sampling fits well with the interpretive paradigm that the researcher used in his study.

Mertens (2005:317) emphasized that “researchers working within the interpretive paradigm typically select their samples with a goal of identifying information-rich participants that will allow them to study the problem in-depth”. Furthermore, Merriam (2001:61) stated that “information-rich participants are those from which one can learn a great deal about issues of central importance to the purpose of the research”.

The participants in the study were 4 officers from the Office of the Education Divisional Manager (North); 10 Head Teachers of the ten public secondary schools in the City of Mzuzu; 14 parents/community members; 4 teachers and 2 students making a total of 34 participants (See appendix for research participants particulars).

3.5 Data-gathering Techniques: Triangulation

Since the researcher's goal was to investigate the Head Teachers' role in school level financial management, the researcher realized that the use of different data collection techniques (triangulation) would be the best option for him to get the full data.

Cohen *et al*. (2000:112) define triangulation as "the use of two or more methods of data collection in the study of some aspects of human behaviour". In other words, triangulation is collecting information using a variety of techniques. Likewise, Patton (2002:247) defines methodological triangulation as "the use of multiple methods to study a single problem".

Triangulation in this study was used to serve two purposes: first, methodological (using multiple data techniques) and second, as a validity measure. Robson (1993:290) asserted, "One important benefit of multiple methods is in the reduction of inappropriate certainty". In addition, Fielding and Fielding cited in Maxwell (2005:112) emphasized the need to "recognize the fallibility of any particular method or data and to triangulate in terms of validity threats".

The researcher used triangulation to strengthen the data from one technique to another, rule out their weaknesses and above all to provide rich and valid data. This strategy reduced the risks of validity threats such as bias from the research.

Patton put the advantages of triangulation in this way: Studies that use one method are more vulnerable to arrows linked to that particular method (e.g., loaded interview questions, biased, or untrue responses) than studies that use multiple methods in which different types of data provide cross-data validity checks (2002:248). However, triangulation has been criticized for some weaknesses. Flick (2004:179) views triangulation "less as a validation strategy and more as a strategy for justifying and underpinning knowledge by gaining additional knowledge". Fielding and Fielding cited in Cohen *et al*. (2000:115) added "Methodological triangulation does not necessarily increase validity, reduce bias or bring objectivity to research". Whereas those criticisms might be true, the use of triangulation allowed the researcher to crosscheck his data from different data collection techniques.

The main data collection methods in this research were semi-structured interviews, Focus Group Discussion and document analysis.

3.5.1 Semi-structured Interviews

Most of the data were collected by conducting interviews because the researcher was interested in capturing people's knowledge, experience and understanding of school-level financial management, the phenomenon under study. In total, the researcher conducted 4 of interviews with Head Teachers; 10 interviews with members of the PTA; 12 interviews with HODs; 4 interviews with accounts clerks; and 8 interviews with students of 4 public secondary schools in the City of Mzuzu. 3 other interviews were conducted at the Education Division office with the Headteacher Accountant, the Divisional Planner and the Divisional Internal Auditor.

According to Patton cited in Merriam (2001:72) "We interview people to find out from them those things we cannot directly observe … and the purpose of interviewing, then, is to allow us to enter into the other people's perspective".

The semi-structured interview technique was selected as it provided the researcher with the main questions of focus which guided him not to lose the aim of the interview. In addition, the semi-structured interviews offered the researcher the opportunity to ask probing questions that emerged from the interviewee's responses and allowed the generation of new ideas that would lead to richer data. The interviews were focused on the roles, skills, understanding, issues and challenges of Head Teachers in school-level financial management, and the perception of stakeholders on the Head Teachers' financial management role.

Cohen *et al*. (2000:278) emphasized the advantages of semi-structured interviews as follows:

The framing of questions for a semi-structured interview considers prompts and probes. Prompts enable the interviewer to clarify topics or questions, whilst probes enable the interviewer to ask participants to extend, elaborate, add to, provide detail for, clarify or qualify their response, thereby addressing richness, depth of response, comprehensiveness and honesty that are some of the hallmarks of successful interviewing.

All interviews were tape-recorded. However, observational field notes were also recorded for every interview, describing the setting in which the interview took place as well as to help record the nonverbal communication.

3.5.2 Focus Group Discussion (FGD)

At the simplest level, a focus group is an informal discussion among a group of selected individuals about a particular topic (Wilkinson 2004). A focus group, as a data gathering technique, involves more than one participant (recommended number of participants: 6-8) per data collection session (Wilkinson 2004). The primary aim of a focus group is to describe and understand meanings and interpretations of a select group of people to gain an understanding of a specific phenomenon from the perspective of the participants of the group (Liamputtong, 2009).

Focus groups do not aim to reach consensus on the discussed issues. Rather, focus groups 'encourage a range of responses which provide a greater understanding of the attitudes, behavior, opinions or perceptions of participants on the research issues' (Hennink, 2007). They allow group dynamics and help the researcher capture shared lived experiences, accessing elements that other methods may not be able to reach. This method permits researchers to uncover aspects of understanding that often remain hidden in the more conventional in-depth interviewing method.

In this study, two FGDs were conducted at schools BMZ and DMZ. Each FGD interview had 8 participants. School BMZ is a conventional secondary school and a cost centre, while School DMZ is a non-approved secondary school and is non-cost centre. In both schools participants came from similar social and cultural backgrounds and had similar experiences on school-level financial management. They were chosen purposefully because they were able to provide valuable contributions to the research questions. Each discussion session lasted about one hour.

3.5.3 Document Analysis

To provide rich and quality data, the researcher probed how Head Teachers had been involved in school governance by reading some school documents such as previous Management, PTA/SC, IPC and Boarding Committee minutes, the Audit and school budget files and divisional orientation meetings file on financial management.

Document analysis was used mainly to support the interview and FGD data.

3.6 Data Analysis

According to McMillan and Schumacher (2001), qualitative data analysis is primarily an inductive process of organizing the data into categories and identifying patterns (relationships) among the categories. Most categories and patterns emerge from the data prior to data collection. In this study the researcher used categories that were obtained during the literature review.

Malan (2001), qualitative researchers accept the existence of multiple realities. By implication the data they collect represent the subjective realities of the sites and subjects they investigate. Data are, therefore, not represented in the form of statistics, as is the case in quantitative research, but in the form of words, pictures, diagrams and/or symbols. According to Creswell (2009), qualitative research reports attempt to capture the sense of what occurred by providing descriptions which are detailed enough to transport readers to the context in which the investigation took place. By doing this, qualitative research reports permit multiple interpretations and provide readers with the opportunity of inferring their own meaning from the text.

Thus, qualitative content analysis was used to analyze the transcribed interviews. Nieuwenhuis' (2007) guidelines were used to reduce, condense and group the content of the interviews and FGDs. A coding frame was drawn up, also providing for verbatim reporting where applicable. The content analysis was done within the frame work of the core management tasks, namely planning, organizing, leading and controlling. From the categories, patterns and themes which could also be linked to the research question were identified and described. The identification of emergent themes allowed the information to be analyzed and related to the literature.

3.7 Trustworthiness of research findings

The quantitative research is commonly established in terms of its reliability and validity. However, these criteria are inappropriate for qualitative research because they reflect a particular philosophical and epistemological orientation. Creswell (2009), Cohen et.al (2000) and Denzin & Lincoln (1994) suggest that qualitative research should rather be assessed in terms of credibility, transferability, dependability and conformability of its data.

Credibility, which refers to the confidence one can have in the truth of the findings, was established by triangulation and member checking which the researcher used in this study. Member checking, which involved visiting and telephoning some participants to check the accuracy of facts and observations, took place as data collection progressed into data analysis. Crosschecking helped the researcher to maintain reflexivity by encouraging self-awareness and self-correction. This process provided participant validation of the findings.

Transferability means, in essence, that other researchers can apply the findings of the study to their own. To provide for transferability, the study presented findings with “thick” descriptions of the phenomena (Creswell 2008).

Dependability refers to the stability of the findings over time and confirmability to the internal coherence of the data in relation to the findings, interpretations, and recommendations (Denzin & Lincoln, 1994). Member checking (if something was not understood during the interviews, the researcher went back to the participants to confirm the meaning that he made out of it) was also used to achieve dependability (Nieuwenhuis 2007).

3.8 Ethical considerations

Ethical issues are of significant importance in every research; therefore it was the role of the researcher to take into account the effects of research on participants. Bassey (2002) claimed that “the closer one comes to the people being studied the more important it is to ensure that they are willing to be studied and that what they say or do is reported in such a way that it is not prejudicial to their best interest”.

Permission to carry out the research was obtained from the Education Divisional Manager for the North (EDMN) and the individual heads of the schools in the sample. Each of the interviewees received a letter of permission. It was emphasized in the permission letters as well as prior to the interview that participation in the study was voluntary. At the beginning of the interviews permission was always sought from the participants to record the interviews with a promise that the recorded information would be deleted at the end of the research study.

Participants' confidentiality and anonymity were guaranteed. This was of cardinal importance because financial issues are very sensitive in schools. Since the "principle of anonymity is linked with confidentiality" (Bless et al. 2006), the participants were assured that their names, as well as their schools would not be disclosed. The researcher changed all participant names into pseudonyms during data presentation for safety and confidentiality reasons and used school code names.

As the appointments were made for the interviews, in each case, a brief explanation of the aim of the study, as well as a tentative interview schedule was given.

The researcher understood participants' perceptions, attitudes, understanding, knowledge, values, feelings and experiences about their schools' financial management. A qualitative method using structured interview technique was used. Qualitative data can produce a wealth of knowledge from a restricted number of people. The experiences, opinions, feelings and knowledge of people can be captured by direct quotations, and are not distorted or limited by predetermined, standardized categories. The researcher is allowed flexibility to explore unanticipated topics of importance as they are discovered (Creswell, 2009; Patton, 1989).

This study was conducted to investigate the financial management role of Head Teachers in Mzuzu City Public Secondary Schools. The primary reason was not to establish quantifiable, statistical relationships but to describe the characteristics and experiences of Head Teachers in school-level financial management and their financial management roles.

3.9 Chapter summary

This chapter has described the qualitative method that was used to collect data. The method included semi-structured interviews, focus group discussions and document analysis. Face to face oral interviews with research participants were used, and various school documents, which included financial records and minutes of financial management meetings, including IPC minutes, were analyzed. Through the inductive process, data was organized into categories and patterns (relationships) among the categories identified. Most categories and patterns emerged from the data prior to data collection. The researcher used some categories that were obtained during the literature review.

CHAPTER 4

DATA PRESENTATION AND DISCUSSION OF RESULTS

4.1 Chapter Overview

The purpose of this study was to investigate the role of headteachers in financial management in relation to budgeting, accounting and auditing in the City of Mzuzu public secondary schools. The focus was made on their stipulated financial management responsibility by policy and how these were accomplished in practice in relation to the school-based financial management.

This chapter presents and discusses the results of the study which was guided by four research questions. These were:

1. How are headteachers in the City of Mzuzu fulfilling their financial management role?
2. What challenges do headteachers in Mzuzu City public secondary school face in executing their financial management role?
3. How do headteachers and other school-level financial managers perceive the financial management role of headteachers?

4.2 The Headteachers' financial Management

The financial management role of the headteacher is framed within the major components of school financial management, namely: budgeting, accounting and auditing. These components formed the basis of the study. Consequently the sub-headings for this chapter highlight each one of the components in relation to the financial management role of the headteacher.

4.2.1 Budgeting

Among other things, the Guidelines encourage headteachers to prepare a budget by involving the SMT which has to compile and review certain information which includes the planned activities for the fiscal year; a description of the planned activities; objectives; the output targets and indicators; the budget allocation, and the output outcome. Each cost centre is expected to prepare two sets of estimated budgets: one for Other Recurrent Transactions funded by the Treasury, and another set for Revenue, the money collected as fees from students and hire of government property like halls and furniture.

An analysis of the data revealed variations in the manner headteachers conducted the budgeting activities. One of the headteachers specified that he had instituted a budget committee comprising HODs, accounting and human resource personnel who were involved in a true sense in the budgeting activities of the school. The participant said these departmental heads of the school sections provide departmental requirements to be included in the school budget. He said this was done at the beginning of the calendar year, around January before the budget estimates meetings for the next fiscal year. He said he incorporates the activities in the proposed budget estimates which he submits at the budget estimates meetings organized by the MoEST or the Divisional staff.

Another participant said he asked all teachers to contribute to the school budget in meetings prior to the annual budget estimates meeting. While the above-quoted headteacher participants seemed to make an effort to ensure that their teachers were involved in budgeting, others did not know how to involve the SMT. According to one of the participants, members of the SMT could not be involved in the budget process because school ceilings and budgets were determined at the annual budget estimate meetings which only headteachers and accounts clerks attended. Participant AMZ MT1 said:

> There are procedures that have to be followed in a uniform manner across the country. These procedures are known to us at the budget sessions. For example, the budget ceilings are unveiled at the budget sessions. Even the costing of the activities is done at such sessions. So, much as we can plan as a school, the actual budget work is done at such sessions.

Another participant indicated that the whole budget process was centralized and dictated to cost centres to implement. She said that the reference points for budget preparations and inputs into the budget were given at budget sessions. Participant CMZ mentioned that the budget templates for both ORT and Revenue were computerized and shared to the cost centres at the budget estimates sessions. “These templates have pre-determined inputs, prices and outputs", she said. "All that cost centres have to do is comply with what is determined for them and that this cannot be done outside the budget estimates sessions". Participant CMZ asserted that the purpose of budget estimates sessions was to distribute money into the activities which were determined by the MoF or MoEST, and plan how that money would be funded to schools. She said it was not the school needs that fed into the budget but rather the government agenda that determined the budget. This was concurred by participant GMZ who said: "The school may plan to have the buildings rehabilitated that particular year. The government will say there is no budget allocation for maintenance that year, so on and so forth".

In this way, the data analysis showed that the majority of headteachers do not involve other participants in the formulation of the school budget because school budgets were centrally determined. In this case it is the headteacher who determines the school budget supported by the accounts personnel.

A follow-up question sought to investigate if headteachers understood the aspects of budgeting such as priorities of the MGDS, the work plans and cash flow estimations, and if they were aligned to specific activities, indicators and targets as expressed in the Output-Based Budget. All participants stated that the said aspects that guide budgeting were dictated to them at the budget estimates meetings by the Ministry of Finance through the MoEST officers and that they did not understand their implications. Participant DMZ presented examples of MoF template of the budget parts of which are provided below:

Template A

MDGS checker	MGDS Output	MGDS Activity	SUB-ACTIVITY	Sub Activity Checker	SUB ITEM UNIT

Template B

POW Individual activity number	NESP Policy Objective	NESP Strategy as found in ESIP (Blank = not in ESIP)	POW Activity	Clarification of activity, amd more details, if needed.	ESIP reform 01-20 (00 = not key reform action)	Programme code	POW code	Output indicator	Output Targets for 2012/13

Template A has MDGS checker, output and activity while Template B has Plan of Works (POW) individual activity numbers, the National Education Sector Plan (NESP) policy objectives and the NESP strategy as expressed in the Education Sector Implementation Plan (ESIP).

> "The Ministry officials spend a lot of time explaining the implications of MDGSs and NESP policy objects, but most of us fail to link these to our school budgets and we feel they have no bearing to our projected school expenditure," said Participant DMZ.

In budget preparation, cost centres are required to provide indications of the expected monthly break-down of all expenditures to improve cash management in form of work-plans and cash-flows. All participants said they were able to draw work-plans and cash-flows based on their individual school budgets, though they all said they were not able to follow the work plans because cash did not always flow to schools as planned.

4.2.2 Allocation and distribution of funding to spending officers

Once the budget has been approved, government funding is allocated on a cash budget basis direct to the main cost centres. Once funding has been made, and this is done nearly every month, the Internal Procurement Committee (IPC) of each institution meets to fund sub-programmes, activities, items and sub-items. The question that was posed to the participants was: *How do you allocate and distribute funding to spending officers at your institution?*

The data analysis showed that fund allocation and distribution varies from one school to another depending upon the category of each school. There are two major categories of schools in Malawi: Cost and Non-Cost centres. The former are funded ORT directly by the Treasury while the latter are not funded directly by the Treasury but get uniform subventions through the Education Divisional offices. But both categories retain and spend the fees that students pay.

Five of the schools in the sample were cost-centres while the other five were non-cost centres. Two of the cost centres said they had set up budget committees in their schools made up of HODs which allocate and distribute funding to spending officers. The other three cost centres said when funding was done, a meeting of the IPC members would be convened by the Deputy Headteacher and they would allocate and distribute funds to spending officers. All non-cost centres participants indicated that they received meagre subventions of only K25, 000 to K30, 000 a month and said it was not necessary to meet as SMT or IPC to determine how such little funding could be distributed.

Nearly all the participants were non-committal on the way they allocate and distribute revenue collected from students' fees. Participant DMG said the need dictated how revenue could be spent. By this he meant that much as revenue was budgeted for and priorities set at the budget estimates meeting, it was spent as per emerging need of each school.

Consequently, data analysis showed that the finances generated by the school which targeted developmental activities were diverted to meet needs of subsistence allowances, transport and payment of utilities as they arose on a daily basis. This is contrary to the Guidelines which stipulate that allocation and distribution of funding should be done by the IPC.

However, a participant from the Office of the EDM contradicted the involvement of the IPC in fund allocation and distribution. He said it was not their responsibility to do so. He stated that the role of the IPC was to ascertain the availability of funds to pay for procurement; approve and signing bidding documents prior to their issue; approve evaluation reports, including contract award recommendations, prior to any contract being awarded; and produce and distribute minutes of IPC meetings to Headquarters. He said all schools must institute budget committees which must allocate and distribute funds to spending officers, source quotations which the IPC must select and approve for payment.

When asked whether the schools had budget committees, the participants varied in their responses. Those from non-cost centres did not see the need of instituting budget committees because of the meagre funding they get. Two of the four cost centres in the

City of Mzuzu said they could not differentiate between the roles of the budget committee and that of the IPC.

The varying understanding on the allocation and distribution of funding could be an indication that the headteachers lack the capacity to provide guidance to financial management structures on the norms and procedures that determine their financial management operations. This finding disagrees with Grauwe's (2005) finding of his West African SBM studies which contends that the headteacher was the most knowledgeable by virtue of the legitimate power that s/he possessed.

4.4.2 Accounting

The Guidelines (MoEST, 2013; 2011; 2008) allocate financial accounting and reporting to the SMT and the SMC/PTA/BOG. The SMT would provide relevant documents to be used in the collection and use of revenues such as approved budgets, categories of fees and rates, general receipts, vouchers and ledgers. They would also monitor the records; compile and submit monthly cash controls, revenue and expenditure returns to the Ministry Headquarters by 10^{th} of the subsequent month; and monitor and evaluate internal control systems.

4.2.2.1 Provision of documents

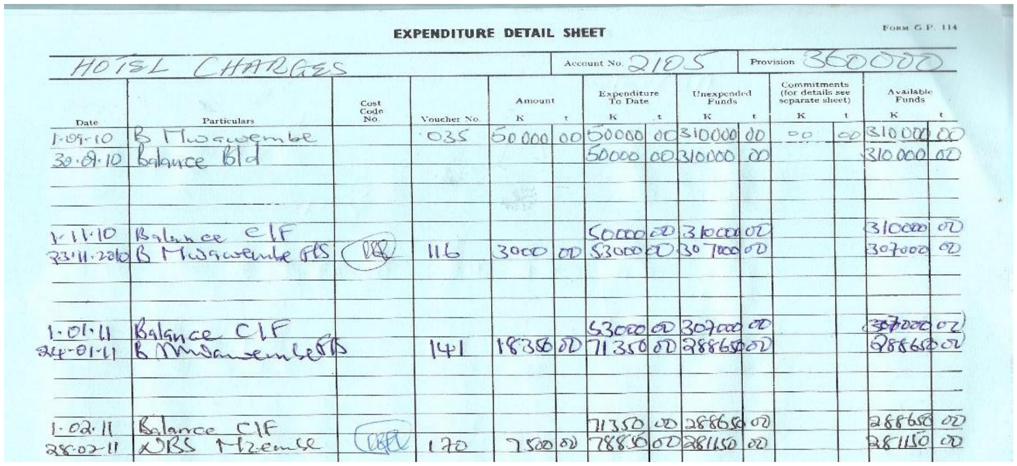
The table below shows the availability of financial documents in each one of the schools under study.

Table 1 Availability of financial documents

	AVAILABILITY OF					
SCHOOL	**Approved budgets**	**Fees categories**	**General receipts**	**Ledgers**	**cash books**	**Bank statemenent**
AMZ	*	*	*	*		*
BMZ	*	*	*	*		*
CMZ	*	*	*	*		*
DMZ	*	*	*	*		*
EMZ	*	*	*	*		*
FMZ	*	*	*		*	*
GMZ	*	*	*		*	*
HMZ	*	*	*		*	*
IMZ	*	*	*		*	*
JMZ	*	*	*		*	*

The table above shows that most schools had the required documents. But while cost centres maintained ledgers, non-cost centres maintained cash-books, and while general receipts were available, the document analysis showed that certain students had not been issued with general receipts. Participants FMZ and IMZ said when the Education Division ran out of general receipts they captured names of students who had paid the fees in hard covers and that receipts were issued later. According to the Guidelines (MoEST, 2011), non-issuance of General Receipts compromises accountability and is a serious audit query. The other evidence of the availability of the required documents is provided below:

Figure 3: An example of ORT ledger obtained at one sampled school.



EXPENDITURE DETAIL SHEET

FORM G.P. 114

HOTEL CHARGES — Account No. 2105 — Provision 360000

Date	Particulars	Cost Code No.	Voucher No.	Amount K	Amount t	Expenditure To Date K	Expenditure To Date t	Unexpended Funds K	Unexpended Funds t	Commitments (for details see separate sheet) K	Commitments t	Available Funds K	Available Funds t
1-09-10	B Mwawembe		035	50 000	00	50000	00	310000	00	00	00	310 000	00
30-09-10	Balance B/d					50000	00	310000	00			310 000	00
1-11-10	Balance C/F					50000	00	310000	00			310000	00
23-11-2010	B Mwawembe FBS		116	3000	00	53000	00	307000	00			307000	00
1-01-11	Balance C/F					53000	00	307000	00			307000	00
24-01-11	B Mwawembe FBS		141	18350	00	71350	00	288650	00			288650	00
1-02-11	Balance C/F					71350	00	288650	00			288650	00
28-02-11	NBS Mzemba		170	7500	00	78850	00	281150	00			281150	00

This ledger is completed by a qualified accounts clerk at one of the sampled schools. The participant who maintained the ledger said he was trained in accounting before he started work. Two participants (headteachers) where ledgers were maintained said they checked the accuracy of the records each time a transaction was made. The other three said they could not follow the information in the ledger. Those who checked said they used common knowledge and experience to check that the accounts personnel were performing their duties though they too were not able to explain what was meant by expended, unexpended and available funds.

4.2.2.2 Allocation of authority

The PFM Act (GoM, No. 7 of 2003, Part X (2) provides for the allocation of authority in terms of approval and countersigning of expenditures. The controlling officer or chief executive is mandated by law to authorize payments. From the data analysis, it is clear that the Deputy Head Teacher or any senior teacher approves expenditures while the headteacher countersigns. But from the document analysis it was evident that most payments had been made without approval and counter-signing by the authorized signatories. Records in the three schools which had been regularly audited by both the internal and external auditors reflected several audit queries emanating from vouchers which had no attachments and lacked one or both signatures of those mandated to carry out these duties.

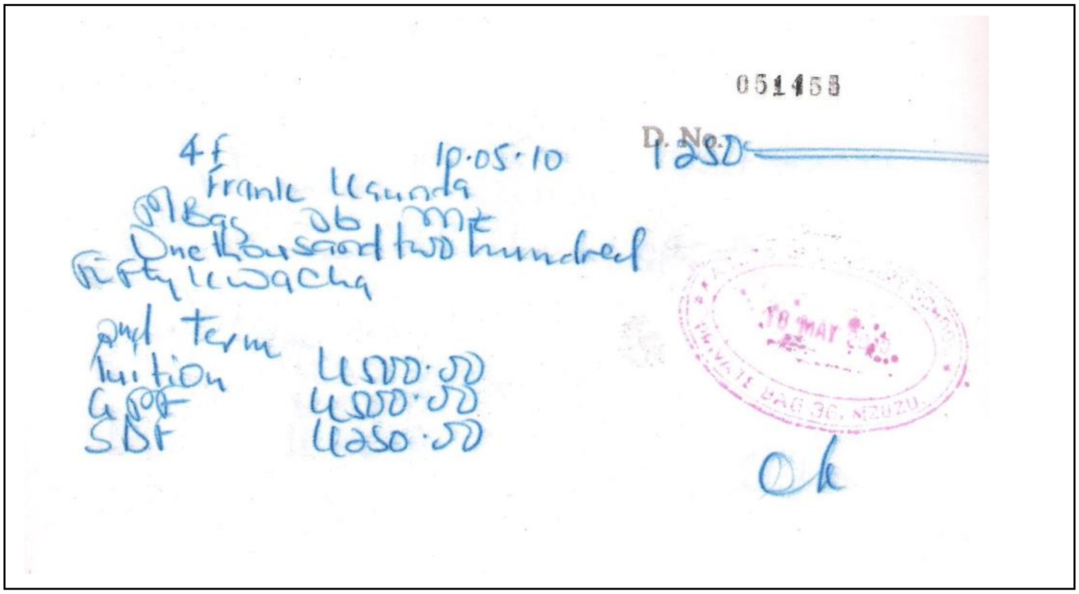
It is not clear whether it was oversight to have payments made without authority to pay or mere negligence or lack of knowledge in what is required of the headteachers in the financial transactions of their schools.

4.2.2.3 Monitoring and supervising collection of fees and expenditure

At two schools which had qualified accounts clerks fees was collected by the accounts clerks. At one school which had a qualified bursar, the fees was collected by the bursar. The other schools had neither the bursar nor the accounts clerks. In such schools, headteachers delegated the responsibility to one of the teachers to collect the fees. No criterion was used to select the teacher-accounts clerk, but participant FMZ, GMZ and HMZ said they selected the teacher accounts clerks or bursars from amongst the most dedicated and trustworthy teachers who were sober-minded and of high integrity.

It transpired from the data analysis that fees payments were monitored through the issuing of general receipts to students who had paid the fees and also through the fees register.

Figure 4: An example of the General Receipt at one of the sampled schools:


051458

D. No. 9250

4f 10.05.10

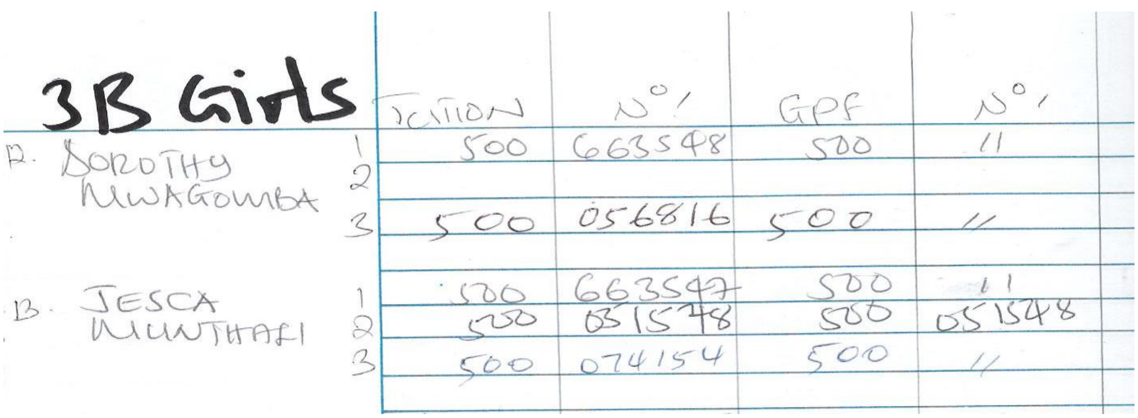
One thousand two hundred fifty kwacha

2nd term

Tuition	4500.00
GPF	4000.00
SDF	4250.00

Ok

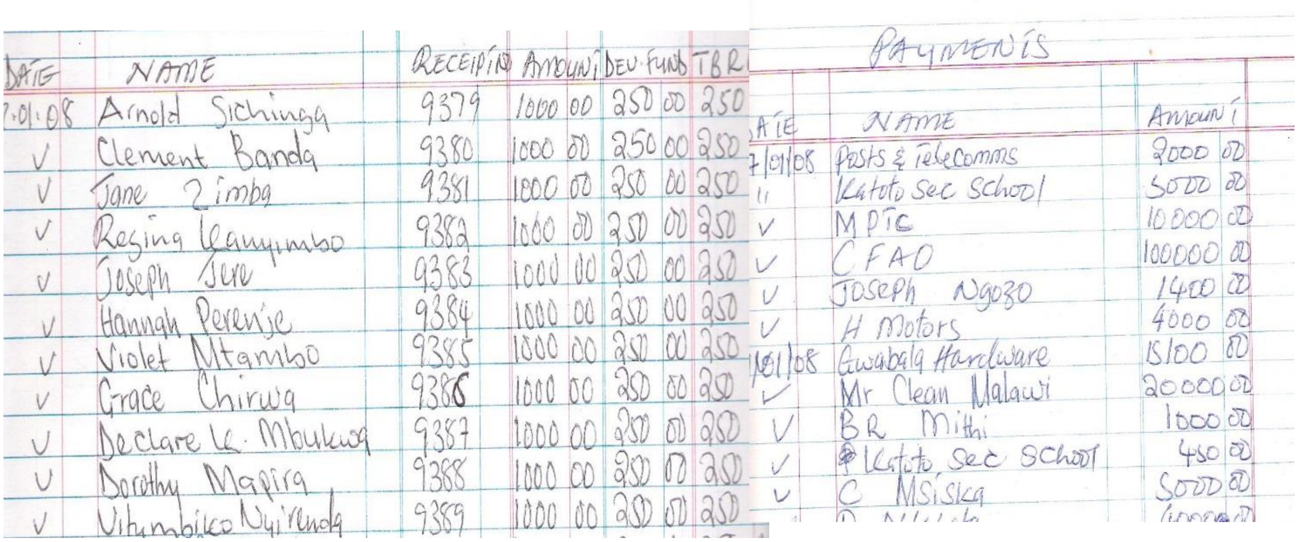
Figure 5: An example of a fees register at one of the sampled schools


3B Girls

		Tuition	No.	GPF	No.
A. Dorothy Mwagomba	1	500	663548	500	"
	2				
	3	500	056816	500	"
B. Jesca Munthali	1	500	663547	500	"
	2	500	051548	500	051548
	3	500	074154	500	"

The data analysis showed that headteachers were not systematic in the supervision of fees collection. While some of them checked financial activities of accounts clerks like looking at the General Receipts, cashbooks and deposit slips others let it loose. Only two of the headteachers in the sample regularly checked, and three maintained cashbooks in the schools.

Figure 6: An example of a cashbook at one of the sampled schools



DATE	NAME	RECEIPT NO	AMOUNT	DEV. FUND	TBR
7.01.08	Arnold Sichinga	9379	1000 00	250 00	250
✓	Clement Banda	9380	1000 00	250 00	250
✓	Jane Zimba	9381	1000 00	250 00	250
✓	Regina Kanyimbo	9382	1000 00	250 00	250
✓	Joseph Jere	9383	1000 00	250 00	250
✓	Hannah Perenje	9384	1000 00	250 00	250
✓	Violet Mtambo	9385	1000 00	250 00	250
✓	Grace Chirwa	9386	1000 00	250 00	250
✓	Declare K. Mbukwa	9387	1000 00	250 00	250
✓	Dorothy Mapira	9388	1000 00	250 00	250
✓	Vitumbiko Nyirenda	9389	1000 00	250 00	250

PAYMENTS

DATE	NAME	AMOUNT
7/01/08	Posts & Telecomms	2000 00
"	Katoto Sec School	5000 00
✓	MPTC	10000 00
✓	CFAO	100000 00
✓	Joseph Ngozo	1400 00
✓	H Motors	4000 00
10/01/08	Ewabala Hardware	15100 00
✓	Mr Clean Malawi	20000 00
✓	BR Mithi	1000 00
✓	Katoto Sec School	450 00
✓	C Msiska	5000 00

From the data analysis above, it would appear there is some general effort made to supply to the relevant officers the documents which are required in the collection of fees. But the monitoring and supervision seems to originate from common knowledge and practice which explains why there are variations in the way these are done. The shortage of qualified accounting staff in schools seems to have another negative effect in the effective documentation of financial records.

4.2.2.4 Compiling and submitting monthly cash controls, revenue and expenditure

According to the Guidelines (MoEST, 2011), it is the responsibility of the SMT to compile and submit monthly cash controls, revenue and expenditure returns to the MoEST Headquarters every 10th of the following months through the EDM's offices.

The data analysis reveal that there was a gross underperformance on the submission of cash controls, and revenue and expenditure returns as demanded. Nearly all the schools erratically submitted such information to the division on a monthly basis. Participant DMZ said he only did so when the Education Division demanded of them. Participant JMZ said they were unnecessary burdens on them. A participant from the Division said headteachers had not taken his heed to regularly send returns to his office.

Cash controls, revenue and expenditure returns are invaluable tools to monitor accountability of the public resources and that schools are on track in the execution of the budget. Failure to submit such reports compromise accountability of the financial resources.

COST CENTRE: 106

PROGRESS REPORT FOR 2009/2010

			ACTIVITY DONE	TOTAL COST	PLANNED OUTPUT	ACTUAL OUTPUT ACHIEVED	REMARKS
106	Introduce and implement curriculum responsive to individuals and the nation by including academic and non academic subjects	Increase stocks of text books **(Tuition)**	purchase of books	**143,750.00**	56 books	30 books	funds realised from bursaries came too la te to buy books at to meet the target.
		Increase lab equipment Improve school security	purchase of lab equip	**164,000.00** **-19,500.00** **620,000.00** **-260,000.00**	assorted science specimens school fence wall extension by barbed wire	assorted specimens for 5 science subjects fence wall being maintained raising height barbed wire	the allocated money was by far insufficient insuffient funds due to rising costs of mate rials like cement
		Improve school sanitation	purchase of female disposal equipment	**400,000.00**	2 equipments	not done	funds were used for raising school fence wall
		Improve the classroom environment of learners	maintenance of desks & doors	**400,000.00**	960 students	maintained 102 desks and 200 chars	students access to desks/chairs improved room security improved
		Increase stocks of textbooks **(TRF)**	purchase of books	**240,000.00**	100 books	94 books	departments shared books equally .easy access by pupils

Figure 7: An example of a progress report submitted by one of the sampled schools

4.2.2.5 Appointment of the members of the IPC

The appointment of members of the School Internal Procurement Committee (IPC) is mandated to the members of the SMT. The duties of the IPC are outlined in the Guideline (MoEST, 2011), i.e., ascertaining the availability of funds to pay for procurement; approving and signing bidding documents prior to their issue; approving evaluation reports, including contract award recommendations, prior to any contract being awarded; and producing and distributing minutes of IPC meetings to Headquarters.

The data analysis shows that all schools had appointed IPC, though only one school had written appointment letters to the IPC as demanded by the law. However all appointments contravene the law in one way or another. For example, Part III, Chapter 9 of the Public Procurement Act (2003) categorically stipulates that the Internal Procurement Committee (IPC) shall consist of the personnel who shall be well informed concerning public procurement, trained in procurement, and whose professional qualifications meet the requirements that may be established by the head of the procuring entity, in accordance with guidelines issued by the Office of the Director of Public Procurement (ODPP).

None of the schools in the sample met the above requirement. There was also a variation in the way an IPC of one school functioned from another, a clear indication that members of the IPC were not oriented on their roles and responsibilities. None of the participants serving as IPC members had ever been oriented in their roles and responsibilities.

4.2.2.6 Approving and signing contract documents

All the participants in the sample had some infrastructural development activities in their schools or were engaged in some form of maintenance of buildings. The mandate to approve and sign contract documents prior to their release, and approving and signing of any contract amends is vested in the SMT (MoEST, 2008). However, none of the participants had engaged in the approval and signing of the documents. All the projects were small scale like painting classrooms and teachers' houses, building a teacher's house, a laboratory and a hall using the local revenue, except at one school which the government was rehabilitating with the World Band funds. The headteacher of the school said he had not been involved in the approving and signing of contract documents.

When asked if they had enough knowledge on approving and signing of contracts, all the participants feigned ignorance despite the fact that they had attended workshops organized by the ODPP at one time or another. Participant FMZ who was constructing a hall at her school said:

"We would know what it is to approve and sign a contract document perhaps when we engage ourselves into a major project".

4.2.2.7 Stakeholder Involvement

The Guidelines (2011) define the following roles to the PTA and the SMC: monitoring the maintenance and provision of institutions' infrastructure, furniture and equipment; and making reports that relate to collection and use of revenue; advising the Ministry as to whether the conduct of the school is generally in accordance with the school's approved budget; hiring and firing part-time and parallel instructors and additional support staff with support from the Human Resource Management of the Ministry; and participating in the review of fees collected and utilized by the institution. Of all these roles, the participants in FGDs indicated that they were not aware of their mandates apart from being involved in raising the fees and monitoring the maintenance and provision of institutions' infrastructure, furniture and equipment. Participants at schools where a laboratory, a teacher's house and a hall were being constructed said the SMT had involved them in mobilizing the community to provide the essential services at such constructions. Three of them said they were genuinely involved in budgeting for the projects, and that the headteacher accounted to them how the finances were being used.

All the participants said it was not within their mandate to make reports that related to collection and use of revenue and to advise the Ministry as to whether the conduct of the schools was generally in accordance with the school's approved budget. Ten out of the twelve FGD participants said they did not even know what the budgets of their schools were.

The idea of community involvement in school development activities is as old as the commencement of formal education in Malawi (Rose, 2002). But this has generally only involved helping with construction and fundraising, and not in school management and governance, let alone financial management and accountability (GoM, 2002). The activities of the community have been more pronounced in primary school management with school committees legally constituted under the Primary School Committee Order of the 1962 Education Act to oversee the management of resources and those working at the primary school in close collaboration with school staff and the community as a whole (Guidelines for Management of Education Functions Devolved to District Assemblies, 2008). In the secondary education sector, the Law recommends the establishment of the Board of Governors to monitor quality and standards of education, and the implementation of Action Plans as formulated by school committees which include maintenance of school infrastructure (Laws of Malawi, Vol. 4, Chapter 30). But, according to the Malawi Law Commission Review of the Education Act (2008), only one Board of Governors, now defunct for decades, had ever been established, which was responsible for Government Secondary Schools that were then referred to as cost centres, namely: Mzuzu Government, Lilongwe Girls, Dedza and Blantyre Secondary Schools.

The Law Society of Malawi argues that there was no justification for the inclusion of the PTAs in the management of secondary schools in the new Education Act because they were voluntary organizations for parents of students attending a particular school (Education Draft Bill, 2008).

4.2.3 Auditing

According to MOE (2005), auditing ensures that accounts are correct; adequate systems of internal control exist; financial transactions do not infringe on existing laws, rules and regulations; and that budget allocations are not overspent or misappropriated. This can be done through both internal auditing, a management activity intended to ensure regular and frequent checking on a school's financial transactions and records, and external auditing which is performed by agencies from outside the educational organization.

The data analysis showed that headteachers checked accounts records as a routine work, but were not conversant with audit laws, rules and regulations to spot out flaws in the accounting system. For example, Participant AMZ said the qualified accounts clerk at his school was more knowledgeable in financial matters than he was so that he was not so sure about the contents of the various financial records.

On external auditing, one participant indicated that his school was visited termly by different sets of external auditors like the National Auditors, SWAP auditors and the internal auditors either from the division or the MoEST headquarters. Two other schools conventional school were also regularly visited. None of the Community Day Secondary Schools had been visited for the past five years.

The audit reports specifically pointed at the following weaknesses in the management of finances in public secondary schools under study: the budgets were not executed as planned; the revenue was not accounted for; there was lack of transparency about expenditures made and failure to maintain stores ledger; payment vouchers were without supporting documents, schools still used non-prequalified suppliers, payments were sometimes unauthorized; there were delays in banking revenue, allowances were not signed for, fuel was not accounted for, services were not recorded in the log book, there was an accumulation of unpaid bills and unauthorized virements.

An Internal Auditor at the EDM's office confirmed that they had not audited Community Day Secondary Schools for many years. The auditors' interpretation of the audited schools' weaknesses was that there was negligence of duty by headteachers and accounts personnel with the risk of theft and fraud. Their opinion was that the controls in schools were very weak and the control environment very poor.

The audit results could be indicators that there was lack of capacity to handle finances and that the officers who were entrusted with the collection of revenue were not adequately monitored or supervised. There is also the challenge of the expectations of the auditors who are trained on their job and the execution of duty by officers who are not trained in accounts.

4.3 Financial Management Challenges of Headteachers

The researcher wanted to know if there were any problems or obstacles that were encountered in the fulfilment of the financial management role at school-level. Headteacher participants highlighted several challenges which included lack of the skills required to manage financial resources at school level; insufficient funds; delays in funding and processing payments; insufficient accounting personnel; fees defaulting; and lack of accountability procedures.

4.3.1 Skills required by headteachers for effective and efficient financial management

The following question was asked: "What financial management skills are required to effectively manage finances at school level? Besides your formal teacher training, do you think that you are adequately trained to manage the financial responsibilities of your school? If not, how do you execute financial management duties?"

Participants differed on the skills that they needed to have in managing finances at school level. SMT members said their role in financial management required skills in making a school budget and instituting internal control measures like preparation of vouchers, book accounts, ledgers, and monthly revenue and expenditure returns. They added that their job description needed skills in monitoring and evaluation (M & E) of internal control systems, procurement, including approval and signing of the bidding documents prior to their issue, and the monitoring and evaluation skills of internal control systems. Headteacher participants added that their role needed capacity to empower and delegate effectively, and manage time effectively by identifying and acting on priorities. They also wanted to know how to effectively complete budget templates, draw work plans and cash-flows.

SC and PTA members said their financial management role needed M & E skills including skills in official report writing; knowledge of conditions governing the hire and fire of part-time and parallel instructors and additional support staff and inter-personal skills.

IPC members said skills in procurement were essential. These included skills to approve and sign bidding documents, approving evaluation reports writing of IPC minutes.

All participants except for two trained accounts clerks said they were not adequately trained to effectively and efficiently manage finances at school level much as the innovation was welcome. They agreed that school financial management was a daunting task which required technical expertise. For example, participant JMZ acknowledged his deficiencies in financial management:

> We are professional teachers. When auditors come to our school they would want an excellent job done. These are trained and they know what is excellent to them. Financial management structures here do not know what constitutes effective financial management.

When asked how they manage finances without the necessary technical knowledge and skills, the participants said they variously interpret and use the MOEST guidelines on the retention and use of finances at school level which are considered the blue-print for all public secondary schools. Participant DMZ said

> what we get at the end of the day is that we bring bits and pieces of what we know together and we make do with them. But when auditors come they would want an excellent job done.

The document analysis of two schools which had been recently audited revealed that there were serious flaws in the way finances were managed at school level. For example, stores were not recorded in stores ledger which is contrary to the Treasury Instruction that all purchased items should first be receipted in a ledger and issued out upon request from users; management failed to account for money cashed in lump-sums which was contrary to the Treasury Instruction that required that payment vouchers should be retired within two weeks after payment and be returned to cash office for filing; suppliers of goods and services were paid through staff members which allowed for payment of higher prices thereby defrauding the government; contrary to the Procurement Act, staff members supply goods and services to the school without disclosing their interests; the school management further effected payments in respect of meals but no receipts or details of activities were presented on the vouchers to make the payments authentic, and goods and services were being purchased without sourcing a minimum of quotations as required by law.

This result agrees with Leiderer’s et al. (2007) assertion that financial decisions in schools are marked by ad hoc mode of planning and budgeting; informal practices and uncertainty because of lack of financial knowledge and skills. The financial knowledge base of all participants seems to be so low that it blocks effective execution of financial duties.

4.3.2 Insufficient funds

One of the challenges that headteacher participants mentioned in the execution of their financial management role was the insufficient financial resources. Schools in the sample were of four categories: conventional boarding secondary school; conventional double-shift Day secondary school; Approved CDSS and Non-Approved CDSS. When asked how much each of the schools in the sample was funded or realized from the payment of school fees, they gave the following figures:

Table 2: Total expected revenue at each sampled school

SCHOOL	TYPE	PUPIL ENROLMENT	NO. OF TEACHERS	ORT/SUBVENTION/YEAR/ TOTAL	SCHOOL FESS/YEAR	TOTAL ORT & REVENUE/YR
AMZ	Conventional Boarding SS	620	28	MK31, 500, 000	MK10, 800, 000	MK42, 300, 000
BMZ	Conventional Day SS	1220	60	MK 13, 000, 000	MK5, 400,000	MK18, 400, 000
CMZ	Approved CDSS	299	15	MK1, 000, 000	MK 2, 242, 500	MK3,242,500
DMZ	Non-Approved CDSS	520	19	MK 360, 000	MK2, 184, 000	MK2, 544, 000
EMZ	Conventional Day SS	1900	55	MK13, 000, 000	MK5, 400,000	MK18, 400, 000
FMZ	Approved CDSS	320	23	MK1, 000, 000	MK 2, 242, 500	MK3,242,500
GMZ	Non-Approved CDSS	419	15	MK 360, 000	MK2, 184, 000	MK2, 544, 000
HMZ	Non-Approved CDSS	389	12	MK 360, 000	MK2, 184, 000	MK2, 544, 000
IMZ	Non-Approved CDSS	350	12	MK 360, 000	MK2, 184, 000	MK2, 544, 000
JMZ	Non-Approved CDSS	340	17	MK 360, 000	MK2, 184, 000	MK2, 544, 000

Each of the participants said that the average fund allocation was insufficient to cover the costs faced by each school per month. Participant AMZ, for example, said food prizes had escalated and the monthly allocated funds could not suffice. He said the school had to close early the previous term because they did not have enough money to buy foodstuffs that would last the school to the end of the term. Participant BMZ said his school had an enrolment of over 1,200 students and 50 teachers and the average funding of K1.5million to his school could hardly pay for the goods and services that his school intended to carry out per month.

> Priority goes to public utilities: the water, electricity and telex charges which take almost half the total allocation for each month. Examination activities for our huge school take the other half. Travel expenses that have not been paid for the past three months have accumulated to over half a million. We can't buy sufficient teaching and learning materials; we can't organize INSETs for teachers.

All participants from a non-approved CDSSs said their schools received monthly subventions of K30, 000 through the Education Division, which he said were peanuts.

> Right now three of my members of staff want to travel to Zomba on duty and will be there for three nights. Each one of them needs K55, 000 for travel expenses. What can one do with K30, 000,
>
> Said Participant DMZ.

The participant said his school survived on school development fund which was meant for the infrastructural development of the school. Participants from other schools concurred with participant DMZ that since government cannot raise the fees, school will survive only when they engage the PTAs/SCs to raise the fees for purportedly infrastructural development, but which is diverted to other school programmes.

4.3.3 Delays in funding and processing payments

The researcher wanted to know if the schools were funded on time and whether action plans and cash flows were followed. Participants said that funding in that financial year followed the cash flows but that there were delays in the disbursement of funds which derailed the execution of some planned activities.

Furthermore, the participants pointed out that there were too many bureaucracies to be followed before goods and services are paid for. They said after funding for their schools had been disclosed, which is always close to the middle of the month, the SMTs have to meet to allocate funds to that month’s activities. Thereafter, the fund distribution sheet has to be taken back to the Treasury Cashier, three quotations sought from prequalified suppliers and the IPC has to meet to select the service providers for the planned activities. The participants added that there was the laborious process of looking for Performa invoices, preparing vouchers and in some cases, the Treasury has to issue an Internal Procurement Requisition (IPR) form which suppliers have to complete before payment can be made.

> By the time the process is over, we are already in the next month. Most service providers are not that patient. The Water Board and ESCOM sometimes embarrass us with disconnections. Food suppliers cannot wait that long. They don’t seem to understand the bureaucracies that are followed before payments can be made

said Participant AMZ.

Other participants said the government is unrealistic to suggest that all goods and supplies have to be acquired from pre-qualified suppliers only because when these run short of stocks service delivery in schools is either delayed or derailed. They gave examples of stationery especially close to examination period when most prequalified supplies run out of supplies and schools are stranded.

Participants whose schools were not cost centres said they experienced further delays in funding as they had to receive subventions from the Education Division office. “The subversion of K30, 000 per month comes so erratically and late that we wonder whether we are supposed to be funded or not. Sometimes, we are not funded for two to three months,” said participant DMZ.

4.3.4 Insufficient accounting personnel

The researcher asked if the schools had enough accounting personnel to carry out the financial administration, and how they managed the accounting tasks if they did not have the accounting personnel. Two schools had trained accounts clerk and school bursar each. Document analysis of records at the Education Divisional Office (North) showed that the entire education division with 189 public secondary schools had only five qualified accounts clerks placed at five conventional secondary schools, two of whom were attached to two of the sampled schools. This means that headteachers in the sampled schools without the accounts personnel use teachers as accounts clerks. According to participant CMZ, these teachers sacrifice their pedagogical duties for financial responsibilities.

When participants who served as accounts teachers were asked about the challenges they faced in the administration of school finances, they both said it was a daunting task and added that they used common sense to perform their duties since they did not have financial management skills.

Participant NED 2 at the EDM's office said it was the mandate of the Accountant General's office to engage clerical staff for all government departments and that he was aware of the challenges schools face in the absence of qualified accounting personnel.

4.3.5 Fees defaulting

During interview schedules with the headteachers they all complained of huge fee arrears caused by poor fee payment which jeopardized the implementation planned school activities.

When probed to explain fee defaulting by students the participants said this was a result of poor economic backgrounds of some students and the high number of orphans in the schools who lacked proper sources of finances. Participants said bursary providers sometimes did not honour their commitments on time.

4.3.6 Accountability procedures

The researcher wanted to know the accountability procedures that have been instituted to hold the headteacher and the school-level governing bodies answerable in the proper execution of their roles. The participants said the guidelines for the collection and retention of finances in public secondary schools outline the responsibilities for each governing body. Amongst the duties, they indicated that it is the SMT role to compile and submit monthly cash controls and monthly revenue and expenditure returns to the Ministry Headquarters through the Education Divisions; the IPC to conduct all procurement; the BC to monitor the purchases of boarding facilities and food stuffs and the SC/PTA to monitor reports that relate to collection and use of revenue.

However, the document analysis showed that such returns were erratically submitted to the Ministry Headquarters; headteachers sometimes authorized payments without going through the IPC and acquiring the recommended number of quotations; foodstuffs were procured without the involvement of the IPC, and the SC/PTA members were completely excluded from financial management decisions apart from decisions on the infrastructural development of the school.

The probe question asked why the guidelines were not followed as blue-print for school-level financial management. The participants said only headteachers were oriented on the roles of the school-level governing bodies as outlined in the Guidelines. Other stakeholders were ignorant of the rules and regulations that govern their responsibilities.

Participant IMZ said that SC, the PTA and other stakeholder groups may render their support to headteacher in respect of resources management but that support did not constitute a change to the primary responsibility of the headteacher, which was that he/she was the only one accountable to the Secretary for Education in the way he/she managed the school's financial resources.

Another probe question focused on the frequency of school audit, adherence to and compliance with legislation and code of practice on financial management. It transpired from the interview schedules that CDSSs had never been audited while conventional secondary schools were audited more than twice every year by the Internal, National or SWAP Auditors. The document analysis reflected weaknesses in accountability procedures instituted in the schools so that there was fraud, corruption and lack of transparency.

Data analysis from interviews with the SC and PTA showed that members of the two committees were concerned with mobilizing communities in the infrastructural development of the schools and did not feel obliged to report to the government the way finances were managed because they were not directly responsible for the schools' financial administration.

In order to know the effectiveness of school-level financial management on financial prudence, transparency and accountability, the researcher asked the participants the question: Do you think school-level financial management has achieved financial prudence, transparency and accountability?

Participant DMZ emphatically said:

> Ideally there is supposed to be prudence, but I think the question you have put forward, I would say to a greater extent the involvement of all these structures is supposed to bring prudence in financial management; prudence in the sense of decision making on the kind of activities that should be done and how much should be paid for that particular activity. It is not a one person's show. It is possible to look at financial issues from a broader prospective and more critically. So these financial structures check on the Head's tendency to misuse funds. But I wouldn't say these structures have improved financial prudence.

Participants BMZ and CMZ pointed out that managing school finances in a participative manner at the school was good in that there was some element of transparency and accountability but that the role of the governing bodies was not very articulate and conclusive. They said the governing bodies were involved up to a certain point and that no monitoring and evaluation was being done by the groups designated to perform such tasks so that in the end it was the headteacher going through the whole process of financial administration and accountability.

Russel and Simkins (1997) distinguish between two types of accountability as hard accountability and soft accountability. In hard accountability, the responsible officer will act in ways that are consistent with legitimate requirements provided for by the government. Failure to conform to the expectations provided for in the requirements is tantamount to negligence of duty with punishment attached. In soft accountability, the government influences the behaviour of the responsible officers, and it is not accompanied by any means of ensuring compliance or punishment for non-compliance. In respect of the schools in the sample, the headteachers seem to be mindful of hard accountability and do care about engaging stakeholders in matters of accountability.

4.4 Factors that might compromise financial prudence

The data analysis revealed that orientation on school-level financial management was restricted to headteachers through Education Division orientations. This meant that there was no firm financial management base in public secondary schools. However, all school heads of the schools under study agreed that they did not in return orient the other staff members because they themselves were not conversant with prescriptions of prudent financial management. Yet the less knowledgeable and skilled headteachers had to supervise the accounts clerical staff who were trained in financial management and were a bit more knowledgeable on the requirements of the financial legal frameworks. Participant BMZ MT1 admitted that there were times when accounts clerks were deliberately negligent:

> I still do not understand why the two accounts clerks can't issue receipts on time when students pay fees. ….and earnestly speaking, why should an accounts clerk make payments without raising a voucher? Why should he fail to complete a ledger? This is the work of clerks who know what they are supposed to be doing, lamented the participant.

The above evidence shows the challenge that the headteacher was faced with: on the one hand he had to implement what the policy required, on the other he had to supervise the staff that was knowledgeable on things that he himself knew little about. In addition, he had to coordinate the activities of members of the school-level management structures, most of whom were least knowledgeable in financial management.

There was clear evidence that all the ten schools had put some appropriate financial controls but there was lack of supervision, monitoring and evaluation of financial transactions because the guidelines failed to bridge the gap between the Financial Legal framework, the education policy and the technical staff on the ground. Consequently, there was no assurance that the conduct of schools was in accordance with the school's approved budget and that they related to the collection and prudent use of revenue.

The opinion of the Internal and National Audit when they visited the schools within the year of this study (2011 to 2012) was that the financial controls in the schools they audited were very weak and that the control environment was very poor. They noted signs of negligence of duty tantamount to disregard of procedures, moral and professional ethics which could lead to fraud and misappropriation of the school's financial resources.

4.5 The headteacher's perceptions towards school-level financial management

Headteachers' perceptions of their own participation in SBFM

In order to understand the headteachers' perceptions of their participation in school-level financial management, I asked them the question *Do you understand your role in school-level financial management?*

All the heads of the ten schools under study said they understood their role and they found it extremely challenging. All of them said their role was challenging because the rules and regulations that they must follow to manage finances prudently were contradictory. For example, the Public Finance Management Act, Part V – Dealing with public money (p. 21) states that:

(1) Public money is the property of the State.

(2) Public money shall, except as otherwise provided in this Act, be paid into bank account designated by the Secretary to the Treasury for that purpose and such accounts shall form part of the Consolidated Fund.

(3) Money paid into any designated bank account is public money, and shall not be removed except as provided by the Constitution or this Act.

These regulations in the Act, which is the financial management legal framework in Malawi, contradicts what the Ministry Guidelines state. For example, the Guidelines state that only tuition fees should be deposited into the Government Account, the rest of the money must be retained in the schools. This has been cause for policy crisis in the last couple of years with one circular issued after another on the retention of the fees in the school.

Equally controversial is the composition and the role of the Internal Procurement Committee (IPC) at school-level. Part III, Chapter 9 of the Public Procurement Act categorically stipulates that the Internal Procurement Committee shall consist of the personnel who shall be well informed concerning public procurement, trained in procurement, and whose professional qualifications meet the requirements that may be established by the head of the procuring entity, in accordance with guidelines to be issued by the Director. The IPC instituted in public secondary schools fail to meet this condition.

Consequently, the headteachers of the schools under study said they were not fully equipped to manage finances at school level prudently.

Participant BMZ said headteachers were not adequately trained, yet when funds were misappropriated it was the headteacher who was taken to task. Thus he had to ensure that he abide by the financial procedures which had been known to him over the years.

> Participative financial management guidelines are good, but they do not guide the headteacher on how he must engage all the stakeholders in financial management so that what is practised at one school is likely to be somehow different from the other school.

The sentiments of the above participant were shared by Participant DMZ who alluded to the implications of wrong decisions and practices by a large group of the school financial management and the punishment that followed the headteacher for mismanagement of finances.

At the inception of the school-level financial management policy, the Director of Planning at the Ministry of Education Headquarters had expressed his warning to headteachers against poor management and misuse of funds and the punishment that accompanies misuse of school funds.

Thus, Participants AMZ and CMZ said they had to abide by the financial rules and regulations to save their job. Consequently, much as other members of the school-level financial management team were involved, it would seem as if it was the headteacher and the accounts personnel who did all major financial transactions and the less knowledgeable management members bulldozed to rubber stamp their decisions.

Participant BMZ MT 1 said:

> It is the headteacher and the accounts personnel who are deeply involved in the budget process of the school from the preparation stage up to implementation. The management committees give their inputs but it is the head and the accounts personnel that do all the transactions.

The participant admitted that not all views of the IPC were accepted by the headteacher. In response to the above sentiment and in a separate interview, Participant BMZ MT1 defended his actions:

> I am the one who is accountable to the Secretary for Education for the way finances of this school are managed. So I provide all the necessary financial documents and supervise the accounts personnel to do a good job that would not invite audit queries.

Thus the data analysis reveals that much as headteachers had to adopt participative methods to manage finances, they were also mindful of the law that would punish their misconduct. Consequently, they had to use their discretion. This means that they have to use bureaucratic means to manage financial resources within the broader concept of decentralization.

4.5.1 The headteacher' perceptions of the school-level financial managers

In order to perform further analysis of school-level financial management, the study asked about the headteachers' perceptions of the participation of the stakeholders in financial management.

The data analysis shows that all the ten headteachers of the schools under study agreed that school-level financial management was a welcome intervention to the management and governance of public secondary schools in Malawi. They stated that apart from enhancing transparency and accountability, the intervention had made the school responsive to the local needs of his school.

Participant AMZ said:

> We no longer have to wait for the Education Divisional Office to allocate finances to the school and approve expenditure as used to be the case in the past. Services were really delayed. When funding is done, Division would first of all decide how the funds should be distributed among the schools. There were categories of schools which received uniform amounts. At other times all

> the money would be used by the Division to buy or service vehicles.

The participant also gave an example of the time when the school was closed for poor sanitation and huge water bills because the Education Division could not prioritize the schools needs in its disbursement of divisional funds to schools. He said now that they were funded directly by the Treasury they purchased what they jointly decided as a school as per the school need.

Participant BMZ said school level financial management was good because it prevented abuse of the headteacher's office and that finances directed towards the intended purpose:

> There is no way a group of people can agree to do a wrong thing…… I am satisfied with the way people are now coming up with the budget. We have control measures; we have mechanisms of monitoring how the budget is going on. We can control our cash flow and use only the budget that has been approved.

However, this assertion was contrary to the view that the Director of Planning at MOEST expressed to warn headteachers against abuse of office. The Director said:

> There is a saying in management, which states that a bad team can agree that a chicken is an elephant. This means that a bad

> team can agree to rob government of its finances by making wrong decisions (Kuthemba-Mwale, 2005)

In order to know the effectiveness of school-level financial management, I asked the participants the question: *Do you think school-level financial management has achieved financial prudence, transparency and accountability?*

Participant DMZ was careful to answer. He emphatically said:

> Ideally there is supposed to be prudence, but I think the question you have put forward, I would say to a greater extent the involvement of all these structures is supposed to bring prudence in financial management; prudence in the sense of decision making on the kind of activities that should be done and how much should be paid for that particular activity. It is not a one person's show. It is possible to look at financial issues from a broader prospective and more critically. So these financial structures check on the Head's tendency to misuse funds. BUT I WOULDN'T SAY THESE STRUCTURES HAVE IMPROVED FINANCIAL PRUDENCE [emphasis is mine]

The participant said most members involved in the school financial decisions did not have knowledge and skills in financial management. In this regard the purpose of having a bigger group to make financial decisions was defeated by the lack of capacity of the people involved.

> In the end of the day, we get back to the situation where one or two people make final decisions for the school. So the instituted structures are there just to rubber stamp what these have planned. The rest of the members are invited to satisfy the condition for participatory financial management. To them (the IPC) it is only procurement of items and approving items, but the processes that are involved need training which most members of the IPC are lacking.

4.6 Discussion

This study was predicated on educational theories based on Bush's (2003) formal and collegial models. The major assumption of the formal models is that organizations are hierarchical systems in which managers use rational means to pursue agreed goals. Heads possess authority legitimized by their formal positions within the organisation and are accountable to sponsoring bodies for the activities of their organisation (Bush, 2003, p. 37). While the major claim of the collegial models is that organizations determine policy and make decisions through a process of discussion leading to consensus. Power is shared among some or all members of the organization who are thought to have a shared understanding about the aims of the institution (p. 64).

It transpired from the data analysis of this study that Malawi educational system is arguably being decentralized. Legislation shows that the intention of the government is to allocate more responsibilities and increase relative autonomy at the school level, following trends observed in many other European countries. Traditionally, however headteachers in Malawi public secondary schools are part of the bureaucracy of the system, with administrative and bureaucratic responsibilities. They do not have adequate preparation in financial management (MOEST, 2002; MOE, 2005), nor have they been given sufficient training on the involvement of stakeholders in school management. This is in part because recruitment to the post of headteacher does not select candidates strictly based on their merit in financial management. Thus skills in financial management are gained on the job. As Leiderer, et al. (2007) point out, the deficiency in knowledge and skills in financial management leads to financial decisions in schools that are marked by ad hoc mode of planning and budgeting, `informal practices and uncertainty which can lead to financial mismanagement.

The financial management role of headteachers in Mzuzu City public secondary Schools was clearly focused on management responsibilities as determined by either the MoEST or the Ministry of Finance. All the financial management processes involved in budgeting, accounting and auditing were seen to be following the rules, regulations and procedures that had been set by the central government. For example, the budget process in Malawi begins with the Ministry of Finance which will determine the budget ceilings and all the formats that it should take. The legal and institutional frameworks are instituted to regulate financial management in schools, and accountability is obviously to the central government.

Government intention to turn public secondary schools into cost centres was part of the decentralization process to increase transparency and accountability in the Education

Sector. What this meant was that all cost centres would have autonomy and responsibility to manage finances of their institutions for which they would be accountable: but accountable to whom?

According to Kuthemba-Mwale (2005), the bank accounts and funds that would be remitted to the accounts for use at school level would be for government and they must be managed in accordance with the established regulations and instructions. This meant that the local managers would be accountable to government. Kuthemba-Mwale called for prudent planning and observance of procurement procedures in utilizing the funds for which head teachers would become responsible.

The study revealed that the schools under study had implemented the government policy to decentralize financial management and had instituted School-Level Financial Management Structures, but the headteacher preparation for financial management tasks in Malawi had been erratic and inadequate so that they did not always know what their financial management roles at school level were and failed to engage the financial management bodies in budgeting, accounting and auditing adequately. Headteachers still stuck to bureaucratic financial procedures with upward accountability and ignored the immediate relevant stakeholders. Moreover, Kuthemba-Mwale warned that although headteachers might involve everybody in their institutions to make decisions on how finances should be spent, only headteachers would be called upon to explain all anomalies. Auditors would visit them from time to time to ensure government principles were being followed in managing finances .and they would be punished if they failed to comply.

Such warnings to headteachers and the need for them to follow financial procedures seem to determine the way financial management orientations are organized by the Education Divisions and the way finances are managed at school level. Orientations empower the headteacher, who is in a position to dictate his knowledge and skills in financial issues to the less knowledgeable and skilled school-level management members.

It is the headteacher who has full details about budgeting and such an exercise is done at a meeting of headteachers and accounts clerks. The local actors in the financial management structures are less involved in budgeting. In other words, the headteacher determines the budget, accounts for the finances and audits, though in a minimal way, the finances.

The study showed that headteachers did not have much confidence in the financial management structures and would rather deal with the technical staff, that is, the accounts clerks. This finding agrees with the study by Grauwe (2005) of schools in the Western African countries of Mali, Senegal, Benin and Guinea which revealed that teachers, School Committees and PTAs were not useful in the management and accountability of school finances because members were poorly informed, if not excluded altogether in financial decision-making. Many did not know the decrees which ruled Management Teams, School Committees and PTAs and accepted easily that their role is mainly one of mobilizing funds and offering practical help. The studies contend that the headteacher was the most knowledgeable, and by virtue of the legitimate power that s/he possessed, the involvement of other stakeholders had no impact on the financial performance of schools and other decisions that affected the schools. De Grauwe et al. (2005) add that when the government appoints headteachers, there is a direct link between the school and the government authorities and the latter are involved in steering and evaluating them without necessarily involving other stakeholders (Grauwe, et al., 2005). This conclusion seems to explain the situation on the ground in the Malawi scenario though the results from the qualitative studies cannot be generalized.

By Fitriah's levels of stakeholders participation in school management and governance (2010), one would say SMT, SC/PTA, IPC and Boarding Committee members participation in financial management in the schools under study is 'passive participation' or 'pseudo participation', participation which treats people as objects. Fitriah adds that consultation with stakeholders is recognized as the weakest type of participation in decision making, and is often said to be a means of indoctrinating the public in the values and priorities of the planners to ensure they obtain public endorsement of their decisions. This argument suggests that in a situation where the headteacher consults the SMT or the PTA to make financial decisions, the latter maybe used to endow headteachers with legitimacy to spend the money the way they want because they (SMT and PTA) do not have powers to decide for him/her how financial transactions must be done.

Consequently, much as teachers, parents and the community in general are crucial in the success of school-level financial management, headteachers have some reservations about their capability in taking their partnership responsibilities. Thus, in many instances there are lapses in the way policies are implemented, leading to wastage of resources and poor delivery of services confirming the findings of Reviere et al (2009) survey. According to Ngware et al. (2006) Chan and Chui, (1997) sharing information can also mean sharing power, and headteachers seem not eager to share this power.

4.7 Chapter summary

This chapter has presented and discussed the research findings on the headteacher’s role in budgeting, accounting and auditing. The School Financial Management framework which has elements of formal and collegial models has been used to analyze and explain the financial management duties expected of the headteacher. Lastly, the implications of the findings have been discussed.

CHAPTER 5

CONCLUSIONS AND RECOMMENDATIONS

5.1 Chapter overview

This chapter discusses the major conclusions of this study, and makes recommendations and policy implications of the conclusions. Lastly, it suggests areas for further studies.

The study investigated how headteachers were coping with the financial management role in school-based financial management. The study was based on the following research questions: Are headteachers in the City of Mzuzu fulfilling their financial management role? What challenges do headteachers face in executing their financial management role? What steps should be taken to improve the financial management role of headteachers? How do headteachers and other school-level financial managers perceive the financial management role of headteachers and school-level financial managers? Thus the conclusions, recommendations and suggestions for further study presented here are in relation to the findings based on these research questions.

5.2. Main conclusions

The results showed that the school-level financial management policy had been embraced in all schools under study, but that there was lack of capacity and failure by the local actors to implement the intentions and functions that are spelled out in the policy documents. In addition, the financial administrative roles of headteachers were still bureaucratic and therefore a hindrance to participative school-level management.

According to Clarke (2008) and Makhubela (2005), school-level financial management on the other hand, deals with participative decision-making process as the central focus of school financial autonomy. However, the study has shown that the school-based financial management structures do not have the capacity to execute financial administration. In the end it is the head who makes financial decisions for the school because the officers he/she works with do not understand the roles that they have to play in a school-based financial management.

All-in-all, the findings of this study have revealed that in the Malawi context the financial management structures as institutional channels for achieving financial prudence in public secondary schools are not effective in terms of representing and engaging teachers and parents in school financial management. Consequently, the argument that school-based financial management will inevitably lead to prudence, transparency and accountability in financial management in Malawi public secondary schools and quality education, is challenged.

5.3 Recommendations

This study has highlighted the deficiencies of, as well as problems regarding the implementation of Malawi's school financial management policy. The headteacher, who is supposed to be the chief executive and accounting officer, lacks the capacity, and the management structures that are instituted do not know their mandates. Thus, policy and practice should be reconsidered in the quest for financial prudence and its consequent quality education in Malawi. I, thus, make the following recommendations:

(a) Headteachers should work with all stakeholders collaboratively to rise above all the obstacles that hinder progress towards school-level financial management.

(b) There should be frequent workshops to empower stakeholders to participate actively in financial management matters. Stakeholders should be properly trained and empowered to execute their designated tasks;

(c) Stakeholders should have the policies at hand to guide them on how they should be involved. Furthermore, it also has to be clearly spelt out what their roles and mandates are and what they should achieve.

5.4 Suggestions for further study

Despite the depth and richness of collected data, this study – as is the case with all qualitative studies– suffered from a limited ability to generalize the findings due to the small number of participants. It could thus be of interest for future quantitative based research to test the findings of this research on a representative set of schools in order to determine the underlying reasons for the tension between policy and practice in school-level financial management in public secondary schools in Mzuzu City. Others studies could investigate whether

(a) school-level financial management has broken the walls of bureaucracy in the management and governance of public secondary schools;
(b) school-level financial management has enhanced financial prudence and consequently improved quality education in Malawi;
(c) School-based management has improved the quality of Education in Malawi.

5.5 Chapter summary

This chapter presented a brief background of the study, the research questions and the conclusions and recommendations drawn from the conclusions. The major conclusion has been that in the Malawi context the financial management structures as institutional channels for achieving financial prudence in public secondary schools are not effective in that the power position of the headteacher bulldozes the financial decisions of the school. Consequently, the argument that school-based financial management will inevitably lead to prudence, transparency and accountability in financial management in Malawi public secondary schools and quality education, is challenged.

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APPENDICES

APPENDIX I: LETTER OF PERMISSION TO CONDUCT INTERVIEW

The Head Teachers

Dear Sir/Madam

Re: REQUEST TO CONDUCT AN INTERVIEW ON SCHOOL-LEVEL FINANCIAL MANAGEMENT

I, Vincent Mbazi Mudolo, a student at the University of Malawi, Chancellor College, am currently engaged in conducting a research on the headteachers' financial management role at school-level as part of my Master of Education degree research.

You have been selected to participate in the study. I would like to conduct an interview with you on an individual basis. The interview will revolve around your attitude, knowledge and opinion of the financial management as Head Teachers/member of the School Management Team/ member of the PTA/SMC/student in the invoked school-level financial management.

The interview will be conducted at your school, and your anonymity will be guaranteed. Participation in the study is voluntary.

I humbly request your participation in this study. I would be grateful if you would complete the attached form indicating your participation/non-participation. Please return the completed form in the self-addressed envelope at your earliest convenience.

Once I have received your participation, I will contact you to schedule a date and time for the interview.

If there are any queries, please contact Vincent Mbazi Mudolo on:

Cell No. 0 888 040 219 E-mail: vincentmudolo@yahoo.com

I look forward to working in partnership with you.

Yours sincerely

Vincent Mbazi Mudolo

RESEARCHER

Re: Reply slip – Participation/Non-participation

I, ____ (name of participant) hereby grant/deny permission to be interviewed for financial management study.

Signed : ____

Date : ____

Name of school:
____

Address: _______________________________________

____

____

____

Telephone no _______________________________________

Fax _______________________________________

Cellular _______________________________________

Preference of interview dates:_________________________

APPENDIX II: INTERVIEW GUIDE

Interviews were conducted with a purposively selected sample of ten Head Teachers; twenty members of the PTA/School Committee; twenty members of the School Management Team; two Internal Auditors, the Principal Accountant and the Divisional Planner in the City of Mzuzu. Questions were asked using a pre-determined interview guide.

INTERVIEW QUESTIONS

The Head Teacher

Budgeting

1. What are the sources of revenue for your school?
2. Who prepares the budget for your school?
3. When is the budget prepared?
4. What aspects do you consider when making a school budget?
5. Does your school have an action plan for expending the school finances? If yes, how is this plan arrived at?
6. Who allocates and distributes finances to the spending officers at your institution?

Accounting

7. Does your school have an accounts clerk or bursar?
8. What accounts documents does your school possess?
9. Who provides the accounts documents?
10. How do you monitor the use of the financial records?
11. To whom do you report the financial income and expenditures?
12. When are the reports made?

Auditing

13. Do you ever check the accounts' records? If yes, when are the records checked?
14. When were your school financial records audited by the external auditors?
15. What challenges do you encounter in managing school finances?
16. What skills do you need to manage school finances effectively?
17. What role do members of the SMC or PTA play in managing school finances?
18. How satisfied are you with
    (a) the parents' role in monitoring and supervising the use of finances?
    (b) School management's role in financial decision-making?
19. Why did they become part of the school financial management structure and what do they know about financial management?
20. How often do you engage the financial management structures in making financial management decisions?

21. To what extent do you implement views heard from the financial management structures?
22. In your view, is it necessary to involve several management structures in the management of school finances?

Governing Body/PTA/SMC AND FGDs

1 Why is there a Governing Body/ a PTA/SMC?
2. How satisfied are you with your body?
3. Why were chosen member of your body and what do you know about the regulations of the body?
4. What do parents expect from their participation in the body?
5. How often do you meet? How do members get invited to the meeting?
6. What do you think is your role in school financial management meetings? To what extent are your views heard?
7. To what extent do you influence decision-making in financial issues of your school?
8. How can active involvement of parents in the Governing Body be improved?
9. How can you describe your relationship with the headteacher?

School Management Team

1. What is your understanding of the role of the SMT?
2. How often do you have meetings and what are the factors that make you hold meetings?

3. What is the level of involvement in financial decision-making of the following stakeholders, namely: Teachers, Accounts Personnel, and Parents?
4. How do you plan for each financial year? Who is involved and how?
5. How can you describe your relationship with the headteacher?
6. What is your understanding of participative management?
7. What do you think are the benefits of participative management?
8. Can you think of specific benefits (fruits) that your school has reaped particularly from participative management?

Internal Auditors

1. Why do you audit schools?
2. How often do you audit schools?
3. What major weaknesses and strengths have your audit missions discovered?

Principal Divisional Accountant/Divisional Planner

1. Do you ever visit public secondary schools in Mzuzu City?
2. If *Yes*, what conclusions can you draw from such visits on prudent utilization of financial resources. If *Not*, why not?
3. Have you ever been invited by schools for financial management workshops?
