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School Budget Development and Financial Accountability of Public Secondary Schools in Khwisero Sub County, Kenya

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ABSTRACT

The Teachers Service Commission (TSC) raised concern about the misuse of funds in public secondary schools, warned principals in charge, and even indicated the interdiction of principals with financial anomalies. In Turkana South, the audit questioned the use of Kenya Shillings 29 million to buy three school buses, failing the school budget implementation plans. There were no logbooks for the said vehicles. According to audit reports on public secondary schools, financial statement anomalies have been reported in a number of schools in Khwisero Sub County. The school audit report indicated that some school managers had hidden fees that were not in line with the ones recommended by the government. The study objective was to assess the effect of school budget development on the financial accountability of public secondary schools in Khwisero Sub County. The study was guided by budget theory. The causal research design examined the cause-and-effect relationship between school budget development and financial accountability. A census survey was adopted in 25 public schools. Two respondents' school bursar/accounts clerk and school principal were used for the study. This constituted 50 respondents. Data collection was aided by questionnaires and presented using tables. Descriptive and inferential analyses were conducted. The study found that school budget development had a beta value of 0.309 and a coefficient correlation of 0.890. The correlation R between the mean of school budget development and the mean of financial accountability had a beta term of $\beta = 0.827$, $P = 0.000$. This implies that statistically, budget development was significantly positive. The study recommends that public secondary schools should align budget-making with government policies and school demands. Furthermore, stakeholders such as parents and the school board should be involved in budget formulation.

Keywords: Budget Development, Financial Accountability, Public Secondary Schools

I. INTRODUCTION

Financial accountability is dynamic and involves the integrity of accounting transactions and entries (Amalendu et al., 2016). Financial accountability in public schools remains the sole responsibility of accounting stakeholders such as school bursars, accounts clerks, and school principals. They are bestowed with the duty of safeguarding financial matters in the institutions (Momanyi, 2018).

Studies have been undertaken in relation to the research. In examining the financial sustainability of Kisii County, public secondary schools Geteri et al. (2017) concluded that budget development was significant, hence necessary, and recommended further research in other counties. This study was required to fill the gap by conducting research on financial accountability.

Nyaga and Owino (2016) carried out a study focused on financial practices in Embu West Sub-County public secondary schools. The study revealed that BOM practices, an ICS, budget involvement, and the leadership abilities of the school's principal affect the financial growth goals of public secondary schools. The school budget development variable was excluded, leaving a gap that the current study had to fill.

In Kenya, research on school financial accountability has focused on cash management (Geteri et al., 2017; Awuor, 2017; Nyangia and Orodho, 2021). Studies conducted on school fund account administration in Kenya (Nyaga & Owino, 2016) did not include a moderator to determine which school parameters were to be integrated as an intervening objective.

1.1 Statement of the Problem
Teachers Service Commission (TSC, 2017) raised concern about the mismatch of finances in public secondary schools, warned principals in charge, and even indicated interdiction for such cases. In Turkana South, the audit questioned the use of Sh29 million to buy three school buses, failing the school budget implementation plans. There were no logbooks for the said vehicles. According to audit reports on public secondary schools, financial statement anomalies have been reported in a number of schools in Khwisero Sub County (Ministry of Education, 2022). The school audit report indicated that some school managers had hidden fees that were not in line with the ones recommended by the government. Khwisero sub-county has been on the map for Mundeku Secondary School, a ghost school that drew funds from the Ministry of Education (MOE, 2022). Attempts to address school budget development by Wango and Gatere's (2019) were based on school management practices. The study therefore assessed the effect of school budget development on the financial accountability of Khwisero Sub County public secondary schools.

1.2 Objectives of the Study
To examine the effect of school budget development on financial accountability of Kenyan public secondary schools in Khwisero

1.3 Research Hypothesis
H_{01}: There is no significant relationship between school budget development and financial accountability of Kenyan public secondary schools in Khwisero.

II. LITERATURE REVIEW

2.1 Budget Theory
Bozeman and Straussman were behind the budget theory in the year 1982. The theory explains the need to set up plans for an organization. It explains the need for budget planning. In school set up budgeting is important as it helps to guide what is needed and to avoid extreme budgeting. Public secondary schools have key players in budget formulation which includes working for the school. School board, school bursars and parent representatives are key to budgeting plans (Macharia, 2019). School principals are to ensure they adhere to the government stipulated guides in setting their budgets that won't go extreme to affect parents. This theory hence guided the study in explaining the association between school budget development and financial accountability of Kenyan public secondary schools in Khwisero.

2.2 Empirical Review
When schools don't have access to experienced accountants or bursars, they struggle to maintain reliable financial records and reports, spot problems with operations, and even collect the school fees owed by parents, all of which have a negative impact on the school's ability to adhere to its budget (Edmund & Lyamtane, 2018). Muthanga (2021) claimed that school committees routinely execute budgets. The issue, however, lies in the erroneous conclusions drawn from schools' financial records, which paint an inflated picture of their budgetary soundness (Ogbonnaya et al., 2017).

Ondieki (2017) noted that the majority of schools in the Marani Sub-County of Kenya had financial restrictions and indebtedness before the conclusion of each term as a result of researching the factors affecting the financial management of these institutions. While school principals may have solid financial management chops, most bursars handling school cash are financially inept. The studies alluded to the fact that the majority of schools left budgeting and financial matters up to the principals alone, which greatly increases the risk of misuse of funds. Thus, the conditions are set for the principal to use his or her influence to alter the school's financial records.

Otieno, Nyakundi, and Mogwambo (2016) found favorable results on school account development based on their research in Homa-Bay on financial reporting on school fund accountability of secondary schools that were public. Specifically, they discovered that bookkeeping practice is used to a moderate magnitude, financial disclosure practice is used to a moderate magnitude, and budgetary control practice is used to a moderate magnitude. Schools use the practices to a fair degree, according to the findings: incremental budgeting, accountability-based budgeting, and formula budgeting all affect school accountability; the use of interim financial statement projections affects school accountability; the use of management reporting practices affects school accountability; and so on.

Mito and Simatwa (2019) identified inadequate budgeting as one of the main factors impeding efficient administration of schools since it can result in overspending or underspending, which can result in the embezzlement and mismanagement of school finances, which in turn affects the accountability of impacted learning institutions. The study examined the difficulties newly appointed principals faced when managing public secondary schools. Despite the proliferation of programs to subsidize secondary education, many institutions nevertheless struggled under the weight of mounting debt from students and parents who were late on payments. Parents and kids began to suspect that the school administration was misusing funds after hearing complaints from vendors.

Otieno, Omollo, and Onyango (2016) conducted research on the budgeting of Uriri Sub-County public secondary schools. Their findings provided insightful commentary on the proper handling of school bank accounts. A survey was used as the research method. All principals, PTA presidents, and members of the boards of directors (BOM) of the 18 public high schools were included in the analysis. The research used a method of sampling known to be accurate: purposeful sampling. As a result, there were sixteen principals, sixteen PTA chairs, and sixty-four board of directors (BOD) members included in the sample. The questionnaires used to gather data were pilot tested in four schools located outside of the study area to guarantee their validity. Before deploying the instruments to gather data, they were evaluated for face validity by three faculty members from Rongo University College's Department of Educational Leadership and Policy Studies. Descriptive results were based on quantitative data in the form of frequency counts and percentages. The results showed that the group's members had trouble working together due to a lack of teamwork and financial literacy, respectively. Members of the BOM were urged to participate in regular financial training and the implementation of budgets.

A study by Nyaga and Owino (2016) on the factors influencing financial practices in Embu West public secondary schools found that school fund management was effective. This research set out to answer the question, "To what extent do the practices of the Board of Management, the internal control system, the budget, and the management abilities of the principal influence financial management practices in public secondary schools?" For this investigation, the researcher opted for a descriptive approach. Out of 31 schools, 15 were selected at random for this study. Participants in the survey included K–12 institution heads, assistant principals, bursars, and finance officers. Therefore, sixty participants were used in the study's sample. The information was gathered from the respondents through the use of questionnaires. Measures of reliability were calculated using Cronbach's alpha. In order to ascertain connections among topical variables, a multiple regression model was employed. Those included in the sample were chosen at random by a simple random sampling process. The goal of the study could only be attained by collecting primary data. Descriptive statistics were run on the collected data in the SPSS statistical software package. Tables and graphs were used to display the data, and conclusions were drawn from the study's findings. Results indicated that financial management is concerned with the accumulation, centralization, and distribution of funds, including the monitoring of liquidity levels, administration of cash reserves, and management of short-term investments. Avoiding insolvency and decreasing accounts receivable days are both essential components of sound financial management. Because of the diverse funding streams available to schools, including some that make secondary school tuition-free, a primary fee collection plan is unnecessary. Therefore, it is recommended that government finances be handled well and spent appropriately.

2.3 Conceptual framework

In ascertaining school budget development, a number of measures were noted, including budget making, budget evaluation, the budget committee, and sources of funding. The dependent variables of financial accountability were measured by financial statements, bank statements, and cashbook and bank reconciliation.

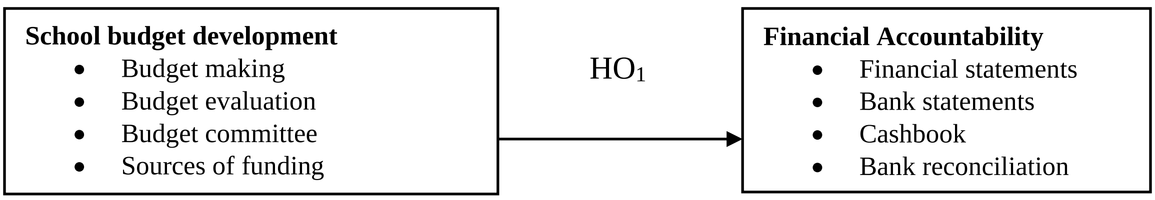

Figure 1
Conceptual Framework

III. METHODOLOGY

The causal research design was used to examine the cause-and-effect relationship between school budget development and financial accountability. A census was done in 25 public schools, with 50 respondents consisting of school bursars, account clerks, and school principals. Responses from questionnaires were presented using tables. The descriptive approach used frequencies, percentages, mean, and standard deviation, whereas the inferential approach involved regression analysis (Mugenda & Mugenda, 2013).

IV. RESULTS & DISCUSSION

4.1 Descriptive on School budget Development

The 50 school stakeholders surveyed showed that their school follows the law by making its budget on time (mean score=1.58, SE=.011), that school departments submit their budget needs for approval on time (mean score=2.28, SE=.20), that the school bases its budget estimates on fee circulars given to them (mean score=1.74, SE=.011), and that the school follows standard procedures when setting aside money for budgetary reserve.

Table 1

Descriptive on School budget Development

	Mean		Std. Deviation
	Statistic	**Std. Error**	**Statistic**
My school observes legal requirements on preparation of its budget on time	1.58	0.11461	0.81039
In our school, departments submit their budget needs for approval on time	2.28	0.20211	1.42914
Our school confines its budget estimates on fee circulars presented to us	1.74	0.10995	0.77749
Our school adheres to standard guidelines in setting aside funds for budgetary reserve purposes	2.72	0.16913	1.19591
Our school board has developed a comprehensive strategic plan	2.12	0.16323	1.15423
My school ensures there is surplus budget to avoid difficulties in operation	2.5	0.20051	1.41782
Our school board and auditors cross examine the set budget budget against the required standard guidelines	1.86	0.14849	1.04998
My board composition is a blend of professionals which have technical skills on budget making	1.92	0.15344	1.08496
Our school prepares its budget based on the number of students at the school	2.22	0.18799	1.32926
Valid N (listwise)			

As shown in Table 1, the study found that, from the standard deviation, the average school budget development is positive in relation to the mean, an indication that the constructs are relatively asymmetrical and thus a reliable measure of central tendency. The results imply that the school principals and school bursars surveyed agree that school budget development affects their financial accountability. A cross-analysis established that the budget grew upon the involvement of NEMIS (the national education management information system) as capitation increased due to government funding. NEMIS technology has made school account management in public secondary schools better. Students are given a unique personal identification number (UPI) to guide their admission. This has greatly enabled budget development. This is further seen in the audit report, which further gives an unqualified opinion to show a fair view. It is evident in responses seven and eight that staff budget professionalism has helped the school gain positive audit reports.

The study findings on school board composition, professionalism, and budgeting skills relate closely to the findings of Chukwu et al. (2019), who found that board members had budgetary skills and hence easily handled financial issues in schools with the necessary attention needed. However, it was contrary to Kpedor (2019), who found the board members lacked the requisite skills in budgeting.

The findings agree with Macharia (2019) that legal budgetary requirements compliance, school adhering to standard guidelines in setting budgetary reserves, existence of surplus budgets, and timely budget submissions were complied with and had a positive impact on financial management. However, the study was contrary to Kpedor (2019), who found the compliance of budgetary requirements a tall order as budgets were set without giving attention to budgeting requirements. The study findings were similar to those of Chukwu et al. (2019), who found that they confined budgets to fee circulars as well as set school budgets on the basis of student ratio. This is contrary to Ondieki (2017), who found that schools were straining on the basis of fee circular restrictions. The contradiction is based on the possibility that the study was done in a different location in Mariani Sub County, which has different dynamics.

4.2 Average Size of Annual School Budget

Further results from the school principals, as presented in Table 2, show that the average size of the school budget was as follows: Therefore, the budget given for development was less adequate for school development. Schools with a budget of Ksh 10,000,000 and below were 11 (21.6%), those with a budget of Ksh 10,000,000 to Ksh 20,000,000 were 7 (13.7%), and those with a budget above Ksh 20,000,000 were 18 (35.3%). This gave a general mean of 1.58, which indicated most schools received low funding. This is foreseen through stalled projects, inadequate infrastructure, and unmaintained facilities. These findings are similar to those of Otieno et al. (2016), who noted that a school budget that is shrinking affects infrastructural development in an institution. The results are further supported by Munge et al. (2016), who see poor budgets as a factor contributing to underdevelopment in schools. The agreement is based on the consistency of public secondary school investigations.

Table 2

Average Size of Annual School Budget

		Freq	%	Valid %	Cum %
Valid	Ksh. 0	14	27.5	28	28
	Ksh 10,000,000 and above	11	21.6	22	50
	Ksh 10,000,000 to Ksh 20,000,000	7	13.7	14	64
	Ksh 20,000,000 and above	18	35.3	36	100
	Total	50	98	100	
Missing	System	1	2		
Total		51	100		

	N	Min	Max	Mean		Std.
	Statistic	Stat	Stat	Stat	Std. Err	Statc
What is the average size of your annual school budget	50	0	3	1.58	0.17633	1.24687
Valid N (listwise)	50					

4.3 Descriptive on School Financial Accountability

Results in table 3 found revealed that the 50 respondents surveyed showed that the school board adheres to critical areas of need on budget execution (mean=1.70, SE=.014); the school board has instituted checks and balances on monitoring budget implementation (mean =2.1, SE=.017), Regular financial application reports are prepared in monitoring budget implementation (mean=2.06, SE=.13), Funds for FDSE program are always disbursed on time (mean=3.0, SE=.017), the schools absorption rate on teaching and learning materials as well as development of projects funds is usually very high (mean =2.02, SE=.16), disbursement of FDSE funds is usually done in fraction which affect our school budget implementation (mean =1.68, SE=.123), (mean=1.84, SE=.14), the school is constraint on its budget implementation due to inadequate funding.

Based on the nature of the schools, school budget implementation may be discussed. The standard deviation of constructs was positive and close to the mean value, indicating that they were therefore relative asymmetrical, which represents a reliable measure of central tendency. On school board confirming critical areas of budget and checking balances, this study agrees with Muthanga (2021), though Edmund and Lyamtane (2018) disagree with the findings on school budget implementation. The disagreement is attributed to differences in study areas, thus Nairobi County for the previous study and Khwisero for the current study. On the timely distribution of FDSE funds, Maronga et al. (2018) agree with the findings that funding was untimely and came in bits that could not sustain budget processes. The agreement is based on the nature of consistency in public secondary schools in Kenya.

Table 3
Descriptive on School Financial Accountability

	Mean		Std.
	Stat	Std. Err	Stat
The school board adheres to critical areas of need on budget execution for financial accountability	1.76	0.13868	0.98063
My school board has instituted checks and balances on monitoring budget for financial accountability	2.1	0.17202	1.21638
Regular financial application reports are prepared in monitoring budget implementation	2.06	0.13525	0.9564
Funds for FDSE program are always disbursed on time for financial accountability.	3	0.17613	1.2454
Our school a on teaching and learning absorption rate on teaching and learning as well as development of projects funds is usually very high	2.02	0.16286	1.15157
Disbursement of FDSE funds is usually done in fraction which affect our school budget development for financial accountability	1.68	0.12269	0.86756
My school is constraint on its budget implementation due to inadequate funding for financial accountability	1.84	0.14388	1.0174
Valid N (listwise)			

4.4 Regression Analysis

Table 4 below indicates a significantly strong positive correlation between school budget development and financial accountability ($R = 0.827 > 0.5$, $p = 0.000 < 0.05$). The correlation R between the mean of school budget development and the mean of financial accountability had a beta term of $\beta = 0.827$, $P = 0.000$. This means that the beta value is positive and meaningful. This implies, therefore, that budget development had a positive and significant effect on financial accountability. The results provide 82.7 percent ($r2 = 0.827$) of a high influence; the F value is 21.230. The regression equation was as follows: $Y = -0.384 + 0.227$. This agrees with Chukwu et al.'s (2019) study on the impact of budget making, as the study found budget development significant on school fund accountability in southeast Nigeria.

Hypothesis testing: A linear regression in Table 4 was used to test the hypothesis H_{01}. In the case of p above 0.05, the acceptance/rejection criteria are not met; the H_{01} is not acceptable when P is less than 0.05. The result p-value was 0.000 ($P<0.05$), hence rejecting the null hypothesis as school budget development was significant.

Table 4
Regression Analysis

Model Summary

Model	R	R Sq	Adj R Sq	Std. Err Estimation
1	.890[a]	0.827	0.788	0.36557

ANOVA[b]

Model		Sum of Sq	Df	Mean Sq	F	Sig.
1	Regression	25.534	9	2.837	21.23	.000[a]
	Residual	5.346	40	0.134		
	Total	30.88	49			

Coefficients[a]

Model		Unstandardized		Standardized	T	Sig.
		B	Std. Err	Beta		
1	(Constant)	-0.384	0.25		-1.534	0.133
	School budget development	0.227	0.115	0.232	1.969	0.056
Dependent Variable: Financial Accountability						

V. CONCLUSIONS & RECOMMENDATIONS

5.1 Conclusions

School budget development had a coefficient correlation of 0.890 with a beta value of 0.309. The correlation R between the mean of school budget development and the mean of financial accountability had a beta term of $\beta =$

0.827, P = 0.000. This means that the beta value is a less strong model compared to others, but positive and meaningful. This implies that school budget development was significant.

5.2 Recommendations

The study recommends that public secondary schools should align budget-making with government policies and school demands. Furthermore, stakeholders such as parents and the school board should be involved in budget formulation.

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