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FACTORS INFLUENCING FINANCIAL MANAGEMENT IN PUBLIC SECONDARY SCHOOLS IN NAKURU COUNTY, KENYA

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Abstract

Proper management of finances in secondary schools is very imperative to their operations. There are, however, serious financial challenges in public secondary schools in Kenya as characterized by unprecedented high fees charged on students. This study evaluated the factors influencing financial management in public Secondary Schools in Nakuru County. Specifically, it analyzed the influence of budget management and financial controls on financial management. The study was guided by budget, financial control, and agency theories. The study adopted a cross-sectional survey research design. The study targeted heads and bursars of public secondary schools in Kenya. The accessible population constituted all the 172 school heads and 172 bursars of public secondary schools in Nakuru County. Stratified random sampling method was adopted to draw a sample of 78 from the accessible population. A structured questionnaire was used to collect data. A pilot study was conducted before the main study in order to examine the reliability and validity of the research questionnaire. The Cronbach alpha coefficient was used to text reliability while the university supervisor was consulted to determine the content validity of the research questionnaire. Data analysis was aided by the Statistical Package for Social Sciences analytical tool. Data analysis encompassed both descriptive and inferential statistics. Study findings were presented in form of tables. The study *established that budget management and financial controls positively and significantly influenced financial management. The study recommended that public secondary schools should have effective budget management mechanisms and strong financial controls.*

Keywords: Budget management, financial challenges, financial controls, financial management, public secondary schools

INTRODUCTION

Financial resources are important organizational resources. No organization has ever succeeded without financial resources (Allis, 2004). Therefore it becomes imperative for institutions, firms, organizations and business entities to consider financial management in order to enhance their performance and more so mitigate exposure to financial risks.

Growth and development of educational sector is dependent on how well finances are managed. Financial management is concerned with organization's decisions on how to source for funds, how to control financial resources through financial controls, prudent allocation of financial resources and accountability measures. It is fundamental for the success of any entity. According to Fung (2015) the rationale for financial management is raising funds for both short-term and long-term use and enhancing proper utilization of the funds.

The finances for learning institutions are used for daily operations and activities of concerned institutions. In the case for secondary schools, school principals and administrators are charged with the responsibility of planning the school budget in order to achieve the objectives of the school and more so effective financial management (Sharma, 2011). Many countries have decentralized the management of financial resources to schools in a bid to enhance their management. This was eminent in a study carried out in France (Crouch & Winker, 2008). Despite the essence placed on financial resources in bringing about much needed change and delivery of services, it is noted sometimes the resource is mismanaged and misappropriated by those in charge (Rosen & Gayer, 2010).

Tight budgetary control affects managerial behavior in municipalities and universities throughout Sweden. This result in managers being less committed to their organizations and institutions. There is great emphasis on accountability in higher education in the United States. Performance funding policies influenced state budgets and resource allocation priorities at public colleges and universities in the country. However, accountability policies had little effect on state budgets and spending priorities of universities and colleges. Improving cost efficiency was stressed to be a major element of accountability efforts in the learning institutions in the US.

According to Ogbonnaya (2000) the main purpose of financial management is to ensure that funds sourced are utilized in the most efficient and effective manner. The author argues that resources are scarce and therefore it is the duty of educational administrators to optimally and prudently use available resources for the attainment of institutional objectives. Poor management of available funds leads to embezzlement, diversion of funds from prioritized projects and misappropriations. Mgbodile (2000) documented that delay in disbursement of funds to institutions, lack of adequate training of educational heads, negligence of school financial clerks among others are factors that fuel poor management of funds in institutions in Nigeria. On the same breadth, Bua and Adzongo (2014) noted that poor state of schools in Benue State in Nigeria was as a result of financial management issues such as the inability to generate revenue internally and misuse of available resources.

It is observed that the management of school funds has been a challenge in Zimbabwe. The school principals and school development committees have failed to properly manage funds and coordinate activities in schools. This is ascribed to poor or no training by the ministry of education (Caldwell, 2004). Indeed, it is noted that school heads in Mashonaland East province have had cases of mismanagement of funds (Chatiza, 2011) and abuse of teacher incentives (Segiovanni, 2012). In their analysis of basic management and financial skills by school development committees in Zimbabwe, Wushe, Ndlovu and Shenje (2014) maintained that concerted efforts by school principals, school development committees and other stakeholders such as community are required for proper decision making and proper use of school resources. The authors noted that administrators in secondary schools in Harare lacked financial skills needed for prudent management of school funds.

It is observed that 73% of the social sector expenditure and 40% of the national recurrent expenditure goes to education sector. As such the large chunks of money require high level of accountability in order to ensure integrity and responsive service delivery of the sector. However, the education system in Kenya continues to be plagued with financial management risks that threaten the quality of education (Transparency International Kenya, 2009). This is despite the enactment of Public Officer Ethics Act of 2003 that stipulates that money given out as imprest ought to be accounted for and any major purchases in schools be done through the tendering process.

The school heads are responsible for efficient and effective management of school finances in order to promote delivery of services (Olembo, 2005). It is however noted that the heads of schools, more than often underperform in financial management. This is due to employing less qualified staff who are inefficient and not adequately equipped in maintaining financial records, financial controls and fail to adhere to accounting procedures (Ministry of

Education, 2007). According to Maronga, Weda and Kengere (2013) the government of Kenya has been influencing financial management in schools and institutions. This is through financial regulations such as financial management policies that involve imprest management, financial auditing among others, credit management policy and inventory management policy. It is noted that a considerable number of schools especially in Gucha district followed recommended government financial management practices.

Poor budgeting is one of the major reasons that derail effective management of schools due to overspending or underspending which can lead to misappropriation and mismanagement of school funds (Mito & Simatwa, 2012). The authors noted that in addition to poor budgeting, delay in disbursement of free secondary education funds pose a challenge in management of finances due to late settlement of transactions. Magak (2013) summarized the challenges that school administrators faced in managing school funds. These included incompetency in procurement, inadequate and irregular auditing, lack of accounting supportive documents and records and inability to prepare end year financial statements among others. The author sees the urgent need to examine the financial management in learning institutions and adequately training school heads on financial management.

The public secondary schools in Kenya are under the ministry of education. The schools are partially funded by the government through the free secondary education programme (Mito &Enose, 2012). They are run by school administrators and the board of management. The board deals with the standards of education provided and balance cost and effectiveness (GoK, 2013). However, the primary responsibility of management of school finances remains with the principals (Ministry of Education, 2012). The principals prepare school budgets, procure items and manage facilities (Teachers Service Commission, 2007).

Statement of the Problem

There are serious financial challenges in public secondary schools in Kenya. The epitome of these problems is characterized by unprecedentedly high fees charged on every student. This is albeit the billions of shillings channeled to these institutions by the national government. Some schools indeed have income generating projects. For instance, it is well-known that there are schools that lease out their buses, space and other facilities especially over school holidays. Against this backdrop, the massive school fees charged defeat the rationale of huge financial resources within these schools coffers. Certainly, the question of challenges in financial management arises (Magak, 2013). The various aspects of financial management have raised eyebrows.

According to Mito and Simatwa (2012), poor budgeting is one of the major reasons that derail effective management of schools due to overspending or under spending which can lead to misappropriation and mismanagement of school funds. In the same breadth, it is pointed out that incompetency in procurement, inadequate and irregular auditing, lack of accounting supportive documents and records and also inability to prepare end year financial statements are some of the financial problems facing public learning institutions in Kenya (Magak, 2013). Poor financial management is likely to lead to derailing of school's operations such as procuring teaching materials, remunerating teachers employed by the Board of Management (BoM), organizing and executing academic tours, among others.

Hitherto, various scholars have documented the theme of financial management of the education sector in Kenya precisely secondary schools. According to a study by Wango and Gatere (2012), school management and school heads are responsible for demonstrating accountability and transparency and delegating financial responsibility. The scholars noted that loss of funds was common in secondary schools in Kenya.

A study by Demba (2013) revealed that annual budget process affected performance of the college through budget accuracy, cost minimization, resource allocation, financial information communication and having internal accounting experts. Magak's (2013) study noted that school administrators in learning institutions experience thorny issues while managing institution funds Miriti and Wangui (2014) noted that financial management remained a challenge for secondary schools. These past studies have further justified existence of financial management challenges in public secondary schools and other learning institutions. It is on this premise, that this study evaluates factors influencing financial management in public Secondary Schools.

General Objective

To evaluate the factors influencing financial management in public Secondary Schools in Nakuru County, Kenya.

Specific Objectives

i. To assess the influence of budget management on financial management in public Secondary Schools in Nakuru County
ii. To examine the influence of financial controls on financial management in public Secondary Schools in Nakuru County

Research Questions

i. What is the influence of budget management on financial management in public Secondary Schools in Nakuru County?
ii. What is the influence of financial controls on financial management in public Secondary Schools in Nakuru County?

THEORETICAL REVIEW

This part presents a review of theories of financial management. These include budget theory, stakeholder theory, theory of financial control, and agency theory.

Budget Theory

The modern proponents of budget theory are Bozeman and Straussman (1982). The theory takes two dimensions which are descriptive and normative (Rubin, 2007). Descriptive dimension focuses on participation in public sector activities. Theorists describe sequences of events, trends, and infer cases. The normative dimension is more interested in value as opposed to observation. The descriptive part of the theory holds that budget planning implies at least, to choosing specific target levels of service by activity and then figuring out beforehand what it would cost in terms of personnel and supplies to accomplish those specific goals. This theory advocates for departments to request for what they needed to accomplish specific tasks. The normative perspective of budget theory states that there should be wide participation of the public in budgeting, and the budgets ought to reflect the average person (Schick, 1973).

In addition, Khan and Hildreth (2002) examined the budget theory in the public sector. In their analysis, Schick (1988) opined that it is not absolutely necessary to have a single theory of budgeting; however, there ought to be a set of theories, each specific and unique to the problem budgeting is attempting to address. In context of public secondary schools, the budgeting process should involve all stakeholders particularly, parents, government representatives, financiers, and the schools' management. More so, the budget should be in cue with ordinary parents and students. In other words, it should not be so ambitious that some parents will find it hard to contribute towards catering for the activities and expenses spelt out in the budget.

Theory of Financial Control

The theory of financial control was advanced by Ostman (2009). The theory considers the personal functions of humans, both present and future, as its fundamental reference point. This theory holds that existing and possible functions of financial tools for organizations are most essential. It further states that, payments, financial instruments, accounting, control models, economic calculations, and related considerations, both within and outside of the organization, ought to be discussed in regard to inner characteristics but also possible effects. It is noted that establishing the relationships between various activities and financial processes, from a financial control point of view, is a general and basic issue (Ostman, 2009).

The theory of financial controls for organizations places a natural focus on the firms such that they are viewed from several latitudinal areas. The first regards the human beings' functions of what is accomplished through organizations, their activities and output. The second is about the structure of the organization and activities, and of transactions that various parties have with each other. The third area covers the control systems in the sense of recurring procedures and methods that are employed to relate present and future functions to resources both externally and internally. The aforementioned financial control tools are argued to be crucial from individual perspective of organizations and also for larger economic systems. The fourth and last area illustrates the specific processes of individual organizations for certain issues. The theory further states that structure and financial control system works together (Ostman, 2009).The financial control theory is very pertinent to the present study in that it enables the understanding of financial controls that are an aspect of financial management in public secondary schools in Kenya.

Agency Theory

Agency theory was proposed by Jensen and Meckling (1976). The theory states that an agency relation exists when a person (the principal) hire another person (the agent) to performance certain tasks or services on behalf of the principal. According to this theory, conflict arises between the principal and the agent. This stems from conflicting interests between the two parties. The agent strives to maximize reward for their effort, or if the reward is given, minimize the effort. On the other hand, the principal wants to reduce the costs of hiring agent, or to maximize the output of the principal. It is noted that the discrepancy of interests between the two parties leads to agency problems (conflicts). These agency conflicts are often severe and common in public institutions (Jensen & Meckling, 1976).

In the case of financial management in public secondary schools, the government, parents and other financiers are the principals. On the other hand, the principal and bursar are the agents. The government through the Teachers Service Commission (TSC) and the parents through the Board of Management (BoM) hire the services of the school principals and bursars respectively. These employees are tasked with prudent management of the funds disbursed to school, and then they are paid salaries and allowances for executing their services. According to Jerzemowska (2006), conflicts between owners (parents and government) and managers (principals and bursars) result in the formulation of contracts to mediate the agency relationship. The foregoing is in line with the government of Kenya's calls and requirement that all staff with public schools must sign performance contracts.

EMPIRICAL REVIEW

A review of empirical studies is presented in this section. The empirical studies are relative to study variables namely budget management, financial controls, governance and accountability, and financial management. Hemsing and Baker (2013) analyzed the effects of tight budgetary control on managerial behavior in the Swedish public sector. The study targeted managers from different municipalities and universities throughout Sweden. The study noted that managers in the municipalities and universities experienced tight budgetary controls. As such, managers were less committed to their organization. The study however did not explicitly explain how budgetary control and management influenced management of funds at universities and municipalities.

Junge, Bosire and Kamau (2014) analyzed the effect of budgetary practices on performance of public secondary schools in Nakuru municipality. The 22 public secondary schools in the municipality were targeted. The study noted that budget practices such as budget control and allocation positively influenced performance of the schools. In the study, it was also noted that budget allocation and annual budget planning were important aspects that improved financial management in organizations in the public sector.

In another study Coleman and Anderson (2000) examined decentralization and education service delivery in North Shewa region of Ethiopia. The authors noted that the school heads and finance committee ought to pay attention to basic budgeting tasks such as accounting procedures that reflect the true financial position of the school and more so internal and external controls and safety mechanisms that safeguard data from alterations and loss in line with the finance policy.

It is noted that school administrators in learning institutions experience thorny issues while managing institution funds (Magak, 2013). The author analyzed the challenges that faced school heads in managing school funds. Public secondary schools in Kisumu East District in Kenya were ion focus. It was established that inadequate auditing knowledge by the school heads, lack of internal auditing coupled with irregular auditing by district auditors created loopholes for poor financial management in the schools. It was recommended that government policy on auditing of school books ought to be revised in order to further enhance control and management of school funds.

Accountability in higher education in the United States was examined (Rabovsky, 2011). The study investigated whether performance funding policies influenced state budgets or resource allocation priorities at public colleges and universities. It was noted that performance funding policies did not have significant effects on state budgets and university spending patterns. It was thus deduced that accountability policies had little effect on state budgets and spending priorities of universities and colleges. Since universities were not cost efficient, it was noted that improving cost efficiency ought to be a major element of accountability efforts in the learning institutions.

Mwanza (2013) sought to ascertain the effect of corporate governance of financial management of Constituency Development Fund (CDF) in Kenya. The study focused on Nairobi County. Descriptive survey design was used in the study. A census of 120 CDF members was obtained. The study found that governance enhances proper management of funds. It was further noted that budget, internal controls and financial reporting enhance financial management of the CDF funds in Nairobi County. It was recommended that CDF ought to improve the budgeting practices in order to further improve financial management.

The effect of financial management practices on organizational performance was put into perspective (Ahmed, Babar & Kashif, 2010). The authors sought to establish the relationship between organizational performance and financial management practices among listed companies in Pakistan. Financial management practices that featured were working capital management, capital structure decisions, dividend policy among others. The finance executives and financial analysts were targeted. It was noted that financial management practices positively influenced organizational performance among the surveyed companies.

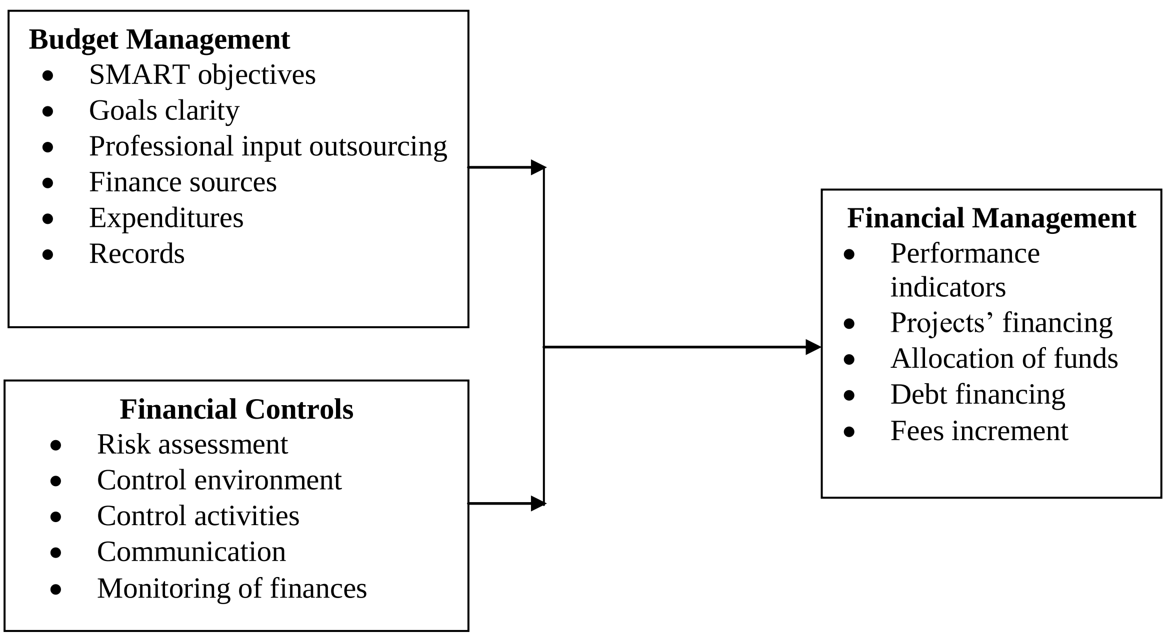
The financial management role of principals in schools in South Durban in South Africa was investigated (Hansraj, 2007). The study noted that school principals and school governing bodies were entrusted with the responsibility of ensuring funds were well managed in the school. This was through proper and adequate budgeting, procurement of items and purchases and ensuring high levels of accountability and transparency in all activities. The study emphasized on prudent financial management on schools in order to ensure resources are allocated adequately and to enhance achievement of school objectives.

Miriti and Wangui (2014) looked into financial management in the context of training needs of public secondary school principals in Machakos County. The study intended to suggest areas for development of effective training programs for principals in order to enhance prudent financial management of resources. On focus was 16 principals from public secondary in Masinga Sub-County. It was noted that financial management remained a challenge for most of the surveyed schools. Moreover, training programs on financial management were ineffective. The study recommended that effective financial management training programs should be developed based on the needs.

Conceptual Framework

A conceptual framework is defined as a diagrammatic representation that outlines how study variables perceptibly relate. Figure 1 shows the conceptual framework for this study depicting a potential relationship between the three independent variables and the dependent variable. This is due to the fact that, these schools are public entities which run using public funds and as such are supposed to abide with the laid down legal stipulations

Figure 1. Conceptual Framework



METHODOLOGY

Research Design

The research design is defined as the overall strategy of carrying out a study with the aim of effectively addressing the research problem (De Vaus, 2006). It is also said to be the blueprint for collection, measurement, and analysis of data (Trochim, 2006). According to Trochim, the research problem determines the research design to be adopted. The present research adopted a cross-sectional survey research design. This is a form of descriptive research which is suitable particularly when respondents required to address the research problem are drawn from a cross-section of units. The respondents in this specific study were drawn from a cross-section of public secondary schools in Nakuru County. In addition, Hall (2008) holds the view that cross-sectional studies provide a clear snapshot of the outcome and characteristics associated with it, at a specific point in time. The present study was very specific on the period of time over which it was carried out, hence the choice of cross-sectional research design.

Target Population

The target population refers to the subjects with common or related characteristics in respect to a given study. The present study targeted principals and bursars of public secondary schools in Kenya. The accessible population constituted all the 172 principals and 172 bursars of public secondary schools in Nakuru County, Kenya. There were a total of 172 public secondary schools in the County by the time the study was carried out. Therefore, the accessible population comprised 344 individuals.

Sampling Technique and Sample Size

According to Kothari (2008), when the accessible population is more than 100 (N >100), sampling is necessitated. Given that the study population comprised 344 individuals, sampling was adopted. First, the size of the sample was determined using Nassiuma's (2000) formula as shown below.

$$n = \frac{NC^2}{C^2 + (N-1)e^2}$$

Where; n, N, C, and e represent sample size, size of target population, coefficient of variation (50%), and error margin (5%).

Therefore,

$$n = \frac{344\,(0.5^2)}{0.5^2 + (344-1)0.05^2}$$

$$n = 77.7$$

$$n = 78 \text{ respondents}$$

The 78 respondents represent the sample size and were obtained from the study population using stratified random sampling method. This was in order to ensure that there was equitable and fair distribution of respondents.

Research Instrument

A research instrument is a tool employed to collect data for a research study. The kind of data to be collected largely determines the type of research instrument that should be used to collect data (Kothari, 2004). In addition, the number of respondents and their distribution is also a factor that is considered. In respect to these, a structured questionnaire was used to collect data. This was due to the reasoning that the data collected were quantitative and also because the respondents were relatively many. The research questionnaire was self-designed and was limited to close-ended questions. The questions primarily addressed all research objectives.

Pilot Study

A pilot study is a minor study which is carried out prior to the main study. The participants of this study are not supposed to be included in the final study. As such, the pilot study was carried out across public secondary schools in the neighbouring Nyandarua County. The purpose of carrying out the pilot study was to look out for any probable weaknesses in the research instrument; and also to find out whether or not the instrument was able to collect data that tallied with the research objectives. This was enabled by conducting reliability and validity tests on the data collected at this stage.

Reliability Test

Reliability test seeks to determine the degree of consistency of the research instrument. That is, if the instrument is able to return the same data when administered on similar respondents but from different study populations. Reliability test was carried out using the Cronbach alpha coefficient (α). The instrument was considered reliable upon all the study variables returning alpha values equal to 0.7 (α = 0.7) or greater than 0.7 (α > 0.7). As shown in Table 1, all the study variables were found to be reliable having returned alpha coefficients greater than 0.7.

Table 1: Reliability Test Results

Study Variable	Test Items	Alpha Coefficients
Budget Management	8	0.820
Financial Control	5	0.851
Financial Management	7	0.811
Average Reliability		**0.827**

Validity Test

Validity test seeks to determine whether or not the research instrument indeed measures what it purports to measure. According to Kimberlin and Winterstein (2008) an instrument can only be valid upon attaining the required reliability threshold. This study was interested in determining the content validity of the research instrument. This was realized by seeking expert opinion of the assigned university supervisor on the content of the questionnaire. None of the items in the questionnaire were modified as they were deemed to have attained the content validity threshold.

Data Collection Procedure

The researcher first sought a formal letter from the University as an official introduction to the County Director of Education given that all public secondary schools under study fell under Nakuru County. This was followed by a formal letter from the office of the Director issued to the Principals of the targeted public secondary schools. Then, the researcher formally introduced herself to the management of the aforesaid schools in order to be allowed to collect the requisite data. The researcher personally administered the questionnaires to the respondents. Most of the filled questionnaires were collected on the same day of their issuance while the rest took a few days.

Data Analysis Approach

The data was processed using Statistical Package for Social Sciences (SPSS) Version 24 analytical tool. In particular, data analysis involved descriptive statistics. These included frequencies, percentages, means and standard deviations. Moreover, there were inferential statistics. These involved parametric tests in form of correlation, coefficient of determination, analysis of variance, and multiple regression analysis. Results of the study were presented in form of tables. The following multiple regression model was adopted.

$$\mathbf{Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \varepsilon}$$

Where:

Y	represents	Financial management
β_0	represents	Constant
X_1	represents	Budget management
X_2	represents	Financial controls
ε	represents	Error term
β_1, β_2	represent	Regression coefficients of Independent variables.

EMPIRICAL FINDINGS AND DISCUSSIONS

Response Rate

Response rate refers to the number of respondents who filled questionnaires to completion and according to instructions divided by the number of people (respondents) who constitute the sample group (Holbrook, Kronsick &Pfent, 2008). Response rate provides valuable insight into the accuracy of the collected data. In this study, 78 questionnaires which were divided into two for bursars and principals were issued to the sampled respondents (principals and bursars). The successfully completed questionnaires totaled 63. Therefore, response rate was 80.77%. According to Nulty (2008), this response rate was highly adequate.

Descriptive Findings and Discussions

This section provides the results of descriptive analyses and associated discussions. The findings relate to the four study variables which included budget management, financial controls and financial management. The results are on a five point Likert scale where integers 1, 2, 3, 4 and 5 represented strongly disagree, disagree, not sure, agree, and strongly agree respectively. The findings in this section are presented using two descriptive statistics which are means, and standard deviations (std dev).

Budget Management

The opinions of the sampled principals and bursars in respect to the practice of budget management in public secondary schools in Nakuru County were sought. The pertinent responses were assessed, analyzed and are indicated in Table 2.

Table 2: Descriptive Statistics for Budget Management

	n	Min	Max	Mean	Std. Dev
Public secondary schools set SMART (specific, measurable, achievable, realistic and time-bound objectives)	63	3	5	4.30	.496
Public secondary schools keep monthly records of income generated	63	1	5	4.29	.906
Budget making is guided by clear goals	63	2	5	4.29	.658
Public secondary schools identify the source of finances	63	1	5	4.24	1.292
The expected finances are matched with expected expenditures	63	1	5	4.03	.897
Schools clearly outline the expected expenditures of the school	63	1	4	3.79	.722
Public secondary schools keep records of all expenditures	63	2	4	3.71	.682
Public secondary schools outsource professional input in budget making	63	1	5	2.49	1.091

The findings illustrated that respondents agreed (mean = 4.30; std dev = 0.496) that public secondary schools set specific, measurable, achievable, realistic and time-bound objectives. It was also admitted (mean ≈ 4.00; std dev < 1.000) that public secondary schools clearly outlined the expected expenditures of the school, kept records of all expenditure and more importantly monthly records of incomes generated. It was further admitted (mean = 4.29; std dev = 0.658) that budget making in the schools was guided by clear goals. In addition, it was agreed (mean ≈ 4.00) that public secondary schools identified the sources of finances and matched expected finances with expected expenditures. However, respondents disagreed (mean = 2.49; std = 1.091) that public secondary schools outsourced professional input in budget making. The findings indicated that public secondary schools in Nakuru County properly managed their budget. Therefore, it was concluded that the onus of budget making and management was bestowed on the public secondary schools without outsourcing those services.

Financial Controls

Moreover, the respondents' views on financial controls in public secondary schools were assessed. The results of the analysis are shown in Table 3.

Table 3: Descriptive Statistics for Financial Controls

	n	Min	Max	Mean	Std. Dev
There is monitoring of how finances are utilized by all involved departments and persons	63	2	5	4.13	.582
Control activities enable better employability of available resources	63	2	4	3.87	.492
There is assessment of risks involved in management of finances	63	3	5	3.24	.499
The control environment in our schools is ample for management of finances	63	1	5	3.02	1.184
There is effective communication across all pertinent departments and stakeholders relative to sourcing and use of finances	63	2	5	2.49	.998

It was found that respondents concurred (mean ≈ 4.00; std < 1.000) that there was monitoring of how finances were utilized by all involved departments and persons and that control activities enabled better employability of available resources. Respondents, nevertheless, were not sure (mean ≈ 3.00; std dev < 1.000) if there was assessment of risks involved in management of finances or even whether the control environment in their schools was ample for management of resources. In addition, respondents disagreed (mean = 2.49; std dev = 0.998) that there was effective communication across all pertinent departments and stakeholders relative to sourcing and use of finances.

Financial Management

The study ascertained the execution of financial management in public secondary schools in Nakuru Countyby the mandated persons. The opinions of the bursars and principals in regard to the same are presented in summary form in Table 4.

Table 4: Descriptive Statistics for Financial Management

	n	Min	Max	Mean	Std. Dev
Public secondary schools increase fees from time to time	63	1	4	3.87	.492
Some of our public secondary schools' operations are run on debt	63	1	5	3.73	1.035
Public secondary schools have clear performance indicators	63	1	5	3.67	1.218
Sometimes, there is misdirection and misallocation of funds	63	2	5	3.57	.837
Development projects are adequately financed	63	2	5	2.68	1.162
All school projects are completed timely	63	1	5	2.41	.927
Public secondary schools are able to finance all its activities	63	2	5	2.30	.754

As indicated in Table 4 respondents agreed (mean = 3.87; std dev = 0.497) that public secondary schools in Nakuru County increased fees from time to time. It was also admitted (mean = 3.73; std dev = 1.035) that some of the public secondary schools' operations were run on debt. Furthermore, it was agreed (mean = 3.57; std dev = 0.837) that sometimes there was misdirection and misallocation of funds in the school. Respondents were non-committal (mean = 2.68; std dev = 1.162) in respect to the view that development projects were adequately financed. This implied some schools in the County had adequate development finance while other did not have. It was disagreed (mean ≈ 2.00; std dev < 1.000) that public secondary schools were able to finance all their activities and that the school projects were timely completed. As such, the finances available to public secondary schools in Nakuru County were generally inadequate.

Inferential Findings and Discussions

This section presents the results of both Pearson's and multiple regression analyses. Correlation analysis was employed to illustrate the existing relationship between the independent variable (budget management and financial control) and the dependent variable (financial management). In addition, multiple regression analysis was used to ascertain the extent to which the factors under study influenced financial management in public secondary schools in Nakuru County.

Relationship between Budget Management and Financial Management

The correlation findings in respect to the relationship between budget management and financial management are illustrated in Table 5.

Table 5: Correlation between Budget Management and Financial Management

		Financial Management
Budget Management	Pearson Correlation	.379**
	Sig. (2-tailed)	.002
	n	63

**. Correlation is significant at the 0.01 level (2-tailed).

The study found that there existed a positive, moderately strong and statistically significant relationship between budget management and financial management ($r = 0.379$; $p < 0.05$). As budget management became more effective, financial management in public secondary schools was enhanced. It was argued that public secondary schools were able to carry out analysis and oversight of costs and expenditures and more so adhered to the laid down internal procedures on expenditures and hence were able to set realistic budgets. The foregoing enhanced financial management. The results of this study supported the findings of a study by Junge et al (2014) on the effect of budgetary practices on performance of public secondary schools. The study had revealed that budget allocation and annual budget planning were important aspects that improved financial management. The foregoing concurred with the findings of the present study.

Relationship between Financial Controls and Financial Management

The relationship between financial controls and financial management was also ascertained. Table 6 captures the relevant correlation findings.

Table 6: Relationship between Financial Controls and Financial Management

		Financial Management
Financial Controls	Pearson Correlation	.679**
	Sig. (2-tailed)	.000
	n	63

**. Correlation is significant at the 0.01 level (2-tailed).

The study findings revealed that financial controls and financial management had a positive, strong and statistically significant relationship($r = 0.679$; $p < 0.05$). This implied that financial controls positively and largely enhanced financial management in the surveyed schools. As financial controls put in place were improved the greater the likelihood that financial management could be enhanced and the reverse was also true. The existence of strong financial controls in the schools can be argued to deter fund misappropriations, fraud and other malpractices and more so enhance transparency and proper financial management. The foregoing underscores the essence of financial controls on fund management in public secondary schools. This was in agreement with an empirical study by Magak (2013) on the challenges that faced school heads in managing school funds. The study had revealed that inadequate auditing knowledge by the school heads, lack of internal auditing coupled with irregular auditing by district auditors created loopholes for poor financial management in the schools. The two studies underscored the importance of financial controls in financial management in public secondary schools.

Regression Analysis for Overall Model

The influence of the factors investigated which were budget management, financial controls and governance and accountability on financial management of public secondary schools was evaluated. In addition, the study established the combined influence of these factors on financial management in public secondary schools. The results are presented in model summary table (Tables 7), ANOVA table (Table 8), and coefficients table (Table 9).

Table 7: Regression Weights for Overall Model

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.826[a]	.682	.666	.23704

a. Predictors: (Constant), Budget Management, Financial controls

The study noted that the factors under study which were budget management and financial controls had a positive and strong relationship ($R = 0.826$) with financial management in public secondary schools in Nakuru County. Moreover, the factors studied were found to explain 66.6% of financial management in public secondary schools in Nakuru County ($r^2 = 0.666$). As such 23.3% of financial management in the schools was as a result of other factors such as stakeholder involvement, management commitment among others not investigated in the study.

The findings underscored the importance of budget management and financial controls in managing finances in public secondary schools.

Table 8: Significant Test Results

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.122	3	2.374	42.251	.000[a]
	Residual	3.315	59	.056		
	Total	10.437	62			

a. Predictors: (Constant), Budget Management, Financial Controls,
b. Dependent Variable: Financial Management

The ANOVA results showed in Table 8 indicated that the influence of budget management and financial controls on financial management was significant ($F = 42.251$; $p < 0.05$).Therefore, the two factors investigated by the study were crucially important in enhancing financial management in public secondary schools in Nakuru County.

Table 9: Significant Test Results for Overall Model

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	-.881	.383		-2.300	.025
	Budget Management	.277	.075	.275	3.685	.000
	Financial Controls	.330	.103	.309	3.211	.002

a. Dependent Variable: Financial Management

The findings indicated in Table 9 are interpreted as follows

$$Y= \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \varepsilon$$

Y = Financial management

β_0 = Constant

X_1 = Budget management

X_2 = Financial controls

ε = Error term

$\beta_1, \beta_2, \beta_3$ = Regression coefficients of Independent variables.

$$Y= -0.881+ 0.277X_1 + 0.330X_2$$

The regression coefficient results revealed that a change by 1 unit in financial management was as a result of changes by 0.277unit in budget management and 0.330unit in financial controls while holding (0.881) constant. It was revealed that budget management ($t = 3.685$; $p < 0.05$) and financial controls ($t = 3.211$; $p < 0.05$) significantly influenced financial management in public secondary schools. In combination, the two factors were found to significantly influence financial management in the said schools ($t = -2.300$; $p < 0.05$).

SUMMARY

The study found that public secondary schools set specific, measurable, achievable, realistic and time-bound objectives. It was further agreed that public secondary schools clearly outlined the expected expenditures of the school, kept records of all expenditure and more so monthly records of incomes generated. In addition, the study admitted that budget making in the school was guided by clear goals and that public secondary schools identified the sources of finances and matched expected finances with expected expenditures. It was disagreed that public secondary schools outsourced professional input in budget making. It was noted that there existed a positive and statistically significant relationship between budget management and financial management. Budget management was found to be significantly influential to financial management in public secondary schools.

Respondents concurred that there was monitoring of how finances were utilized by all involved departments and persons and that control activities enabled better employability of available resources. Respondents were not sure if there was assessment of risks involved in management of finances or whether the control environment in the school was ample for management of resources. In addition, it was disagreed that there was effective communication across all pertinent departments and stakeholders relative to sourcing and use of finances. The relationship between financial controls and financial management was positive, moderately strong and statistically significant. The influence of financial controls of financial management of public secondary schools was further found to be significant

The study determined that public secondary schools increased fees from time to time. It was also noted that some of the public secondary schools' operations were run on debt. Furthermore, respondents agreed that sometimes there was misdirection and misallocation of funds in the school. Respondents were non-committal in respect to the opinion that development projects were adequately financed. It was disagreed that public secondary schools were able to finance all their activities and the school projects timely completed. The study further revealed that budget management, financial controls and governance and accountability accounted for a large percentage of financial management in public secondary schools surveyed in Nakuru County. The study further indicated that budget management, financial controls and governance and accountability significantly influenced financial management in public secondary schools. In addition, it was noted that governance and accountability was the most significant factor that influenced financial management.

CONCLUSIONS

This section outlines the inferences that were drawn from the findings of the study and relative to study objectives. In view of the study findings, it was concluded that public secondary schools set specific, measurable, achievable, realistic and time-bound objectives. It was noted that budget making was guided by clear and concise goals. In addition, the schools clearly outlined expected expenditures of the school and matched expected incomes with expected expenditure. It was further noted that records of all expenditure and incomes were kept. The study inferred that the public secondary schools properly managed their budgets as evidenced by expenditure control, forecast and oversight. Budget management was inferred to positively influence financial management in the aforesaid schools.

The study concluded that existed policies and procedure of how funds were utilized was key in tracking funds and enhancing prudent financial management in public secondary schools. The study concluded that there were instances of strong financial controls observed in monitoring of how finances were utilized by involved departments and persons and more so existence of control activities in the schools. However, it was inferred that there were laxity in effective communication across departments and stakeholders in respect to the sources of funds and expenditure. This was evidenced by weak financial controls. Financial controls were deduced to be cardinal in enhancing financing management in public secondary schools in the County.

RECOMMENDATIONS

The study recommended that in order to further enhance financial management in public secondary schools there ought to be budgetary controls and all school stakeholders ought to be involved in the budgetary process. The study recommended that the management of public secondary schools ought to institute strict financial controls in form of clear policies and procedures on the usage of school funds and ensure that the controls are implemented are adhered to. These include incorporation of risk assessment exercises to determine most prone areas in fund misappropriations and encourage communication and disclosure of all financial transactions within and across departments .This would ensure that there are no loopholes for misappropriation of funds.

LIMITATIONS OF THE STUDY

In the due course of carrying out the study, the researcher encountered a few problems. Nakuru County has many public secondary schools spreading across 11 sub-Counties. As such, the expansiveness of the County made accessibility of the principals and bursars of these schools quite a challenge. This problem was addressed through sampling where a representative sample was used. Given that financial management is a sensitive subject, some principals and bursars were not ready to give the information required. In some schools where the principals were absent, bursars were reluctant to give information without the consent of their bosses. This challenge was addressed by assuring the respondents that the data that were being collected were to remain confidential. More so, they were assured their identity and that of their schools were to remain concealed and as such there was very minimal possibility of reprisals.

SUGGESTIONS FOR FURTHER RESEARCH

It is suggested that a comparative study on the factors influencing financial management in both public and private secondary schools be carried out in Kenya. In addition, a study on the impact of performance budgeting on financial management in local universities could also widen the understanding and the role played by budgets in enhancing financial management. In addition, it would be important to examine other factors, besides the ones addressed in this study that influence financial management in institutions of education in Kenya.

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