

**THE EFFECT OF ACCOUNTING PRACTICES ON THE
MANAGEMENT OF FUNDS IN PUBLIC SECONDARY SCHOOLS
IN NAIROBI COUNTY**

BY

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DECLARATION

This research project is my original work and has not been presented for a degree at any other university for examination.

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This research project has been submitted for examination with my approval as the University supervisor.

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DEDICATION

This project is dedicated to my dear husband Bernard Mutinda, my lovely daughter Laura Mutheu for their support and encouragement throughout the project writing process.

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LIST OF ABBREVIATIONS

- ANOVA** - Analysis of Variance
- BOG** - Board of Governors
- BOM** - Boards of Managements
- FASB** - Financial Accounting Standards Board
- MOE** - Ministry of Education
- PTA** - Parents and Teachers Association
- SGB** - School Governing Board

ABSTRACT

The aim of this study was to examine the effect of accounting practices on the management of funds in public secondary schools in Nairobi county. This necessitated an examination of the effect of accounting practices on the management of funds in Public Secondary Schools in Nairobi County. The research approved a graphic research design and the target populace was 60 public secondary schools in Nairobi County. Study data was gathered using a questionnaire and the collected data was analyzed using the regression model. The study found a significant negative relationship between book keeping and funds management and a substantial positive connection between internal control activities, computerized accounting and funds management. Finally, the study found an insignificant positive association between budgeting and funds management in public secondary schools in Nairobi County. The study concluded that book keeping, internal control activities and computerized accounting significantly affects funds management in public secondary schools. The study recommended that the management of public secondary school in Nairobi County should invest in strong and effective internal controls, proper book keeping and adopt computerized accounting systems to enhance the levels of fund management.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Education is one of the important and meaningful social economic development and reduction of poverty levels in most third world countries. According to Nyakundi et al (2013), most African nations resolved to offer free, compulsory and universal primary education, increase enrollment to secondary schools by 30% of the children who successfully completes the basic primary education, raise transition to higher education by 20% and to improve quality as far as education in all educational institutions. To achieve, objective of education provision to their citizens, most of the developing increased their budgetary allocations on education and in some countries; the expenditure on education exceeds overall gross national product. Such has the tenancy of exerting a lot of pressure on other segments of the economy thus it is vital to monitor and control expences on learning matters (Nyakundi et al., 2013).

In Kenya, the responsibility of control and management of funds allocated to public secondary schools from parents as well as guardians and sponsors, central and the county governments is bestowed to the Boards of Managements (BOMs). The Kenya Basic Education Act (2013) allows the Board of Management to establish audit committees to facilitate internal control and auditing in public secondary schools (Kenya Gazette Supplement, 2013). The audit committee generates and submits audit reports to the board of management, which in turn comes up with an annual audit report, which is then director of basic education. The Education Act also stipulates that the audit department of the Ministry of Education should audit all the annual accounts of educational institutions,

which are funded through public funds. Additionally, approved accounting and auditing firms are also allowed to audit public education institutions but this requires written permissions and approval from the cabinet secretary in charge of education (Kenya Gazette Supplement, 2013).

The Kenyan education system is troubled by financial risk management and the greatest risky areas being resource allocation and utilization which have created a fertile ground for funds embezzlement and corruption. Thus, proper accounting and auditing practices are required in public schools to scrutinize the utilization of the huge amount of funds allocated to those institutions. With the ministry of education channeling millions of shillings through different schemes such as the free secondary school programme, bursary schemes and infrastructural funding programmes, dissatisfaction by parent and students remains a great concern due lack of accountability and incompetence in public schools (Nyakundi et al., 2013). For instance, creditors and debtors in public secondary schools have been on the increase with a good example in the rear 2008 the creditors and debtors in public secondary schools had accumulated to Ksh. 5.5 billion and 15.5 billion respectively (Republic of Kenya, 2008).

1.1.1 Accounting Practices

Accounting practice is defined as a process of collecting, transforming, reporting and disseminating reports to various users. Accounting practice entails presenting accounting information to the management of the organization and it's used for efficient administration of resources and supports appropriate decision-making (Nupakorn & Phaprueke, 2010). Accounting practices play the main part in determining the framework of accounting information and financial reporting that both internal and external users

utilize to evaluate financial performance of the organization. Therefore, accounting practices are concerned with records maintenance of an educational institution in which the financial transactions are summarized (Sigilai & Bett, 2013). Some of the accounting practices include budgeting, book keeping, internal control activities and computerized accounting.

Budgeting is a foundation of most organization's control process mostly used by the management and it is a key tool in accounting that institutions utilize in implementation of organizational strategies (Ostergren & Stensaker, 2011). It is a very crucial for sound financial reporting especially for public schools. In public secondary schools, the board of management approves a school budget and it shows the income and expenditure plans based on an institutions development plans for a particular year. A school budget directs and controls the institutions income and expenditure plan while satisfying the schools objectives (Omor, 2005). Proper budgeting is a useful connection between planning and evaluation. Through proper budgeting, educational institutions can achieve their intended goals effectively (Kiriza, Walela & Kukubo, 2015).

Bookkeeping entails entering accounting transactions in relevant books of accounts. One of the routine finance functions that can be delegated to junior staff in an organization is record keeping and safeguarding property and documents of an organization (Otieno & Nyangechi, 2013). The intent of financial statements is to provide information on the state of affairs financially, financial position effectiveness and changes which are useful in economic decision-making (Horvat, 2007). Financial records, for example items like cash receipt books, general ledgers, petty cash book, purchases day book, cheque payments book, general journal, nominal and so on must be maintained and kept in a

fundamental systems of accounting (Maseko & Manyani, 2011). Public secondary schools in Kenya normally maintain receipt books, Cashbooks, payment vouchers, journals; school levies registers, financial ledgers and bank monthly statements (Omoror, 2005).

Internal controls are mechanisms through which an entity provides useful information, which is important for decision-making. Strong internal controls, which include frequent monitoring by school committees, will have a bearing on well-managed funds (Otieno & Nyangechi, 2013). Internal control comprises of checking, autonomous assessment as well as efficient reporting to the organization to make sure that all the actions of the organization are performed according with current plans, directions as well as limits (Bayyoud & Sayyad, 2015). Internal controls make it possible for the head teachers to make an effective and speedy check on the rate of expenditure and proper financial management. Internal controls provide independent evaluation of the schools financial control and management systems (Horvat, 2007).

Computerized accounting-system is considered to be a computer-based structure, which joins accounting concepts and principles plus the model of information system to record, practice, examine and yield monetary info (Gelinias, Sutton & Hunton, 2005). If an organization fails to use computers and computer software it means that accounting information may not be accurate and the organization may experience delays in financial reporting and lack of permanent accounting records and information. Computerization of departments increases coordination and cohesiveness therefore leading to attainment of the organization's goals. Use of computers especially in the bookkeeping, generation of

receipts and payment vouchers and stores control is key to management efficiency in public schools (Otieno & Nyangechi, 2013).

1.1.2 Management of Funds

Funds administration is a decision-making accounting plan that focuses on keeping optimal levels of funds, current liabilities and current assets in respect to everyone. Funds management is an aspect of corporate finance and has a direct effect on liquidity, financial performance and growth of organizations. Funds running is key to the monetary strength of all organizations as the amounts of operating capital investment are normally higher compared to the value of total assets used (Kung'u & Mwangi, 2014). At a school setting, funds management entails the planning as well as execution of a school's monetary plan, accounting, reports and the securitization of assets and combating fraud (Horvat, 2007). Poor management of funds in an educational institution leads to inefficiency, fraud, error, manipulation and misuse of financial resources (Omondi et al. 2016).

The main purpose of funds management is to ensure that funds sourced are utilized in the most efficient and effective manner. 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 (Munge, Kimani & Ngugi, 2016). In Kenya, the government, parents, and other stakeholders spend huge sums of money to maintain students in public secondary schools. Considering this huge investments, it would be quite detrimental if these funds are misappropriated and not used for the intended purpose (Omondi et al. 2016). Thus,

appropriate management of funds in a school is fundamental to the achievement of all teaching and academic activities of every school (Varghese & Buchert, 2011).

1.1.3 Accounting Practices and Management of Funds

Accounting practices are activities undertaken by organizations to ensure good and dependable accounting system. Accounting practices enables organizations to monitor their assorted divisions such as financial reporting, capital budgeting, revenues; taxation expenses (Nupakorn & Phapruke, 2010). Thus, accounting practices serve as an instrument for efficient resource administration, rational managerial as well as manager support to assessment and strategic planning of performance (Horvat, 2007). The FASB (2006) explains that the general aim of financial reporting to external users is to present accounting information which may be valuable to present and potential stakeholders, and other stakeholders in making investment choices.

Nupakorn and Phapruke (2010) examined the accounting exercise effectiveness plus its relationship to monetary performance and established a positive relationship between financial performance and accounting practice effectiveness. The study also found that the use of IT execution moderates the connection between accounting standards understanding, accountant's capability as well as accounting practice usefulness. Additionally, Vaughan-Morris (2014) analyzed whether existing accounting rules and practices can affect decisions companies make about investing in resource efficient assets and concluded that accounting rules and practices do not materially influence companies' decisions on whether or not to invest in resource efficient assets.

A study by Nyakundi et al (2013) explored the relationship between accounting practices and funds management in public secondary schools in Kisii Central District, Kenya and revealed that the level of funds management in public secondary schools is positively correlated to the extent of use of accounting practices. The study concluded that accounting practices have an influence on managing finance in public secondary schools and recommends the use of such accounting practices largely and recommends the mandatory use of accounting practices so as to improve the general management of funds in public secondary schools in Kenya. Munge, Kimani and Ngugi (2016) found that 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.

1.1.4 Public Secondary Schools in Nairobi County

A school is a functional unit of the education systems of society and in economic terms, it refers to an industry that transforms a given quality of input into a required output. A school is regarded as a distinctive and complex sector in the logic that its raw materials which is the fact that learners are animate and are to be translated into proper products whose worth can't be judged from the outside manifestation but arbitrated by the way its past learners achieve in community (Omor, 2005). Schools or education institutions, like other public companies and institutions have monetary and non-monetary aims. Some of the non-financial objectives are aimed at providing a service to the citizens at an affordable price (Njeru, 2004).

Secondary school learning in Kenya commences at fourteen years and runs for 4 years.

The present secondary learning platform is directed towards meeting the requirements of

both the learners that terminate their learning after secondary school as well as the ones to proceed for higher learning. The public secondary schools are financed by the governments and other associations. There has been incredible upsurge in the number of secondary and in students' admission in reaction to the promptly up surging number of primary school graduate looking for an entry to the secondary level. There are sixty Public Secondary Schools in Nairobi County. Sound financial management is important in schools though due to wide scope and diversity non-profit organizations and their activities, proper financial management may turn out to be more complex than in profit making organizations (Omor, 2005).

1.2 Research Problem

Investment in education remains one of the effective mechanisms of mitigating poverty, enhancing economic development and advancing human rights. Thus, régimes in the globe distinguish the significance of learning for communal and economic growth as well as invest big sums of money in their budget in it (Omondi et al. 2016). In this case, various nations have devolved the management of monetary resources to learning institutitions to enhance their performance (Crouch et al, 2008). Proper management of finances in educational institutions is very imperative to their operations (Munge, Kimani & Ngugi, 2016). However, around the world the management of funds in most public educational institutions around the world has been coupled by a lot of challenges among the corruption, mismanagement, rising cost of education and unplanned expansion (Mobegi, Ondigi & Simatwa, 2012).

In Kenya, learning has become the prevalent growing industry and consumes a great deal of the national budget (Kiriza, Walela & Kukubo, 2015). The government has heavily

invested in education and budgetary allocations to the Education Ministry ranges between 13.5% and 16.5% of the national budget with budgetary allocations to public secondary schools accounting for 23% of the ministry's budget (MoE, 2012). However, concerns over fees arrears accuracy remains a great concern and questions on funds management in public secondary schools remains unanswered and there are serious financial challenges in most public secondary schools. For example, by 2008, public secondary schools' arrears from fees collection had accumulated to kshs.15.5 billion (Nyakundi et al., 2013). Thus, there are serious financial challenges in public secondary schools (Munge, Kimani & Ngugi, 2016).

A number of studies have explored the influence of accounting practices on fund management in different organizations in developed and developing countries. For instance, Hansraj (2007) studied the monetary management role of school heads in South Durban in South Africa and concluded that sensible monetary management on learning institutions is important to make sure resources are allotted sufficiently and to improve achievement of school aims. Ikoya (2005) studied devolution and centralism of schools' physical facilities administration in Nigeria and established that delocalization is an effectual method of managing structure in learning institutions since it encourages transparency in school administration. However, the studies by Hansraj (2007) and Ikoya (2005) did not emphasize on the influence of accounting practices on funds managements in educational institutions.

In Kenya, Otieno and Nyangechi (2013) studied the efficiency of internal control processes and administration effectiveness of free primary learning finance and found that the use of internal control procedures are effective on management efficiency of

funds in schools. Mobegi, Ondigi and Simatwa (2012) discovered the features leading to monetary misappropriation and mismanagement in secondary schools and found that the key factors which include corrupt promotion modes, lack monetary training and feeble board of management, weak internal control apparatuses, poor auditing procedures, unqualified account clerk, community and sponsors interventions. However, most studies in Kenya concentrate more of financial management practices on educational institutions and not accounting practices. This has created a gap in literature, which this study intends to seal by examining: what are the effects of accounting practices on administration of finance in Public Secondary in Nairobi County?

1.3 Research Objective

To establish the influence of accounting processes on the administration of finance in Public Secondary Schools in Nairobi County.

The specific objectives were as follows:

- i. To examine the effect of budgeting on funds management in public secondary schools in Nairobi County.
- ii. To explore the effect of book keeping in public secondary schools in Nairobi County.
- iii. To explore the effect of internal control activities in public secondary schools in Nairobi County.
- iv. To examine the effect of computerized accounting in public secondary schools in Nairobi County.

1.4 Value of the Research

The findings of this research may be of value to principals of public secondary schools to improve on their budget preparation, monitoring and control considering the wide range of departmental activities including line activities like feeding program, boarding and co-curricular activities. This is where plans produced are linked to the budget using technical expertise.

The finding may be of significance to education officers (audit section) as a stepping-stone to improve on their financial monitoring and control skills especially in comparing the budget and the actual expenditure by principals of public secondary schools. The findings may be of significance to policymaking organisations like the Ministry of Education in Kenya to develop policy mechanism to enhance accounting practices in public secondary schools.

The finding may be of significance to the board of governors of public secondary schools to improve on their financial management decision making techniques and help improve on the overall school performance. Finally, the research findings will also provide additional knowledge on accounting practices and management of funds in public secondary schools.

CHAPTER TWO

LITERATURE REVIEW

2.1. Introduction

This section performs an in depth an evaluation of literature related to accounting practices in management of funds in public secondary schools. The chapter has reviewed theories through which accounting practices in public secondary schools is understood, has examined key determinants of fund management in public secondary schools, and reviewed empirical literature regarding effect of accounting exercises on managing monies in public secondary schools. This chapter summarizes the literature and identifies the various gaps and then concludes with a conceptual framework

2.2 Theoretical Review

Many management theories have been propounded however; three of these theories have been selected for the purpose of this research. They are Classical management theory, Behaviorist management theory and stewardship theory.

2.2.1 Classical Management Model

The classical management model recognizes the role that management plays in an organization. According to Ijaduola (2008), the theory emanated from early twentieth century with the seminal research work of Frederick Taylor and Henri Fayol. Since then many scholars of management have been put forward several theoretical models on how to administer work and workers competently and professionally. He states that the classical theory considered structural and technical factors as important in improving

organizational performance. The theory regarded a formed hierarchical organizational structure marked by vertical lines of authority, communication, co-ordination between members of the concern as per-requisites for organizational functioning and effectiveness he added. Ndu, Ocho and Okeke (1997) stated some principles of the classical management theory, which will serve as guides for managers. They are: objectives, specialization coordination, authority and responsibility. The principle stipulates that in an organization, there must be one supreme authority and clear lines of authority and their relationships should be hierarchically and horizontally specified. Other segment of management principles include; efficiency, delegation, unity of command, span of control chain of command and balance in terms of efficiency, organizations should be planned and the objective attained with the lowest possible cost.

Decisions should be made at the lowest competent level; each worker should be answerable to only one superior so that there will no role conflict. The principles of the classical management theory are very helpful to the manager of an institution as their knowledge will help him solve problems relating to assignments and functions of departments and individuals, classification of work to be done in terms of job designation, job specialization, hierarchy of authority and co-ordination. The school principal is expected to apply these principle in staff employment and placement putting into cognizance their relevance and areas of specialization for proper delegation of duty (Ndu, Ocho & Okeke, 1997).

2.2.2 Behaviorist Management Theory

One of the major theories to take into consideration when studying financial management practices of principals in seconding schools is the Behaviorist Theory. According to

Wikipedia (2009), the theory's focus is the basic principle of reward and punishment in which case a student is rewarded for exhibiting good behaviour and is punished for misbehaving. Skinner suggests that pleasant experiences act as positive reinforcers, causing learners to come up with effective connections between response and stimuli. Likewise, negative experience act as pessimistic reinforcers. This reinforcement, both positive and negative, increases the rate of learning and can shape behaviour in the school if applied consistently.

Mondy et al (2007) opined that the behaviorist theory was developed in reaction to the formal tradition of the classical models. According to main Emile Durkheim, a French sociologist emphasized the idea that groups of people having established their own values, rules and norms of behaviors, control human conduct in and social organization – This is, they were able to subordinate the behaviors of individual members of the group to the group values and norms. The school principal in discharging his managerial duties should apply the principles of this theory for rewarding and punishing staff as the case may be. This could save the school from waste of financial resources where staff like the bursars and the cashiers are rewarded or punished for financial malpractice.

2.2.3 Stewardship Theory of Management

Stewardship theory stresses that managers, left on their own, will definitely act as responsible stewards of assets they manage. The stewardship model presupposes that the manager will come up with choices in the best interest of the firm, putting communist decisions above self-servicing decisions (Otieno & Nyangechi, 2013). This individual is inspired by doing the right thing for the company, since she believes that she will eventually benefit when the form succeeds (Davis et al, 1997).

Maslow (1943) asserts that Stewardship theory is anchored in psychology and assumes that individuals are self-actualizing and hence, individuals want to achieve organizational goals without coercion. The stewardship theory advocates for collaboration between the managing director and the board of directors as the major characteristic of accounting and control systems therefore focusing on long-term performance enhancement (Davis et al, 1997).

2.3. Determinants of Fund Management in Public Schools

School Monetary administration is fiscal organization of schools' fiscal activities, which encompasses payment of cash. The cash is gotten through many sources just like fees. According to Mutuku (2011) fiscal administration determines the way school is administered, as well as whether or not the school will meet its purposes. Idyllically, fiscal administration helps to facilitate appropriate use of school finances that have been allotted to numerous events of the school program. In some cases the administration faces some problems on how to effectively deal with the secondary school funds. This leads to monetary calamity. Some of these factors are:

2.3.1 Principals' Financial Skills

Secondary schools in Kenya are run by principals who are appointed by the Teachers Service Commission after serving various levels of administration within the school system. Nevertheless, numerous principals as well as board of governor's lacked the essential monetary skills and knowledge; these principals were in tremendous pressure because they were unable to solve financial problems of the school (Mestry. 2004). According to Ogola (2007) head teachers have monetary limits particularly in

maintaining financial basic books like the cash books and that there is a shortage of accounting employees and that most head teacher principal lack correct monetary administration skills and find it difficult to carry on his work.

A study by Cheruto and Wambu (2010) on the problems facing execution of free primary learning found that school administration face difficulties in the execution of the platform which comprise staff shortage, limited monetary administration skills by principals, lack of managerial skills; and accounts clerks' qualifications. In another study, Atieno (2012) discovered that head teachers were prone to numerous problems in monetary administration as the then current training support and measures for head teachers in monetary administration was fundamentally weak and don't appropriately prepare possible head teachers for accountabilities in monetary administration.

2.3.2 Bursars and Accounts Clerks Qualifications

The success to good accounting practices relies on well trained and as well extremely inspired bursars, acting at adequately senior level, have a double role in evolving an actual school labor force by releasing head teachers as well as other members of the management team from a broader of school administration jobs. Though the head teacher is the principal accounting officer in the school, the officers to whom he has delegated the responsibility of bookkeeping should be competent. This can enable them to concentrate on the alteration of learning as well as education and by using their proficiency in resource management to support the wider remodeling of staff employment across the whole school (Otieno & Nyangechi, 2013).

Preparation of accounts is a complex process which requires that whoever is tasked with the responsibility of preparing of these accounts should have the requisite skills and professional experience (Otieno & Nyangechi, 2013). This may not be the case in Kenyan public schools because according to Simatwa et al (2012) in Nandi district in Western part of the Republic of Kenya, there were untrained bursars and accounts clerks working and handling financial matters of the school. The study found out that there were a few schools, which had trained accountants.

2.3.3 Government Auditing

Auditing refers to a systematic procedure of assessing transactions to define the firm's compliance with prearranged strategies and processes (Simiyu, 2014). The aim of auditing in secondary schools might be to minimize the probability of scam, embezzlement, waste or ineffectiveness. The audit processes ought to make sure that activities are performed professionally. The audit report indicates whether the firm is moving to anticipated goals. The audit procedure must be carried out by a knowledgeable and sovereign specialist, which systematically scrutinizes the monetary records and other info. The MOE is liable for carrying out audit in secondary learning institution. This procedure ought to be carried out on yearly basis (Ministry of Education, 2002).

A study by Ngubane (2010) found that major influential aspect for poor monetary management amongst SGB appears to be mainly accredited to the lack of ability to implement monetary liability roles as demonstrated in planning, bookkeeping as well as reporting functions. Siringi (2002) revealed that in most secondary schools in Kenya enormous amounts of cash were exposed to little accounting processes and there were no appropriate auditing arrangements for making schools answerable. Further, Mobegi et al

(2012) found that the school monetary management is wanting due to several reasons: there was poor accounting for finance school described by recurrent requests for extremes of spending over income and audit reports portrayed negatively on the management of school finances were those related to the administration structure.

2.3.4 Involvement of Students, Parents and Teachers

Parents' involvement of students and teachers has the possible to advance responsibility, increase parental contribution, reinforce the management role of school managers, and upsurge teamwork amongst the education faculty (Winkler & Yeo, 2007). According to Achoka (2012) mainstream of the parents were involved in the school's management and this participation is supported by head teachers in their numerous tasks like monetary administration and school budget monies. However, a study by Kemboi (2002) revealed that the amount of time that teachers, teachers and students are given a chance to take part in schools was inadequate to give learners, parents, teachers an opportunity to practice skills of democracy that are involved during budgeting of school needs and even general monetary management.

According to Radu (2011), communities and parents respond inversely to participation in school organization and this call for the consideration of variety of conditions in variety situations. As such, amongst the prevalent goals for community and parental participation in learning a desire to spread the resourcing burden, enhance the volume, significance and effect of schooling. Koros (2009) found that parental participation had positive effect on monetary administration consequences of the secondary schools. Since schools' monetary is critical in school administration results, it is thus significant for education shareholders to upsurge parent and student contribution the study recommended.

2.4 Empirical Literature

Munge, Kimani and Ngugi (2016) evaluated the factors influencing financial management in public Secondary Schools in Nakuru County. The research adopted a cross-sectional review research-design and targeted heads and bursars of public secondary schools in Kenya. Stratified random sampling process was used to draw a sample of 78 from the accessible population and an organized questionnaire was used to gather data. The findings of 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.

Kiriza, Walela and Kukubo (2015) explored monetary administration in public secondary schools in Kenya in Lurambi Sub-county of Kakamega County. The study targeted 17 principals of public secondary schools and 17 school account's clerk and collected data using questionnaires. The study found that schools relied mostly on finances from parentages and the management and hardly generated funds of their own, budget preparation was carried out by head teachers, head of departments and bursars, monitoring and supervision of the school budget was done by head teachers and board of management. The study also found that budget endorsement was largely conducted by board of management while the regime was not accessed.

Kaguri, Njati and Thiaine (2014) studied the monetary administration challenges facing execution of free day secondary learning in Imenti north district, Kenya. The study used questionnaires to collect data from the BOGs and PTAs while interview programs were managed to the principals. The study found that in financial planning; budgeting was

often done in either a caress fashion or not done at all with insignificant involvement of learning shareholders in the budgetary procedure and monetary reports were poorly prepared while auditing was done in an arbitrary way. The study recommended that there was need for improvement of policy tracing of resources to make sure appropriate, sufficient and responsible utilization of resources budgeted for education in the right manner which can be done through external auditing or outsourcing of the services.

Sigilai and Bett (2013) assessed head teachers' efficiency in the administration of school monetary resources in Bomet sub-county. The study employed an expressive survey research-design and a sample of 120 principals was chosen from a populace of 174 head teachers of public primary schools in Bomet sub-county. The study used questionnaires to collect data. The study found that most of the head teachers were ineffective in the management of school monetary due to they were previously overworked with managerial responsibilities and class-work. The study suggested that the Government consider hiring bursars to assist principals in appropriate administration of school of school monies.

Uyar (2010) explored management and cost accounting exercises exploited by manufacturing companies functioned in Istanbul, Turkey. The study sampled 61 corporations, comprising both medium-sized and small firms, and big firms and used questionnaires to gather data. The research found that the most widely used cost accounting practice was job costing and that the complication in manufacturing poses as the uppermost positioning struggle in product costing. The study also found that firms perceive old-style management accounting tools still as significant and new management

accounting exercises like transfer pricing and strategic planning are alleged less significant as compared to traditional ones.

Maseko and Manyani (2010) examined the practices of accounting record keeping s for performance measurement used by medium enterprises in Zimbabwe. The study targeted 100 small and medium enterprises operating manufacturing firms, retail shops, as well as suppliers of numerous services and used questionnaires to collect data. The study disclosed that the majority of medium enterprises do not keep comprehensive accounting records due to of lack of accounting knowledge, in this case there is ineffective use of accounting information in monetary performance size. The research suggested that nationwide regulators must develop specific accounting guidelines for small and medium enterprises and develop accounting training programmes for businesspersons in small businesses.

A report from Chepkonga (2009) on Kenyan schools cash management concluded that monetary pressures seen in Schools was principally affected by many parties comprising politicians and parents' involvement among others. Nonetheless, Thenga (2014) in Sudan found that the SGBs in township schools had the problem in the funds management in schools. This was for the reason that parents in the SGBs of the designated township schools lacked knowledge making it hard for them to contribute implicitly in fiscal administration of the school.

Langat (2008) investigated the impact of government directions on fiscal management in public secondary schools in Nakuru Municipality in Kenya using an ex post facto research design. The study targeted 18 public secondary schools' head teachers within

Nakuru municipality. The findings revealed that the government financial instructions had limited the power of the school heads to arbitrarily determine and control the financing of physical facilities. The study also found that government instructions had well-regulated staff training in the schools to match their needs and resources and facilitated the processing and update of information in the financial statements as evidenced by improved management, transparency and accountability in the schools' recurrent expenditures (Omor, 2005).

Njeru (2004) studied the financial management practice of head teachers in public secondary schools in central division, Embu district. The study sought to identify how the management of school finance is practiced in the target schools. The study employed descriptive research (and targeted a population of 25 head teachers and collected data using semi-structured questionnaires. The findings of the study established that in cash management practices there was preparation of cash budgets though the span reported of one year is too long to allow for effective management of cash and the major source of cash was fees. The study also found that cash collections were banked daily and there was a variety of procedures employed to remind students of overdue debts. The study recommended that head teachers need to embrace a systematic approach to financial management.

Okumbe (1998) examined the education cost and sources of revenue to meet the learning costs. The study concentrated on spending of revenue in an objective, efficient and effective way to adhere to instructive objectives and beliefs. The findings of the study established that budget preparation was common in most schools but was not strictly adhered to. In 1988, the government of Kenya under the structural adjustment programme

implemented the cost-sharing policy in the provision of the social services including education (Okumbe 1998). Although the policy was meant to revitalize planning and management of education, it created many problems including the determination of the amount of fees to be charged in schools.

Cadwell (1994) explored the effects of schools' resource management on the learning outcome. The study interviewed principals and found that decentralization of authority, accountability and answerability to schools, the management of schools improved and consequently an improvement in the learning outcomes. The study also explored the links between elements of reforms and educational results and established that the importance are the paths of ancillary effects, exemplified for resource distribution benefits which are intermediated in regarding to its curriculum and learning benefits through specialized benefits as well as confidence in attainment of school of the future objectives. The study concluded that acknowledging the anticipated benefits of better resource administration, stronger sense of course, improved answerability and accountability, greater monetary as well as managerial tractability, and improved long – term planning, will have no direct effect on curriculum and learning benefits.

2.5 Conceptual Framework

A theoretical framework is defined as a diagrammatic representation that outlines how study variables perceptibly relate. The independent variables for this study include budgeting, book keeping, internal controls and computerized accounting while the dependent control is funds management.

The conceptual framework is shown by figure 2.1

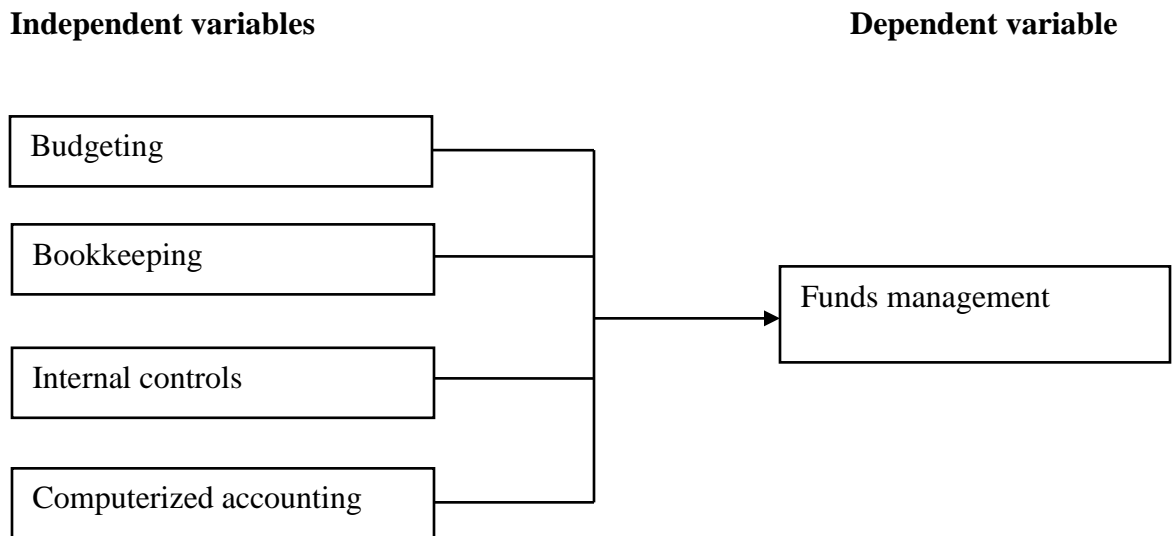


Figure 2.1 Conceptual Framework

2.6 Summary of Literature Review

In brief, from the evaluation of the current literature, it is perfect that several features of improving transparency and accountability in the management of school finances have been explored. However, such transparency and accountability in the management of school finances have not been attained to the satisfaction of stakeholders. Little research has been done on the effects of accounting exercises on the funds management in Kenyan public secondary school. It was in contradiction of this contextual, that this research sought to create the effects of the extent of use of accounting exercises on the funds management in public secondary schools in Nairobi County, Kenya

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the research design and methods that will carry out the research. The chapter presents the study design, the populace of the study, the data gathering procedure, validity and reliability examination and finally data analysis procedure.

3.2 Study Design

A research design is a set of choices that makes up the master plan stipulating the methods and processes for gathering and examining the needed info (Mathoko et al., 2007). The type of research design that was adopted in conducting this research is the descriptive survey design. Descriptive research design is a scientific method which encompasses witnessing and defining the conduct of a subject without manipulating it in any way. It was deemed appropriate because it involves collecting data in order to answer queries on the existing position of the matters of the research (Kothari, 2004). The descriptive research design also allowed the researcher to generate both numerical and descriptive data that were used in measuring relationships between variables.

3.3 Population of the Study

A populace the entire measurements collection of individuals or items that make up the total of all probable measurements in the research scope. The population in the investigation was made up of the 60 public secondary schools in Nairobi County as shown in Appendix II: The study carried out a census of the 60 public secondary schools in Nairobi County as at 31st December 2016 since the number was small and finite.

3.4 Data Gathering

Data for the study was gathered using a questionnaire. The questionnaires aided in the collection of primary data. The questionnaire consisted of properly constructed open and close-ended questions to make it easier to obtain defined answers from the respondents. In addition, the questionnaire was designed with questions to cover all the study variables with multi- statements designed on Likert scale of five points. The questionnaires were administered to the school principals in each of the sampled public secondary school. Questionnaires were selected since they are an expedient tool in research specifically where there are big numbers of issues to be dealt with because they facilitate easy and quick derivation of information or responses within a short time (Mathoko et al., 2007).

3.5 Validity and Reliability

Reliability is the measurement consistency as well as is regularly evaluated using the test-retest dependability method while validity is the amount by which the sample of test items signifies the content the test is planned to measure. Validity was ensured through the guidance of experts who were familiar with the study topic. Reliability on the other hand was established using the Cronbach alpha coefficient. The Cronbach alpha coefficient is a multiple item scale's reliability measure, which ranges between 0 and 1 and a value of 0.7 and above is always considered an indication of reliability (Kothari, 2004).

3.6 Data Analysis

The collected data was edited for accurateness, dependability as well as extensiveness and then evaluated using inferential and descriptive statistics with the help of the Statistical Package for Social Studies. Descriptive statistics included measures of fundamental tendency like the mean, percentages and the standard deviation while inferential statistics will be used to draw conclusions.

3.6.1 Analytical model

A multiple linear regression established the link between the degree of use of accounting exercises and the level of management of funds in public secondary schools in Nairobi County. The regression model was formulated as follows

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \mu$$

Where,

Y = Level of funds management

β_0 = Constant

$\beta_1 - \beta_4$ = Coefficient

X_1 = Budgeting

X_2 = Book keeping

X_3 = Internal control activities

X_4 = Computerized accounting

μ = Error term

3.6.2 Test of Significance

To institute the statistical significance of the model the F - test and ANOVA were used.

On the other hand to establish the statistical significance of the regression coefficients the t - test was used at 95% confidence level.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND INTERPRETATION

4.1 Introduction

This chapter provides the outcomes of data analysis which includes the response rate, reliability analysis and descriptive statistics. The chapter also present the correlation and regression analysis results and finally the interpretation of the study findings.

4.2 Rate of Response

The research carried out a census of 60 public secondary schools in Nairobi County however data was only obtained from 47 public schools hence a response rate of 78% which was deemed adequate since it was more than 50%. In addition, the respondents were more than 30 respondents' hence an adequate response to run the regression model.

4.3 Reliability Analysis

The study used the Cronbach alpha coefficient to establish the instruments reliability. The Cronbach alpha coefficient is a multiple item scale's reliability measure which ranges between 0 and 1 and a value of 0.7 and above is always considered an indication of reliability. The results were as follows

Table 4.1 Reliability Statistics

Variable	Cronbach's Alpha	N of Items
Budgeting	.799	6
Book keeping	.795	10
Internal control activities	.901	9
Computerized accounting	.796	5
Overall	.938	30

Source: Research Findings

The reliability statistics on table 4.1 shows that all the Cronbach alpha values are more than the recommended value of 0.7. This indicates that the questionnaire was reliable.

4.4 Descriptive Statistics

This summarizes the findings of the research variables which includes budgeting, book keeping, internal control activities and computerised accounting.

4.4.1 Budgeting

This section sought to establish the extent in which the respondents were satisfied by various aspects of budget management in public secondary schools. Table 4.2 shows the results

Table 4.2 Budgeting

Indicators/frequency (n=47)	Very satisfied F (%)	Satisfied F (%)	Neutral F (%)	Less satisfied F (%)	Not Satisfied F (%)	Mean	Std. Dev
Involvement of stakeholders in budget preparation	2(4.3)	31(66.0)	4(8.5)	10(21.3)	0	2.47	0.881
Approval of budgets on yearly basis	13(27.7)	14(29.8)	9(19.1)	10(23.4)	0	2.38	1.134
Adherence to budget estimates	9(19.1)	16(34.0)	11(23.4)	11(23.4)	0	2.51	1.061
Frequent monitoring and evaluation of the budget	3(6.4)	22(46.8)	8(17.0)	14(29.8)	0	2.70	0.976
Involvement of accounting experts	4(8.5)	15(31.9)	11(23.4)	17(36.2)	0	2.87	1.013
Comparison of current and previous budgets	2(4.3)	23(48.9)	11(23.4)	11(23.4)	0	2.66	0.981

Source: Research Findings

The results on table 4.2 show that all the mean values for the responses were 2.47, 2.38, 2.51, 2.70, 2.87 and 2.66 respectively. All the mean values correspond to the scale value of 2 which indicates that the respondents were satisfied with the budgetary practices adopted by their schools.

4.4.2 Book keeping

This sought to establish how often public secondary schools updated their accounts and books of accounts. Table 4.3 shows the results

Table 4.3 Book Keeping

Books of accounts (n=47)	Very often F (%)	Often F (%)	Sometimes F (%)	Rarely F (%)	Never F (%)	Mean	Std. Dev
Ledger book	18(38.3)	27(57.4)	2(4.3)	0	0	1.66	0.562
Receipt books	27(57.4)	17(36.2)	3(6.4)	0	0	1.49	0.621
Journal voucher	18(38.3)	20(42.6)	8(17.0)	1(2.1)	0	1.83	0.789
Cashbook	31(66.0)	16(34.0)	0	0	0	1.34	0.479
Fees ledgers	28(59.6)	12(25.5)	7(14.9)	0	0	1.55	0.746
Government disbursements account	3(6.4)	23(48.9)	16(34.0)	5(10.6)	0	2.49	0.777
Payables and receivables accounts	16(34.0)	19(40.4)	12(25.5)	0	0	1.91	0.775
Trail balance	22(46.8)	13(27.7)	11(23.4)	1(2.1)	0	1.81	0.876
Statement of income	12(25.5)	13(27.7)	11(23.4)	11(23.4)	0	2.45	1.119
Balance sheet	18(38.3)	7(14.9)	12(25.5)	10(21.3)	0	2.30	1.196

Source: Research Findings

The results in table 4.3 shows that the mean values of ledger book, receipt books, journal vouchers, cashbook, fees ledger, payables and receivables accounts and the trail balance were 1.66, 1.49, 1.83, 1.34, 1.55, 1.91 and 1.81 respectively which corresponds to the scale value of 1. These indicates that the ledger book, receipt books, journal vouchers, cashbook, fees ledger, payables and receivables accounts and the trail balance are updated very often by public secondary schools with most often updated books being the cashbook, receipt books and fees ledger (M=1.34,1.49 and 1.55). The results show that the mean values of government disbursements account, statement of income and the

balance sheet were 2.49, 2.45 and 2.30 which indicates that the accounts are often updated by public secondary school in Nairobi County.

4.4.3 Internal Control Activities

Table 4.4 Internal Control Activities

Aspect (n=47)	Very satisfied F (%)	Satisfied F (%)	Neutral F (%)	Less satisfied F (%)	Not satisfied F (%)	Mean	Std. Dev
Effective physical control and security of assets	8(17.0)	30(63.8)	2(4.3)	6(12.8)	1(2.1)	2.19	0.947
Segregation of duties among various parties in the school	10(21.3)	20(42.6)	7(14.9)	10(21.3)	0	2.36	1.051
Adequate authorization and approval of activities	19(40.4)	12(25.5)	9(19.1)	7(14.9)	0	2.09	1.100
Adequate documentation and maintenance of records	16(34.0)	15(31.9)	5(10.6)	11(23.4)	0	2.23	1.165
Frequent and independent performance review	8(17.0)	17(36.2)	13(27.7)	9(19.1)	0	2.49	0.997
Effective verifications and reconciliations	12(25.5)	17(36.2)	11(23.4)	7(14.9)	0	2.28	1.015
Effective risk analysis and responses	14(29.8)	11(23.4)	9(19.1)	13(27.7)	0	2.45	1.194
Frequent monitoring and evaluation of internal controls	8(17.0)	19(40.4)	7(14.9)	13(27.7)	0	2.53	1.080
Availability of open and effective communication channels	14(29.8)	19(40.4)	6(12.8)	8(17.0)	0	2.17	1.049

Source: Research Findings

This established the extent to which the respondents were satisfied by the various internal control activities in their institutions. The results on table 4.4 shows that all the mean values are 2.19, 2.36, 2.09, 2.23, 2.49, 2.28, 2.45, 2.53 and 2.17 which corresponds to the scale value of 2 in the questionnaire. This indicates that most of the respondents were satisfied with the internal control activities instituted by the public secondary schools.

4.4.4 Computerized Accounting

This section sought to establish how often public secondary schools computerized accounting software to carry out various accounting practices. Table 4.5 illustrates the results

Table 4.5 Computerized Accounting

Aspect (n=47)	Always F (%)	Often F (%)	Sometimes F (%)	Rarely F (%)	Never F (%)	Mean	Std. Dev
Accounting activities	13(27.7)	18(38.3)	5(10.6)	11(23.4)	0	2.30	1.121
Generating source documents	10(21.3)	26(55.3)	5(10.6)	6(12.3)	0	2.15	0.908
Making entries in ledger account	12(25.5)	20(42.6)	10(21.3)	5(10.6)	0	2.17	0.940
Preparation of financial statements	7(14.9)	18(38.3)	12(25.5)	8(17.0)	2(4.3)	2.57	1.078
Issuance of periodical fee balances	22(46.8)	16(34.0)	6(12.8)	3(6.4)	0	1.79	0.907

Source: Research Findings

The results on table 4.5 shows that the mean values of accounting activities, generation of source documents, making entries in ledger account and preparation of financial statements were 2.30, 2.15, 2.17 and 2.57 which correspond to the scale value of 2. This

indicates that public secondary school often use computers to carry out accounting activities, generation of source documents, making entries in ledger account and preparation of financial statements. The finding also show that the mean value of issuance of periodical fee balances using computers is 1.79 which indicates that public secondary schools always use computers to issue periodical fee balances.

4.4.5 Funds management

This established the level of management of funds in public secondary schools in Nairobi County. Table 4.6 illustrates the results obtained

Table 4.6 Funds Management

Aspects(n=47)	Very large extent F (%)	Large extent F (%)	Neutral F (%)	Less extent F (%)	Not at all F (%)	Mean	Std. Dev
Segregation of accounts into specific vote heads	4(8.5)	29(48.9)	8(17.0)	6(12.8)	0	2.34	0.815
Allocation of funds to specific vote heads	3(6.4)	23(48.9)	17(36.2)	4(8.5)	0	2.47	0.747
Accounting of funds allocated to specific vote heads	2(4.3)	24(51.1)	14(29.8)	7(14.9)	0	2.55	0.802

Source: Research findings

The results on table 4.6 shows that the mean values of segregation of accounts into specific vote heads, allocation of funds to specific vote heads and accounting of funds

allocated to specific vote heads are 2.34, 2.47 and 2.55 which correspond to the scale value of 2. This indicates that the respondent agreed that public secondary schools manage funds to a large extent.

4.5 Correlation Analysis

Correlation analysis was carried out to establish the nature and the strength of the relationship between the variables. Table 4.7 shows the results

Table 4.7 Correlation Matrix

	Funds management	Budgeting	Book keeping	Internal control activities	Computerized accounting
Funds management	1				
Budgeting	.149	1			
Book keeping	-.202	.032	1		
Internal control activities	.172	-.076	-.005	1	
Computerized accounting	.675**	-.005	.008	-.044	1

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

Source: Research Findings

The correlation results on table 4.7 displays that there is a weak positive correlation ($r=0.149$ & 0.172) between funds management and budgeting and internal control activities. The results also show a weak negative correlation ($r=-0.202$) between book keeping and funds management. The results further show that there is a strong and significant correlation ($r=0.675$) between computerized accounting and funds

management in public secondary schools in Nairobi county. The correlation matrix also shows that there is no multicollinearity since all the correlation values are less than 0.7.

4.6 Regression Analysis

Regression exploration was used to indicate the relationship between the dependent and independent variables. The results of the regression model entail the model summary, the Analysis of Variance results and a summary of the regression coefficients as follows

4.6.1 Model Summary

This shows the correlation coefficient value (R), the coefficient of determination (R-square), the adjusted R square and the standard error of estimate. Table 4.8 below shows the results

Table 4.8 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.755 ^a	.570	.529	.41189

a. Predictors: (Constant), Computerized accounting, Budgeting, Book keeping, Internal control activities

Source: Research Findings

The model results on table 4.8 show that the R square value is 0.570 which indicates 57% of the variation in the dependent variable is described by the independent variables while 43% is explained by other factors and the error term.

4.6.2 ANOVA

Table 4.9 indicates the Analysis of variance outcomes

Table 4.9 ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	9.454	4	2.364	13.932	.000 ^b
Residual	7.125	42	.170		
Total	16.580	46			

a. Dependent Variable: Funds management

b. Predictors: (Constant), Computerized accounting, Budgeting, Book keeping, Internal control activities

Source: Research findings

The ANOVA results on table 4.9 show that the F value is 13.932 and the P value ($0.000 < 0.05$) which indicates that the regression model is significant to show the relationship between the dependent and the independent variables. The results also show that the regression is a good predictor of the relationship between accounting practices and funds management of public secondary schools in Nairobi County.

4.6.3 Regression Coefficients

This shows the significance of the study variables. Table 4.10 shows a summary of the regressions coefficients

Table 4.10 Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
	(Constant)	1.199	.199			
1	Budgeting	.009	.005	.175	1.827	.091
	Book keeping	-.005	.002	-.213	-2.501	.042
	Internal control activities	.001	.000	.215	2.119	.040
	Computerized accounting	.559	.082	.687	6.817	.000

a. Dependent Variable: Funds management

Source: Research Findings

The regression coefficients results on table 4.10 show that there is a significant negative connection between book keeping and funds management in public secondary schools in Nairobi County (B= -0.005 & P value = 0.042<0.05). The results also show that there is a significant positive connection between internal control activities, computerized accounting and funds management in public secondary schools in Nairobi County (B= 0.001 & 0.559; P value = 0.040 & 0.00<0.05). In conclusion, the results show that there is an insignificant positive association between budgeting and funds management in public secondary schools in Nairobi County (B=0.009 & P value = 0.091>0.05).

4.7 Clarification of the Findings

The findings of the study found a significant negative connection between book keeping and funds management in public secondary schools. This means there is an inverse relationship between book keeping and funds management hence poor recording keeping of accounting documents affects the levels of fund managements in public secondary

schools in Nairobi County. The findings also revealed a significant positive relationship between internal control activities and funds management in public secondary school. This means that strong and effective internal control activities influence directly affect the levels of fund management in public school in Nairobi County. The findings conform to that of Nupakorn and Phapruek (2010) who established a positive association between accounting practice effectiveness and financial performance. Nyakundi et al (2013) revealed that the level of administration of finance in public secondary schools is positively correlated to the extent of use of accounting practices.

The findings also indicated a noteworthy positive connection between computerized accounting and funds management in public secondary schools. This indicates that there is a direct relationship between computerized accounting and funds management in public secondary schools in Nairobi County. This finding is similar to that of Nupakorn and Phapruek (2010) who found that the effects of information technology implementation moderate the relationship among accounting standard understanding, accountant's competency and accounting practice effectiveness. Merireng (2013) also established that use of computer in school management had improved the quality of information and made the school more efficient while performing their tasks.

Finally, the study found an insignificant positive relationship between budgeting and funds management in public secondary schools. This mean budgeting does not influence the level of funds management in public schools in Nairobi County. However, this finding contradicts that of Munge, Kimani and Ngugi (2016) who established that budget management and financial controls positively and significantly influenced financial management. However, according to Kaguri, Njati and Thiaine (2014) budgeting in

public secondary schools was often done in either a caress fashion or not done at all with minimal involvement of education stakeholders in the budgetary process and financial reports were poorly prepared. Okumbe (1998) also established that budget preparation was common in most schools but was not strictly adhered to.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter present a summary of the study outcomes, the deductions of the study and the study commendations. The chapter also presents the limitations of the research and the suggested areas which require additional research.

5.2 Summary

The objective of this study was to determine the effect of accounting practices on the management of funds in Public Secondary Schools in Nairobi County. The research adopted budgeting, book keeping, internal control activities and computerised accounting as the independent variables while funds management was selected as the dependent variable. The study targeted 60 public secondary schools in Nairobi County however data was only obtained from 47 public schools hence a response rate of 78%. The reliability statistics established all the Cronbach alpha values are more than the recommended value of 0.7 hence the research instrument was reliable.

The descriptive results established that the respondents were satisfied with the budgetary practices adopted by their schools and that the ledger book, receipt books, journal vouchers, cashbook, fees ledger, payables and receivables accounts and the trial balance are updated very often by public secondary schools with most often updated books being the cashbook, receipt books and fees ledger while government disbursements account, statement of income and the balance sheet were the least updated. The study also found that most of the respondents were satisfied with the internal control activities instituted

by the public secondary schools in Nairobi County. The study also found that public secondary school often use computers to carry out accounting activities, generation of source documents, making entries in ledger account and preparation of financial statements and to issue periodical fee balances.

The correlation recognised that there was a weak constructive correlation between funds management and budgeting and internal control activities. The correlation results also established a weak negative correlation between book keeping and funds management but a strong and significant correlation between computerized accounting and funds management in public secondary schools in Nairobi County. The research revealed that 57% of the dissimilarity in the dependent variable is described by the independent variables and that the regression model was significant and a good predictor of the relationship between accounting practices and funds management of public secondary schools in Nairobi County. The regression coefficients found a significant negative association among book keeping and funds management and a significant positive association between internal control activities, computerized accounting and funds management. Finally, the study found an insignificant positive relationship between budgeting and funds management in public secondary schools in Nairobi County.

5.3 Conclusion

The results of the study found a significant negative relationship between book keeping and funds management in public secondary schools. The study thus concludes that there is an inverse connection between book keeping and funds management hence poor recording keeping of accounting documents affects the levels of fund managements in public secondary schools in Nairobi County. The research also found a significant

positive connection between internal control activities and funds management in public secondary school. The study thus concludes that a strong and effective internal control activities directly affects the levels of fund management in public school in Nairobi County.

Additionally, the study findings found a substantial positive connection between computerized accounting and funds administration in public secondary schools. Therefore, the study determines that there is a direct association between computerized accounting and funds management in public secondary schools in Nairobi County. Finally, the study findings established an insignificant positive relationship between budgeting and funds management in public secondary schools. The study therefore concludes that budgeting does not influence the level of funds management in public schools in Nairobi County.

5.4 Recommendations

The study concluded that there is a significant association between book keeping and he levels of fund managements in public secondary in Nairobi County. Based on this conclusion the study recommends that public secondary schools in Nairobi County should invest more resource in appropriate book keeping and accounting records since the availability of records will determine how they management their funds. Records can also be used for monitoring and control purposes and as a basis for developing future plans for public secondary schools.

The study also concluded that strong and effective internal control has a directly effect on fund management in public secondary schools in Nairobi County. The study thus

recommends that the management of public secondary should institute effective internal controls to safeguard the institutions assists and also to enhance their levels of funds management. Internal controls can also help public secondary schools to assess risk levels and to assess monitor and evaluate the fund's management in the institutions.

Lastly, the study concluded that there is a direct relationship between computerized accounting and funds management in public secondary schools in Nairobi County. Therefore, the study recommends that the management of public schools and the ministry of education in Kenya should allocate more resources on computerization and also computerize all accounting activities in public secondary schools in Kenya.

5.5 Limitations of the research

The aim of this research was to assess effect of accounting practices on the management of funds in public secondary schools in Nairobi County. Thus, the findings of this study are limited to secondary schools in Nairobi County since most public secondary schools in Nairobi County are more developed and have access to various resources compared to secondary schools in rural areas. Additionally, the study obtained data from the school bursars who are involved in funds accounting in public secondary schools hence the views of other staff like teachers was not used. Finally, the study targeted 60 secondary schools however data was only obtained from 47 public secondary schools thus 100% response rate was not obtained.

5.6 Propositions for Additional Study

The scope of this study was public secondary schools in Nairobi County and the study principals in the sampled schools hence an additional study can be carried out with a

wider scope which may seeks the views of teachers, head teachers and the board of management. Additionally, the study found that computerised accounting had the greatest impact on funds management in public secondary schools in Nairobi County. The study thus recommends and assessment of computer use in accounting among public secondary schools in Nairobi County.

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APPENDICES

Appendix I: Questionnaire

I am a student at the University of Nairobi carrying out a research on the effect of accounting practices on the management of funds in public secondary schools in Nairobi County. The research is purely academic in nature and any information obtained will be kept confidential to the later. In this regard, I kindly request for your assistance in filling the attached questionnaire. Therefore, your input in terms of views and answers in the project study will serve as a great inspiration in making the study a success. Your cooperation and support will be highly regarded.

Please **tick** and **fill** where appropriate

Part A: Background Information

Name of the school (optional) _____

Part B: Accounting Procedures

a. Budgetary practices

- 1) To what extent are you satisfied by following aspects of budget management in your school? (**Tick where appropriate**)

Indicators/frequency	Very satisfied	Satisfied	Neutral	Less satisfied	Not Satisfied
a) Involvement of stakeholders in budget preparation					

b) Approval of budgets on yearly basis					
c) Adherence to budget estimates					
d) Frequent monitoring and evaluation of the budget					
e) Involvement of accounting experts					
f) Comparison of current and previous budgets					

b. Book keeping

2) How often do you update the following accounts and books of accounts? (**tick where appropriate**)

Books of accounts/frequency	Very often	Often	Sometimes	Rarely	Never
a) Ledger book					
b) Receipt books					
c) Journal voucher					
d) Cashbook					
e) Fees ledgers					
f) Government disbursements account					
g) Payables and receivables accounts					
h) Trail balance					
i) Statement of income					
j) Balance sheet					

c. Internal controls practices

3) To what extent are you satisfied by the following internal control procedures in your school? (**Tick where appropriate**)

Aspects/frequency	Very satisfied	Satisfied	Neutral	Less satisfied	Not satisfied
a) Effective physical control and security of school assets					
b) Segregation of duties among various parties in the school					
c) Adequate authorization and approval of activities					
d) Adequate documentation and maintenance of school records					
e) Frequent and independent performance review					
f) Effective verifications and reconciliations					
g) Effective risk analysis and responses					
h) Frequent monitoring and evaluation of internal controls					
i) Availability of open and effective communication channels					

d. Computerized accounting

4) How often does your school use computerized accounting software in the following accounting activities?

Aspects/frequency	Always	Often	Sometimes	Rarely	Never
a) Accounting Activities					
b) Generating source documents					
c) Making entries in ledger account					
d) Preparation of financial statements					
e) Issuance of periodical fee balances					

e. Funds Management

5) What is the level of management of funds in public secondary schools regarding the following aspects? (**Tick where appropriate**)

Aspects/frequency	Very large extent	Large extent	Neutral	Less extent	Not at all
a) Segregation of accounts into specific vote heads					
b) Allocation of funds to specific vote heads					
c) Accounting of funds allocated to specific vote heads					

Thank you for your time and cooperation

Appendix II: Public Secondary Schools in Nairobi County

1. Aquinas High School	Boys Boarding
2. Highway Secondary School	Boys Day
3. Huruma Girls High School	Girls Day And Boarding
4. Our Lady of Mercy Secondary School	Girls Boarding
5. Ofafa Jericho High School	Boys Boarding
6. Nile Road Secondary Girls	Girls Day
7. St. Teresa's Boys Secondary School	Boys Day
8. Makongeni Secondary School	Mixed Day
9. Ruaraka High School	Mixed Day
10. Buruburu Girls Secondary School	Girls Boarding
11. Our Lady of Fatima Secondary School	Mixed Day
12. Babadogo Secondary School	Mixed Day
13. C.G.H.U Secondary School	Mixed Day
14. Eastleigh High School	Boys Day
15. Maina Wanjigi Secondary School	Mixed Day
16. Uhuru Secondary School	Boys Day
17. Kamukunji Secondary School	Mixed Day
18. O.L.M Shauri Moyo Girls Sec. School	Girls Boarding
19. Jamhuri High School	Boys Boarding
20. Parklands Secondary School	Boys Day
21. Pumwani Secondary School	Boys Boarding
22. Ngara Girls' High School	Girls Boarding

23. St. Theresa's Girls Secondary School	Girls Day
24. Ndururuno Secondary School	Mixed Day
25. Murang'a Road Mixed Day Secondary School	Mixed Day
26. Pumwani Girls Secondary School	Girls Boarding
27. Lang'ata High School	Mixed Day
28. Karen Secondary School	Mixed Day
29. Olympic High School	Mixed Day
30. Raha Educational Centre	Mixed Day
31. Dagorretti High School	Boys Boarding
32. Upper Hill School	Boys Boarding
33. Moi Girls School Nairobi	Girls Boarding
34. Precious Blood Riruta	Girls Boarding
35. Mutuini High School	Boys Day
36. Ruthimutu Girls Sec School	Mixed Day
37. Nembu Girls High School	Girls Boarding
38. Ruthimitu Secondary School	Mixed Day
39. Dagorretti Mixed Sec School	Mixed Day
40. Parklands Arya Girls High School	Girls Boarding
41. Statehouse Girls H. School	Girls Boarding
42. Kangemi High School	Boys Boarding
43. Hospital Hill High School	Mixed Boarding
44. St. George's Girls Secondary School	Girls Boarding
45. Nairobi Milimani Secondary School	Boys Day

46. Lavington Mixed Secondary School	Mixed Boarding
47. Highbridge Mixed Secondary School	Mixed Boarding
48. Kahawa Garrison Secondary School	Mixed Day
49. Kamiti Secondary School	Mixed Day
50. Kayole Secondary School	Mixed Day
51. Embakasi Girls Secondary School	Girls Boarding
52. Peter Kibukosya Secondary School	Mixed Day
53. Pangani Girls High School	Girls Boarding
54. Dandora Secondary School	Mixed Day
55. Muhuri Muchiri Boys High School	Boys Boarding
56. Hon. Dr. Mwenje Secondary School	Mixed Day
57. Ushirika Secondary School	Mixed Day
58. JehovaJire Secondary School	Mixed Day
59. Drumvale Secondary School	Mixed Boarding
60. St. George Athi Secondary School	Mixed Boys