

CAPITATION GRANT AND SECONDARY SCHOOLS' FINANCIAL MANAGEMENT PRACTICES IN  
RUBANDA DISTRICT

**BY**

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## DECLARATION

I, KOBUSINGYE JACKLINE, declare that this report is a result of my own original work and that no part of it has been presented for another degree in this University or elsewhere.

Student Signature .. ~ .....

Date. 06/03/2023

KOBUSINGYE JACKLINE

## APPROVAL

This is to certify that the report by KOBUSINGYE JACKLINE entitled "Capitation grant and secondary schools' financial management practices in Rubanda district" has been submitted with my approval as University Supervisor.

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University supervisor's Signature..Llf@. 3/3/2023  
Ms. NKAMUSIIMA DIANAH

## **DEDICATION**

*This* research report is dedicated to my beloved parents, brothers, sisters, children, husband and, friends and relatives for their encouragement and advice rendered to me during my course of study and laid a base of foundation for my education.

## ACKNOWLEDGEMENT

**y** sincere gratitude and appreciation goes to the almighty God who has given me health and life\_ +44 **Him** I wouldn't have finished up *this* research report and where I have reached and Kabale University especially the department of economics for their contributions of knowledge about this research report.

I acknowledge the contribution of my supervisor Ms. NKAMUSIIMA DIANAH for her technical and **academic guidance and support in the design and writing up of this research report.**

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## **LIST OF ABBREVIATIONS**

AICPA	American Institute of Certified Public Accountants
DEO	District Education Officer
DIA	District Internal Auditor
EDP FA	Education Development Programme
FM FMPs	Financial Accountability
GRNS	Financial Management
ICT	Financial Management practices
IGAR	Goods Received Notes
LGFAM	Information Communication Technology
MDGs	Inspectorate of Government Annual Reports
MOES	Local Governments Financial & Accountability Manual
PTA SCG	Millennium Development goals
UNICEF	Ministry of Education and sports
UPE	Parents Teachers Association
UPPET	Secondary School capitation Grant
USE	United Nations International Children Education Fund
VFM	Universal Primary Education
	Universal Post Primary Education and Training
	Universal Secondary education
	Value for money

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## **ABSTRACT**

The study investigated the capitation grant and secondary schools' financial management practices in Rubanda district. Specifically, the objectives of the study were to assess the status of financial management practices of capitation grant in USE Schools, to find out the factors hindering use of capitation grant and financial management in the schools and to examine the relationship between capitation grant and financial management practices. A descriptive research design was employed to guide the study. Simple random sampling and purposive sampling technique were used. The study involved a sample of 50 respondents and was used to collect data about the study variables of capitation grant and financial management. Data analysis was conducted using Microsoft excel. Findings of the study found out that male respondents were highly represented by 56%, majority of the respondents with 72% revealed that students attendances registers are always used by all the class teachers as one of the financial management practices of capitation grant in USE schools, 84% of the respondents showed that improper preparation of vouchers hinder financial management in schools and 55% revealed that headteachers received grants and accounts for capitation grant which showed a strong relationship between financial management and financial accountability. The study concluded that there was different status of financial management practices of capitation grant in USE Schools in Rubanda district as they include; school maintains good Financial record keeping, Finance Manual Guidelines from the Ministry are properly followed, Pre-designed School Record Forms from the Ministry are used consistently, Financial Record Keeping procedures, rules and regulations, policies and requirements are always followed, Statutory Records, Admission registers in this School are used every term and Student Attendance Registers are always used by all the class Teachers and there was a relationship between capitation grant and financial management practices as they include; This School prepares Statutory Financial reports in time and regularly, Accountability Reports of these School are in line with Comprehensive Ministry of finance manual, Accountability reports are regularly prepared and submitted in time to the Ministry per term and there is a standard format for presenting Regular reports on Accountabilities. The study recommended that to curb some of the challenges experienced by schools, as revealed by this study, school administrators and other education staff needs training.

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Background to the Study**

Grants are non-repayable funds disbursed by one party (grant makers), often a government department, corporation, foundation or trust, to a recipient, often (but not always) a net-for-profit entity, educational institution, business or an individual (Carlitz, 2019). One such example is the Capitation Grant, (a school operating grant) which is one of the emerging methodologies used to finance Universal Secondary education (USE) using per capita allocation in most African developing countries including Uganda.

As part of the Universal Primary Education policy (UPE) introduced in Uganda in 1996, a "capitation grant" programme was introduced in all the schools of the country. It is meant to contribute towards improving teaching and learning materials, as well as extra-curricular activities, while also supporting school administration and management. The present study examines the use and usefulness of this school grants policy in Uganda, with specific attention given to five key themes: the policy formulation and dissemination process, criteria and mechanisms for grant distribution, the actual use of the funds at the school level, the existence of control mechanisms, and the contributions of grants to access, equity, and quality. Currently 100% of schools in the country are all beneficiaries of the capitation grant (Ministry of education and sports, 2020)

Capitation Grant provides for instructional/Scholastic materials, co-curricular activities, and the management and administration expenses of the schools. This has helped developing countries make a good and encouraging progress towards sustainable development goals and reducing the number of out-of-school persons. For many years, governments have put mandatory and legal requirements on utilization of grants in public sectors by demanding for Value for Money (VFM) in the forms of the 3Es (Efficiency, Effectiveness and Economy) that requires effective use of government assets; which includes financial sustainability and the economic, efficient and effective management of resources. This VFM is enhanced by the Financial Management Practices and capitation grant (Local Governments Financial Management & Financial Accountability Regulations (African Development Bank Report, 2016).

Ugandan Government introduced the Universal Secondary Education, under the Universal Post Primary Education and Training (UPPET) that was fully operational in 2007 by the Ministry of

Education and Sports (MOES) as the Ministry responsible for Implementation. This was to cater for UPE graduates following the recommendations of the Government White Paper on education that introduced also Capitation grant. Unlike other forms of grants which are donors driven, in Uganda, Capitation grant for Universal Secondary schools is purely financed from the government's own consolidated funds. However historically public entities of Uganda have been known for their poor performance and corruption, resulting from non-adherence to processes and procedures, poor resource utilization, poor personnel management and training, inadequate payment and benefits (Ministry of Public Service, 2008). The poor performance of school capitation grant (SCG) is attributed to diversion of funds and failure to account for funds (Cuomo, 2015).

Financial management is the application of conventional principles in un-wasteful spending of organizational funds with the aim of achieving institutional plans and aspirations. Pandey (1995) defines financial management as activity which is concerned with the planning and controlling of an organization's financial resources. According to Ogbonnaya (2015) financial management implies liability to be called upon to account for or answer for funds entrusted to one's care.

Head teachers of USE schools depend on school fees as a source of generating fund for the school. Other sources of funds include government's capitation grant and P.T.A. levies. Irrespective of all the sources of funds available to secondary school head teachers, some school activities and programmes are not being handled effectively because of lack of adequate funds. Insufficient funds hinder the provision of infrastructural facilities, laboratory equipment, computers, power plants, audio-visual aids and stationeries among other facilities that enhances the operation of the school. Lack of these facilities frustrates school programmes and ultimately aborts educational goals and objectives. Osuala (2017) opined that the financing of education is a collective responsibility of all stakeholders.

The school headteacher is expected to complement government's effort by diversifying their income basis and utilizing the available funds judiciously for the attainment of educational goals.

The problem of inadequate instructional facilities in secondary schools do not exclusively rest on funding as often depicted, rather the problems are most likely made complex due to poor

financial management by the head teachers. Some of the head teachers are accused of lacking the necessary training required of financial managers while others are accused of imposing illegal levies on the students, neglecting budgetary plans, delaying disbursement of funds for fraudulent purposes. This situation apparently creates a turbulent atmosphere for the success of teaching learning process. According to Hanson, (2020), the school administrator needs specific skills in financial management which are as follows: - Revenue generation, Assessment of the school needs, Planning and programming, prioritizing areas of pressing needs, Cost benefit analysis, Stock taking, Market survey, Budgeting, Financial record keeping, Receipts, banking strategies, Delegation of staff for financial matters, Auditing and Accountability.

Financial management practices of head teachers have become a sensitive issue over the years because of the growing public and government interest in the provision of funds for the implementation of school programmes. The public expects the school administrators to ensure prudent management of school funds but on the contrary there are speculations and accusations of financial mismanagement by head teachers such as lack of initiative by head teachers to create other sources of funding the school, neglect of budgetary plans in financing school programmes, poor disbursement of funds, lack of trained personnel such as the bursars and cashier, lack of training in financial management by some head teachers, illegal levies imposed on students, incompleteness of projects already approved and paid for by the government, abuse of capitation grant, poor record keeping and poor auditing and accounting system. In light of the foregoing exposition regarding financial management practices and accountability at schools, it is against this background, that this study was designed to investigate the financial management practices of capitation grant in USE secondary school of Rubanda district.

## **1.2 Statement of the problem**

Most USE schools continue to experience problems of leakage of funds at school level rather than at district level, i.e. grants are not properly used by the school (Anderson, 2020) and as a result Value for Money (VFM) has been a challenge to achieve while utilizing the capitation grants in Universal Secondary Education (USE), as well as their attendant legal prescriptions. Stakeholders, Auditor General's and Inspectorate of Government Annual Reports (IGAR) to the parliament between 2020 and 2022 have different cases of mismanagement and misappropriation

of USE grants by Head Teachers citing little or no Value For Money and performance of USE capitation grants. This has been related and linked to the diversions from the budgets, irregular bookkeeping and accountabilities and outright theft of school's cash and stock (IGAR, 2020&2021), which is an indicator for poor financial management. Report by the Judicial Commission of Inquiry into the Mismanagement of UPE/USE funds, (June, 2015) also revealed that none adherence to financial management practices caused a gross financial loss of UPE and USE schools countrywide to the tune of about Thirty-Five Billion shillings (UGX 35b) on the 72 sampled districts for the period between 2016 and 2017. Thus, there was a need to investigate the relationship between capitation grant and financial management practices in USE schools.

### **1.3 Purpose of the Study**

The purpose of the study was to examine the relationship between capitation grant and secondary school financial management practices in Rubanda district.

### **1.4 Objectives of the study**

- (i) To assess the status of financial management practices of capitation grant in USE Schools. (ii) To find out the factors hindering capitation grant and financial management practices of USE schools.
- (iii) To examine the relationship between capitation grant and financial management practices of USE schools.

### **1.5 Research Questions**

The study will be guided by the following research questions:

- i. What is the status of financial management practices of capitation grant in USE Schools?
- 11. What are the factors hindering capitation grant and financial management practices of USE schools?
- m. What is the relationship between capitation grant and financial management practices of USE schools?

### **1.6 Scope of the study**

#### **1.6.1 Content scope**

The study was confined to the relationship between financial management practices, Financial Accountability and Value for Money of capitation grants in USE schools.

### **1.6.2 Time scope**

The study examined expenditures of grant released by government to USE grantees for a period of two (2) years, with emphasis put on percentages of eligible cost centers and USE guidelines.

### **1.6.3 Geographical Scope**

The study investigated the utilization patterns in Universal Secondary Education schools (USES) in Rubanda district which is found in Kigezi sub region in the Southwestern region of Uganda.

## **1. 7 Significance of the study**

(i) The findings of the study shall contribute necessary information to the government led agencies specifically Ministry of education and sports, and the Local Government, NGOs and private business entrepreneurs involved in education management.

(ii) The information gathered in this study will be utilized to alert managers of the importance of compliance with the set guidelines and procedures while managing resources. The study will practically benefit school administrators, proprietors, the ministry of education, Parents Teachers Association (PTA), researchers and even international organizations like UNESCO and UNICEF. The study will guide the government and school proprietors in making decisions of fund allocation to schools.

(iii) The study will provide information to accounting officers like vice chancellors, Rectors, provosts, and head teachers for the purpose of applying for grants, prioritizing capital projects, when to embark on and when to discontinue with such projects and when to seek financial assistance in running the school. it will enable school administrators to keep proper record of their stewardships by the instrumentality of auditing financial accounting and record keeping.

(iv) The study will prevent wastage in educational institutions and guide school leaders on when to employ more staff, disburse funds, by the application of planning and programming of school finance through budgetary plans stocktaking, market survey and savings. The findings of this study will sensitize head teachers on the need to acquire necessary skills in Information and Communicator Technology (JCT).

(v) This study will be useful to Parents/Teachers Association that has to rendered continuous

financial assistance to the schools and anticipates that the funds meant for projects are properly utilized and accounted for.

(vi) The findings will equally be of immense help to the office of the accountant general of the state and official of state ministry of finance and state pay office (S.P.O.) so that they should improve on their methods of disbursement of funds to schools to check delays that hamper the implementation of good educational programmes.

(vii) Researchers on financial management and other areas of school administration will benefit from the findings of this study as it will broaden their knowledge. **It** will serve as a reference material and possibly help for the recognition of relevant gaps yet to be filled in the study. Outcomes of the study shall form a basis for further research, if the gaps identified in other reports are not rectified by findings of this study. The study shall add to the already existing literature on financial accountability, financial management practices and VFM performance. **It** is also anticipated that the recommendations of this study will make a significant contribution

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 Introduction**

This chapter provided findings and debates that have been presented by different scholars in relation to each variable and reviews the relationship between Capitation Grant and financial management practices.

#### **2.1 Financial Management Practices and capitation grant in USE schools**

Joubert and Bray (2017) describe a school's financial management as the performance of management actions connected with the financial aspects of a school for the achievement of effective education. Despite the numerous training efforts by the Department of Education, financial management practices (FMPs) at many schools seem beset with challenges (Joubert, 2017). Financial management systems in developing countries have been badly neglected, unless these are improved, scarce resources will be wasted and the accountability of public institutions will be subjected to questions (World Bank, 2015).

##### **2.1.1. Financial Record Keeping**

The Education Development Programme (EDP) guidelines (2017), describe the head-teacher as a sub-warrant holder responsible for keeping records of all financial transactions at school level and is accountable for all funds entrusted to him/her. The head-teacher is also the adviser to the school committee, and keeps the minutes of the school committee meetings (Mnari, 2015). Therefore, the school is required to maintain financial records of all capitation grants disbursed and received, along with all appropriate receipts and documentation. The Improper control of financial records, Illiteracy, lack of experience and training of school governors, have been cited as the reasons for poor financial management and accountability in schools (Bush et al., 2016).

In terms of VFM lost of capitation grants, Hallak and Poisson (2007) list a number of malpractices as: (1) Diversions from the budgets (2) irregular bookkeeping practices and accountability (3) Fraud in form of records falsification and misappropriation of cash and stock.

### 2.1.2 Financial Internal control Activities

Internal controls are defined as the whole system of controls, financial or otherwise established by management to ensure that; its objectives and policies are achieved and adhered to in a manner that promotes the economy, efficiency and effectiveness on the use of resources, financial records and other records are reliable and complete, and assets and interests of management are safeguarded (Local Governments Financial & Accountability Manual [LGF AM], 2017). They are measures taken by the organization for the purposes of; protecting its resources against waste, fraud and inefficiency; ensuring accuracy and reliability of financial data; ensuring compliance with the organizational policies; evaluating performance levels in all organizational units, (Kaplan, 2008; Cunningham, 2004; INTOSAI, 2014). Control Activities include authorizations and approvals, verifications, reconciliations, reviews of performance, security of assets, segregation of duties, and controls over information systems (Laura, 2012). Mestry (2016) reports that principals and school governing bodies have been subjected to forensic audits due to the mismanagement of funds through improper control of financial records, misappropriation and pilfering of cash despite the continuous trainings in FMPs and FA.

### 2.1.3 Budgeting

A budget is a policy statement, declaring the goals and specific objectives an authority wishes to achieve by means of the expenditure concerned (Hogye 2012). Applied to a school, a budget should be a scheduled plan which indicates estimated future income and expenditure. It serves as an important mechanism used in ensuring financial accountability and enables an individual to establish at any stage whether expenditure exceeds the budgeted amounts and to take timely remedial steps. Annual budgets being typically the legal authority for spending public funds, the entire budgetary process becomes relevant for fiscal management, and for enforcing financial accountability and control at the various levels of operation (Shende & Bennett, 2014). Budgets serve as financial monitoring tools in that they enable the governing body to compare actual receipts and expenditures to the budget with timely variance explanations (Cuomo, 2015).

### 2.1.4 Communication & Information

Information should be communicated to all stakeholders such as management, council, line

ministries, employees, e.t.c who need it in the form and within a time frame that helps them to carry out their duties and responsibilities (DiNapoli, 2017; INTOSAI, 2014). Information should be appropriate, complete, timely, current, accurate and accessible as such reliable and relevant that therefore transactions should be promptly recorded and proper classified (INTOSAI, 2014).

Public accountability requires promoting information disclosure and access. This calls for Transparency that refers to unfettered access by the public to timely and reliable information on decisions and performance in the public sector (Elia, 2015). Availability and display of records also reflects the levels of management transparency in the school environment. Schools must display pupil enrolment and daily attendance by class, School budgets, Capitation Grant received against school enrolment. For Information disclosure also, every school is supposed to have two Bank Accounts for capitation and development funds, managed by the school committees (Tidemand, Olsen and Sola, 2017). All Universal secondary schools in Uganda are required to open a special dedicated non-interest bearing bank account in a gazetted commercial bank specifically for the disbursement of the Grant where the Head teacher is the principal signatory.

#### 2.1.5 Monitoring

Monitoring is the regular observation and recording of activities of a project or program and finding out whether the project activities are systematically progressing within the stated objectives (Hanson, 2010). The Local Government Act section 87 (1) & (2) under section 4.3 .3 authorizes local authorities (Councilors at LC III and V) to supervise and monitor performance of the education departments. Monitoring is the process that assesses the quality of the system's performance over time. It includes ongoing monitoring activities, separate evaluations or a combination of the two (INTOSAI, 2004; DiNapoli, 2007). Standing committees and management are supposed to monitor and review the performance of their respective sectors (LGF AR, 2007). Under EDP, the roles and responsibilities of school committees were revised to allow them supervise development projects and manage capitation grant at the school level (Tidemand & Msami, 2010).

## **2.2 Factors hindering capitation grant and financial management in USE schools**

Financial accountability refers to producing regular financial reports to those with an interest and a right to know, proving that leadership has control over financial decisions and accounting for funds by producing documentary proof of receipts and payments (Idasa, 2014). Walker and Smither (2019) provide three constructs that can be used to study financial accountability and these include; Financial Reports, Roles and Responsibilities of managers and the Audit Reports.

### **2.2.1 Financial Reports**

Reporting implies providing a financial report on how public money is spent and, as such, it shows how a school is funded and from which sources (Maritz, 2015). Therefore, in terms of accountability, financial reporting provides an opportunity for the school to report to the community namely, parents, learners as well as the government, and should account for the ways it has used resources provided by the government. With regard to reporting, Van Rooyen (2017) points out that the reports must be made on a weekly and monthly basis, at meetings of the school governing body and of the parent community. Annual financial reporting can be regarded, perhaps, as the most important component of school financial accountability. Annual Financial Reports, which contain financial statements (Statement of Financial Position, Income and expenditure, Cash flow statements and statement of Changes in equity), are the main methods of demonstrating financial accountability and stewardship in its narrower sense (CIPF A, 2012).

### **2.2.2 Audit Reports**

Audit reports are the primary tools used to ensure that funds are flowing in a proper manner and are being used for the intended purposes. Audits provide useful post-facto accountability; by exposing technical financial management problems. For the school, the finance committee must reconcile all financial documents, files and ledgers, before the end of January and submit them to auditors, who must complete the audit and then provide a report to the governing body (Van Rooyen, 2017). Lewis (2013) describes an audit as an independent examination of records, procedures and activities of an organization which leads to a report outlining the auditor's opinion on the state of affairs. Auditing relates to external financial control which, according to Maritz (2015), is a form of external control and is a comprehensive analysis, by a professional from outside an organization, of that organization's financial management activities. In respect to Schools, USE guidelines provide for secondary schools to hire private audit firms to conduct

periodic audits and submit to MoES audited books of accounts at the end of each year.

Internal audit is another institution for enforcing accountability. Internal auditors review operations of the organization in depth and are therefore capable of pointing out shortfalls in performance as compared to the departmental approved plans and suggest improvements. Besides, they can pin-point any red flags indicating possibilities of corruption and misappropriation of funds (American Institute of Certified Public Accountants [AICPA], 2015).

### **2.3 Relationship between capitation grant and financial management in USE schools**

Nayak and Greenfield 2014; and Lybaert 2018 asserted that the quality of financial management information utilized within the entity has a positive relationship with an entity's performance. With regard to Munene, (2019), effective and continuous monitoring of activities guarantees optimal utilization of resources through effective accountability, correct and timely information.

Thuy (2017), Sarbanes-Oxley Act (SOX, 2012), assert that Internal Financial Control Activities lead to the promotion of adherence to laws, regulations, contracts and management directives and the development and maintenance of reliable financial and management data, and accurately present that data in timely reports (Kaplan, 2018; Cunningham, 2014; INTOSAI, 2014).

Financial accountability and viability are achieved through the application of sound financial management practices that accord with legal and regulatory requirements. Management of the educational system at the school and district levels is abysmally weak. Systems for recordkeeping and accounting are inadequate, leading to misallocation of funds, salary payments to 'ghost' teachers and a general lack of fiscal accountability" (Hubbard, 2017). The World Bank (2014) argues that improvement in accountability promotes Value for Money of public funds.

## CHAPTER THREE

### METHODOLOGY

#### 3.0 Introduction

This chapter describes how the study was conducted, giving research methods and instruments. **3.1**

#### Research Design

A cross-sectional research design based on both qualitative and quantitative approaches was adopted. The mixed research method of data collection was considered appropriate for generalizing the findings over a population. (Sekaran, 2003 ).

#### 3.2 Study Population

The study population was made up of 9 eligible USE schools from Rubanda Districts and 03 schools were considered that received Capitation Grants from 2018-19 to 2020-21 and those schools were Nyaruhanga high school, Muko secondary school and Bufundi secondary school. According to the report of the Judicial Commission of Inquiry into the Mismanagement of UPE/USE Funds (September, 2020), those three schools were chosen because they had higher financial loss percentages.

#### 3.3 Sample Size and Sampling Design

Based on Krejcie and Morgan (1970), a sample size of 50 respondents was determined. Because schools in the district had varying numbers, the sample composition was determined proportionately based on Krejcie and Morgan formular.

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

n = Sample size

N= Population size

e = constant

e = Level of precession 5%

<b>Category</b>	<b>Population sample</b>		<b>Sample sampling method</b>
Head teachers	03	03	Purposive sampling
Teachers	30	30	Simple random sampling
Bursars	03	03	Purposive sampling
Board of governors	22	14	Simple random sampling
<b>Total</b>	<b>58</b>	<b>50</b>	

**Source: Primary Data, 2022**

However, from the samples, a unit of inquiry (respondents) who are stakeholders were selected by a simple random sampling technique due to their knowledge about the topic under study. The target respondents included head teachers, teachers, bursars, and a member of the Board of Governors.

### **3.4 Data Sources**

Both primary and secondary data sources were utilized. Questionnaires and an interview guide as quantitative tools were used for primary data with the guidance of research questions, while documentary review was used for secondary data.

### **3.5 Data Collection Methods**

#### **Questionnaires**

Closed-ended questionnaires with close-ended statements were administered to the sample at the schools to collect and analyze quantifiable data (Kothari 2014). Respondents were required to express their opinions on the topic under study. Questionnaires are a data collection technique where respondents respond to a number of items in writing (Oso and Onen, 2008). They were chosen because the research dealt with an elite community (respondents) and due to limited time.

#### **Interview Guide**

The interview guide was administered to the District Education Officer (DEO) and District Internal Auditor (DIA). This face-to-face encounter between the researcher and the knowledgeable and purposefully selected individuals was used to collect qualitative data.

### **Documentary Review**

Documentary review was used to collect secondary data for qualitative purposes from school records, internal and external reports that included grant releases, audited accounts, and other sources. Accountability files, IGG reports, and Auditor General's reports were used.

### **3.6 Data Collection Procedures and Ethical Considerations**

The instrument was personally administered to the respondents. All parties were informed regarding the aims of the research study, research methods, nature of participation, confidentiality, and possible publication of results. This was in relation to the cardinal importance because financial issues are extremely sensitive in schools since the "principle of anonymity is linked with confidentiality" (Bless et al. 2006).

### **3.7 Measurement of Research Variables**

Study variables were measured and tested by their constructs on a set of statements in a fivepoint likert scale format questionnaire ranging from strongly agreeing (5), agreeing (4), not sure (3), disagreeing (2), and strongly disagreeing (1). Financial Management Practices (FMPs) was measured by their constructs of financial record keeping, financial internal control activities, budgeting, communication and information, and monitoring (DiNapoli, 2007; INTOSAI, 2004). Financial accountability (FA) was also measured by its financial report and audit report constructs (Lewis, 2003). And value for money performance (VFMP) was measured using the 3Es: efficiency, economy, and effectiveness (Ogden, 2009).

### **3.8 Validity and Reliability of the Research Instrument**

#### **3.8.1 Validity**

A validity test of the research instrument was established using the Content Validity Index (CVI) to determine the relevance of the questions in measuring the variables. The questionnaire and interview guide was validated by a panel of five experts.

### **3.8.2 Reliability**

Reliability is the consistency of measurement, or the degree to which an instrument measures the same way each time it is used under the same conditions with the same subjects. A pilot test was conducted in selected schools in Rubanda district.

### **3.9 Data Processing, Analysis, and Presentation**

The information gathered was sorted, edited, and reviewed for quality, accuracy, and completeness. Data analysis was done using Excel. Output for the analyzed data included descriptive statistics (frequencies and percentages), and later, graphical interpretation in the form of graphs and charts were used for a clear interpretation of the findings.

### **3.10 Limitations of the Study**

Language barrier. The questionnaires were prepared in English, but some of the respondents don't know it. However, the researcher tried to interpret for them in their local language in order to understand the topic under study.

Time and resource limitations. The researcher was not a full-time worker and had little specific time for his study. This was resolved by creating a realistic schedule for all of her activities, including research, to be completed on time.

Limited resources, such as money, facilitate the processes of data collection, analysis, printing, and binding of books. This was solved by soliciting funds from friends and relatives.

## DA TA PRESENTATION, INTERPRETATION AND DISCUSSION OF RESEARCH FINDINGS

### 4.1. Introduction

This chapter presents findings of the study, which were presented according to the objectives of the study; such as to assess the status of financial management practices of capitation grant in USE Schools to find out the factors hindering financial management in the schools, to examine the relationship between financial management practices (FMPs) and financial accountability of USE capitation grant and the socio economic characteristics of respondents is shown here under.

### 4.2. General profile about respondents

#### 4.2.1. Gender of respondents

Respondents were asked about their gender status and their responses were indicated in the table below. **Table 1 : Gender of respondent**

Gender	Frequency	Percentage ( % )
Male	28	56
Female	22	44
<b>Total</b>	<b>50</b>	<b>100</b>

**Source: Authors computations from the field data, 2022**

From table 1 above, 25(56%) of the respondents were males and 22(44%) of the respondents were females who were obtained as a result of interviewing. This shows that all sexes were represented in the study however males dominated the study.

#### 4.2.2 Age of the respondents

The research found out information from ages of the respondents that were interviewed and these were shown in the table below.

**Table 2: Age of the respondents**

Age	Frequency	Percentage (%)
18-24 years	05	10
25- 35 years	22	44
3 5 years & above	23	46
<b>Total respondents</b>	<b>50</b>	<b>100</b>

**Source: Authors computations from the field data, 2022**

From the table above, 5(10%) of the respondents from the area of study were in the age bracket of 18-24 years that were obtained from interviews, 22(44%) of the respondents were between 25-35 years who

were obtained from questionnaires and 23(46%) of respondents were between 35 years & above. This indicates that the majority of the respondents were between 35 years & above which means that this age group was more involved in participating and taking their time to understand the investigation of the study.

#### 4.2.3 Level of education.

The respondents were asked about their level of education and their responses were indicated in the table below.

**Table 3: Level of education**

Education level	Frequency	Percentage (%)
Secondary level	20	40
Tertiary level	24	48
Post graduate	06	12
<b>Total</b>	<b>50</b>	<b>100</b>

**Source: Authors computations from the field data, 2022**

From the table above, 20( 40%) of respondents were secondary leavers and 24(48%) of the respondents were tertiary and University leavers. This implies that a good number of respondents are well educated and so they understood the study that was carried out and hence gave out informed responses.

#### 4.2.4. Marital status of the respondents

The research found out information from marital status of the respondents that were interviewed and these were shown in the table below.

**Table 4: Showing marital status of the respondents**

Marital status	Frequency	Percentage
Single	17	34
Married	19	36
Widowed	8	16
Separated	6	12
<b>Total</b>	<b>50</b>	<b>100</b>

**Source: Authors computations from the field data, 2022**

As indicated in the table above, the majority of the respondents were married with 19(43%), 17(37%) of the respondents were single 5(12%) of the respondents were widowed and 3(8%) of the respondents had separated. This indicates that most of the respondents who participated in the study were married which means they work closely with the schools for the betterment of their families.

## 4.2 Financial management practices of capitation grant in USE schools

**Table 5: Different financial management practices of capitation grant in USE schools**

Financial management	Agree		Not Sure		Disagree		Total	
	F	%	F	%	F	%	F	%
This School maintains good Financial record keeping.	28	56	22	44	00	00	50	100
School Records	22	50	20	45	02	05	50	100
Finance Manual Guidelines from the Ministry are properly followed.	18	41	24	54	02	05	50	100
Pre-designed School Record Forms from the Ministry are used consistently.	16	36	19	43	09	21	50	100
Financial Record Keeping procedures, rules and regulations, policies and requirements are always followed.	30	68	14	32	00	00	50	100
Statutory Records	26	59	16	36	02	05	50	100
Admission registers in this School are used every term.	25	57	18	41	02	05	50	100
Student Attendance Registers are always used by all the class Teachers	32	72	12	28	02	05	50	100

Source: Authors computations from the field data, 2022

Finding from the table above found out that School maintains good Financial record keeping which was represented by 56% of the respondents who strongly agreed and 44% who agreed and none of the respondents disagreed that was one of the roles of financial practices in schools of Rubanda district and this is in agreement with the Education Development Programme (EDP)

guidelines (2017) which describes that financial record keeping helps the head-teacher as a subwarrant holder responsible for keeping records of all financial transactions at school level and is accountable for all funds entrusted to him/her.

From the table above, 28(54%) of the respondents agreed that School Records is one of the different financial management practices of capitation grant in USE schools, 16(46%) of the respondents were not sure and none of the respondents disagreed School Records is a Different financial management practices of capitation grant in USE schools of Rubanda district and this is in relation with Mmari, (2015) who found out that, the school is required to maintain financial records of all capitation grants disbursed and received, along with all appropriate receipts and documentation.

The findings of the study indicates that 22(50%) of the respondents agreed that Finance Manual Guidelines from the Ministry is one of the different financial management practices of capitation grant in USE schools, 20(45%) of the respondents were not sure and 2(5%) of the respondents disagreed that Finance Manual Guidelines from the Ministry is one of the different financial management practices of capitation grant in USE schools and this is in line with Bush et al., (2016) who pointed out that the improper control of financial records, Illiteracy, lack of experience and training of school governors, have been cited as the reasons for poor financial management and accountability in schools.

Pre-designed School Record Forms from the Ministry are used consistently as agreed by 18( 41%) of the respondents is also another financial management practices of capitation grant in USE schools, 24(54%) were not sure and 2(5%) of the respondents disagreed that Pre-designed School Record Forms from the Ministry was one of the different financial management practices of capitation grant in USE schools and this is disagreement with Bray (2017) who describe a school's financial management as the performance of management actions connected with the financial aspects of a school for the achievement of effective education.

From the table above, 16(36%) of the respondents agreed that Financial Record Keeping procedures, rules and regulations, policies and requirements are always followed financial management practices of capitation grant in USE schools, 19(43%) were not sure and 9(21%) of the respondents disagreed that Financial Record Keeping procedures financial management practices of capitation grant in USE school of Rubanda district and this is supported by World Bank, (2015) observed that

despite the numerous training efforts by the Department of Education, financial management practices (FMPs) at many schools seem beset with challenges.

From the findings of the study in table above, 30(68%) of the respondents totally agreed that Statutory different financial management practices of capitation grant in USE schools.14(32%) were not sure and none of the respondents disagreed and this is supported by Joubert, (2017) who stated that Financial management systems in developing countries have been badly neglected, unless these are improved, scarce resources will be wasted and the accountability of public institutions will be subjected to questions.

The findings of the study also indicates that 25(59%) of the respondents agreed that student Attendance Registers are always used by all the class Teachers, 16(36%) of the respondents were not sure and 2(5%) of the respondents disagreed that Student Attendance Registers are always used by all the class Teachers in schools of Rubanda district and this is in line with (Mmari, 2015) who concluded that the school is required to maintain financial records of all capitation grants disbursed and received, along with all appropriate receipts and documentation. The Improper control of financial records, Illiteracy, lack of experience and training of school governors, have been cited as the reasons for poor financial management and accountability in schools.

### 4.3 Factors hindering use of capitation grant and financial management in USE schools

**Table 6: Factors hindering use of capitation grant in USE schools**

Factors	Agree		Not Sure		Disagree		Total	
	F	%	F	%	F	%	F	%
Expense payment vouchers not well filed and in chronological order.	30	60	20	40	00	00	50	100
Bank statements not properly filed.	24	54	16	36	04	09	50	100
Asset Registers are not consistently used and updated.	22	50	22	50	00	00	50	100
Expenditure and Procurement controls not validated	28	64	12	27	02	05	50	100
All requisitions and purchase orders are not authorized by Head Teacher and one Board Member.	25	57	19	43	00	00	50	100
All Payment vouchers are not always accompanied with necessary supporting documents.	20	45	20	45	04	09	5 <sup>^</sup>	100
All Payment vouchers with supporting documents are not always authorized by Head Teacher and one Board Member.	37	84	07	16	00	00	5 <sup>^</sup>	10 <sup>^</sup>
The Head Teacher in this School insists that Invoices are not paid without Goods Received Notes (GRNS).	24	48	26	45	04	09	50	10 <sup>^</sup>

Source: Authors computations from the field data, 2022

Findings from the table above shows that expense payment vouchers not well filed and in chronological order was one of factors hindering use of capitation grant in schools in schools

30(68%) of the respondents agreed that expense payment vouchers not well filed and in chronological order was one of factors hindering financial management in schools, 14(32%) were not sure and none of the respondents disagreed that expense payment vouchers not well filed and in chronological order was one of factors hindering financial management in schools and this is in agreement with Maritz (2015) who stated that the expenses of vouchers make expenses of other controls and is a comprehensive analysis, by a professional from outside an organization, of that organization's financial management activities. In respect to Schools, USE guidelines provide for secondary schools to hire private audit firms to conduct periodic audits and submit to MoES audited books of accounts at the end of each year which is expensive in turn

From the study findings, 24(54%) of the respondents agreed that Bank statements not properly filed was one of the limiting factors, 16(36%) were not sure, 4(9%) of the respondents disagreed that Bank statements not properly filed was one of the limiting factors towards capitation grant in schools and this is in relation with Lewis (2013) describes an independent operation of schools without an audit as an independent examination of records, procedures and activities of an organization which leads to a report outlining the auditor's opinion on the state of affairs.

The study findings from the table above shows that 22(50%) of the respondents agreed that Asset Registers are not consistently used and updated is one of the limiting factors towards capitation grant in schools, 22(50%) were not sure, none of the respondents disagreed that Asset Registers are not consistently used and updated is one of the limiting factors towards capitation grant in school and this is in relation with Maritz (2015) who found out that asset is a form of external control and is a comprehensive analysis, by a professional from outside an organization, of that organization's financial management activities. In respect to Schools, USE guidelines provide for secondary schools to hire private audit firms to conduct periodic audits and submit to MoES audited books of accounts at the end of each year.

From the table above, 28(64%) of the respondents agreed all requisitions and purchase orders are not authorized by Head Teacher and one Board Member, 12(27%) were not sure and 02(5%) disagreed that all requisitions and purchase orders are not authorized by Head Teacher and one Board Member was also among the limiting factors and this is in relation with Rooyen (2017) points out that purchase orders with their reports must be made on a weekly and monthly basis, at meetings of

the school governing body and of the parent community. Annual financial reporting can be regarded, perhaps, as the most important component of school financial accountability.

From the table above, 25(57%) of the respondents agreed that all Payment vouchers are not always accompanied with necessary supporting documents, 19(43%) were not sure, and none of the respondents disagreed that all Payment vouchers are not always accompanied with necessary supporting documents was a limiting factor and this is in line with Smither (2019) who stated that payment vouchers provide three constructs that can be used to study financial accountability and these include; Financial Reports, Roles and Responsibilities of managers and the Audit Reports.

The findings also revealed that the Head Teacher in this School insists that Invoices are not paid without Goods Received Notes (GRNS) was a limiting factor which was indicated by 20(45%) of the respondents agreed, 20(45%) were not sure and 04(09%) of the respondents disagreed that Head Teacher in this School insists that Invoices are not paid without Goods Received Notes was one of the factors affecting capitation grant in schools and this in relation with Lewis (2013) who describes that that Invoices are not paid in time by head teachers during the period of an auditing as an independent examination of records, procedures and activities of an organization which leads to a report outlining the auditor's opinion on the state of affairs delay and this affects the financial management in schools in Rubanda district.

#### 4.4 Relationship between capitation grant and financial management practices Table 7:

**Relationship between capitation grant and financial management practices**

Relationship	Agree		Not Sure		Disagree		Total	
	F	%	F	%	F	%	F	%
This School prepares Statutory Financial reports in time and regularly.	28	64	16	36	00	00	50	100
Accountability Reports of this School are in line with Comprehensive Ministry finance manual.	19	43	20	45	05	12	50	100
Accountability reports are regularly prepared and submitted in time to the Ministry per term.	30	68	14	32	00	00	50	100
There is a standard format for presenting Regular reports on Accountabilities.	17	38	13	29	04	09	50	100
The Head Teacher Supervises and follows up on accountability related issues.	22	50	18	41	04	09	50	100
All Capitation Grants received since 2007, have Accountability Certificates issued per term by the Ministry.	24	55	20	45	00	00	50	100
The Sub-Accountant carries out routine examination of the school accounts.	28	64	16	36	00	00	50	100
District Internal audit staff conducts routine audits in this School.	30	68	14	32	00		50	10
District Internal audit reports are produced regularly and address weaknesses in this School's internal control system.	18	41	16	36	10	23	50	10
The District Internal auditor makes appropriate recommendations for the school management to improve.	31	70	13	30	0	00	50	100

Source: Authors computations from the field data, 2022

From the table above, 28(64%) of the respondents agreed that this School prepares Statutory Financial reports in time and regularly showed relationship between capitation grant and financial management practices as they include, 16(36%) were not sure and none of the respondents

disagreed that School prepares Statutory Financial reports in time and regularly showed relationship between financial management practices and this is in line with Cunningham, (2014) who asserts that financial accountability is linked with Internal Financial Control Activities lead to the promotion of adherence to laws, regulations, contracts and management directives and the development and maintenance of reliable financial and management data, and accurately present that data in timely reports.

From the table above, 19(43%) of the respondents agreed that accountability Reports of this School are in line with Comprehensive Ministry finance manual has relationship between the two variables, 20(45%) were not sure and 5(12%) of the respondents disagreed accountability Reports of this School are in line with Comprehensive Ministry finance manual has relationship between the two variables within schools of Rubanda district.

From the table above, 30(68%) of the respondents agreed that Accountability reports are regularly prepared and submitted in time to the Ministry per term is one of the relationships, 14(32%) of the respondents were not sure and none of the of the respondents disagreed that accountability reports are regularly prepared and submitted in time to the Ministry per term financial management practices and financial accountability and this is supported by Lybaert (2018) who revealed that accountability brings about quality of financial management information utilized within the entity has a positive relationship with an entity's performance.

The findings from the table above also shows that 17(38%) of the respondents agreed that there is a standard format for presenting Regular reports on Accountabilities, 13(29%) of the respondents were not sure and 4(9%) of the respondents disagreed that There is a standard format for presenting Regular reports on Accountabilities in schools of Rubanda district and this is in accordance with Munene, (2019) who revealed that effective and continuous monitoring of activities guarantees optimal utilization of resources through effective accountability, correct and timely information which brings about standard format for presenting Regular reports on Accountabilities.

From the table above, 22(50%) of the respondents agreed that The Head Teacher Supervises and

follows up on accountability related issues in schools of Uganda, 18(41%) of the respondents were not sure and 4(9%) of the respondents disagreed the Head Teacher Supervises and follows up on accountability related issues in schools of Uganda and this is in line with Hubbard, (2017) who revealed that financial accountability and viability are achieved through the application of sound financial management practices that accord with legal and regulatory requirements. Management of the educational system at the school and district levels is abysmally weak. Systems for recordkeeping and accounting are inadequate, leading to misallocation of funds, salary payments to 'ghost' teachers and a general lack of fiscal accountability.

The findings from the table above also shows that 22(55%) of the respondents agreed that district Internal audit staff conducts routine audits in this Schools of Rubanda district, 20(45%) of the respondents were not sure and none of the respondents disagreed that district Internal audit staff conducts routine audits in this School. However, majority of the respondents agreed that District Internal audit staff conducts routine audits in this School has relationship with accountability in Rubanda district and this is in agreement with The World Bank (2014) which found out that Internal audit staff conducts routine audits in this Schools improves in accountability 4, q promotes Value for Money of public funds and this showed a positive relationship from respondents.

## **CHAPTER FIVE**

### **SUMMARY OF RESEARCH FINDINGS, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1. Introduction**

This chapter includes summary, conclusions and recommendations. The findings were discussed basing on the study objectives.

#### **5.2. Summary of research findings**

This chapter summarizes the findings of the study following the objectives, to assess the status of financial management practices of capitation grant in USE Schools to find out the factors hindering financial management in the schools, to examine the relationship between c9apita9tion grant and financial management practices.

##### **5.2.1 Status of financial management practices of capitation grant in USE Schools**

The study finding shows that there status of financial management practices of capitation grant in USE Schools in Rubanda district in as they include; This School maintains good Financial record keeping, Finance Manual Guidelines from the Ministry are properly followed, Predesigned School Record Forms from the Ministry are used consistently, Financial Record Keeping procedures, rules and regulations, policies and requirements are always followed, Statutory Records, Admission registers in this School are used every term and Student Attendance Registers are always used by all the class Teachers.

##### **5.2.2 Factors hindering capitation grant in USE schools**

The study findings indicate that there were factors hindering capitation grant and financial management in schools and as they include; Expense payment vouchers not well filed and in chronological order, Bank statements not properly filed, Asset Registers are not consistently used and updated, Expenditure and Procurement controls not validated, All requisitions and purchase orders are not authorized by Head Teacher and one Board Member, All Payment vouchers are not always accompanied with necessary supporting documents and The Head Teacher in this School insists that Invoices are not paid without Goods Received Notes (GRNS). **5.2.3 Relationship between capitation grant and financial management practices in USE schools**

The study findings indicate that there were relationship between capitation grant and financial management practices as they include; this School prepares Statutory Financial reports in time

and regularly, Accountability reports of the Schools are in line with Comprehensive Ministry finance manual, Accountability reports are regularly prepared and submitted in time to the Ministry per term, There is a standard format for presenting Regular reports on Accountabilities, The Head Teacher Supervises and follows up on accountability related issues, All Capitation Grants received since 2007, have Accountability Certificates issued per term by the Ministry, The Sub-Accountant carries out routine examination of the school accounts, District Internal audit staff conducts routine audits in this School, District Internal audit reports are produced regularly and address weaknesses in this School's internal control system and the District Internal auditor makes appropriate recommendations for the school management to improve.

### **5.3 Conclusion**

The study concluded that the status of financial management practices of capitation grant in USE Schools in Rubanda district is as they include; This School maintains good Financial record keeping, Finance Manual Guidelines from the Ministry are properly followed, Predesigned School Record Forms from the Ministry are used consistently, Financial Record Keeping procedures, rules and regulations, policies and requirements are always followed, Statutory Records, Admission registers in this School are used every term and Student Attendance Registers are always used by all the class Teachers and were relationship between capitation grant and financial management practices in USE schools as they include; This School prepares Statutory Financial reports in time and regularly, Accountability Reports of this School are in line with Comprehensive Ministry finance manual, Accountability reports are regularly prepared and submitted in time to the Ministry per term and there is a standard format for presenting Regular reports on Accountabilities.

### **5.4 Recommendation**

From the study findings, it is recommended that;

To curb some of the challenges experienced by schools, as revealed by this study, school administrators and other education staff need training. This is important since most school administrator's business lack managerial and entrepreneurial competences. Thus, the government should strive to improve intellectual capacity among head teachers on further planning of capitation grant

It is also suggested that bursars and accountants should participate in networking colloquiums where they share their testimonies on financial success, challenges they are facing to sustain or

grow their school accounts and come upon with possible solutions. Although, the government may be making efforts in dealing with the reluctance of auditors to offer schools with easy accountability, the government could assist by developing a supporting legal and regulatory framework that protects school accounts business from being drained by head teachers.

It is *also* advised that the government should provide school owned account and managed by board of governors because experience across different developed education sectors has shown that bursars have a better working record and *yield* a higher cross sell ratio for financial performance in institutions.

Schools are recommended to adopt information and communication technologies in their operations because the development of information and communication technology is central, not only for finance but *also* for education facilitation in both within the school and outside.

By all means, the government should strive to do everything possible to improve the school capitation grant environment in which *schools* operate through improving accountability procedures.

### **5.5 Suggested areas for further research**

Further research should be done on the challenges faced by school administrators in budgeting for grants obtained termly or yearly in schools of Rubanda district.

Another study should focus more on consequences of capitation grant school development in Rubanda district

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## APPENDIX I: STUDY QUESTIONNAIRE

Dear Respondent,

You have been selected as a key stakeholder to participate in this study on "Capitation grant and secondary schools' financial practices in Rubanda district" due to the importance of your information and your contribution toward an increased understanding of the study.

This questionnaire is designed to assist the researcher complete the academic research project on the Financial Management Practices, Factors hindering financial management practices and relationship between financial management practices and financial accountability which is a partial fulfillment of the requirements for the award of a bachelors of business administration of Kabale university. It is aimed at identifying the strengths and gaps in the utilization of the Capitation Grant for the purpose of engaging policy makers and the general public on effective and efficient utilization of the grant.

Please kindly complete this questionnaire. All views and opinions expressed by respondents will be used strictly and confidentially for research purposes only.

### SECTION A: DEMOGRAPHICS / SOCIAL CHARACTERISTICS OF RESPONDENTS

#### 1. *Designation of Respondents*

**Table 1: Designation of respondent**

Category of respondents	Code	Tick
Head-teacher	1	
Teacher	2	
Bursar	3	
Member-BOG	4	

#### 2. *Gender of the Respondent.*

**Table2: Sex of respondent**

-	Code	Tick
Male	1	
Female	2	

3. Age bracket of the Respondent.

**Table 3: Age of respondent**

Years	Code	Tick
20- 29	1	
30- 39	2	
40-49	3	
50- 59	4	
60+	5	

4. Education Level of Respondent.

**Table 4: Education Level of respondent**

	Code	Tick
Masters Degree	1	
Bachelor Degree	2	
Diploma	3	
A' Level	4	

5. For how long have you been working with this School?

**Table 6: Number of years served in this School**

	Code	Tick
Below 2 years	1	
3-6 years	2	
7- 10 years	3	
Above 10 years	4	

6. For how long have you served in the Current Position?

**Table 7: Number of years served in the Current Position**

	Code	Tick
Below 2 years	1	
3-6 years	2	
7-10 years	3	
Above 10 years	4	

**SECTION B: FINANCIAL MANAGEMENT PRACTICES**

Please evaluate each of the following statements by **marking/ticking** the number that suits your level of agreement as regards the **financial management practices** of the School. If the item **does not apply** to you, please mark "**Uncertain.**"

N	Statements	1=Strongly Disagree		3=Uncertain	4=Agree	5=Strongly Agree
		2=Disagree				
A	Financial Records Keeping					
I	This School maintains good Financial record keeping.					
	School Records					
2	Finance Manual Guidelines from the Ministry are properly followed.					
3	Pre-designed School Record Forms from the Ministry are used consistently.					
4	Financial Record Keeping procedures, rules and regulations, policies and requirements are always followed.					
	Statutory Records					
5	Admission registers in this School are used every term.					
6	Student Attendance Registers are always used by all the class Teachers.					
7	Statutory Reports and Minutes are well kept in this School.					
8	Annual Statistical returns/ forms are consistently filled.					
	Academic Records					
9	Students' Examination Results/ Assessment Results are kept well per term.					
	Finance Records					
10	Cash Books are consistently used and updated.					

## SECTION C: FACTORS HINDERING FINANCIAL MANAGEMENT IN SCHOOLS

Please evaluate each of the following statements by **marking/ticking** the number that suits your level of agreement as regards the **financial management practices** of the School. If the item **does not apply** to you, please mark **"Uncertain."**

No	Statements	1=Strongly Disagree	2=Disagree	3=Uncertain	4=Agree	5=Strongly Agree
1	Expense payment vouchers not well filed and in chronological order.					
2	Bank statements not properly filed.					
3	Asset Registers are not consistently used and updated.					
4	Accountability files for the financial years not well kept.					
	Staff records					
5	Teaching Staff Listing is not updated regularly.					
B	Financial Internal Control Activities					
	Expenditure and Procurement controls not validated					
6	All requisitions and purchase orders are not authorized by Head Teacher and one Board Member.					
8	All Payment vouchers are not always accompanied with necessary supporting documents.					
9	All Payment vouchers with supporting documents are not always authorized by Head Teacher and one Board Member.					
10	The Head Teacher in this School insists that Invoices are not paid without Goods Received Notes (GRNS).					
11	The Head Teacher in this School insists that Paid Vouchers must be stamped "PAID".					

12	Asset Register in this School is not always maintained and updated with purchases and issues.					
13	All Assets of the School are not Engraved /marked.					
14	In this School there is no clear separation of duties and roles.					

#### SECTION D: RELATION SHIP BETWEEN FINANCIAL MANAGEMENT PRACTICES AND FINANCIAL ACCOUNTABILITY

Please evaluate each of the following statements by **marking/ticking** the number that suits your level of agreement as regards the **financial management practices** of the School. **If the item does not apply to you, please mark "Uncertain."**

No	Statements	1=Strongly Disagree	2=Disagree	3=Uncertain	4=Agree	5=Strongly Agree
A	Financial Reports					
1	This School prepares Statutory Financial reports in time and regularly.					
2	Accountability Reports of this School are in line with Comprehensive Ministry finance manual.					
3	Accountability reports are regularly prepared and submitted in time to the Ministry per term.					
4	There is a standard format for presenting Regular reports on Accountabilities.					
5	The Head Teacher Supervises and follows up on accountability related issues.					
6	All Capitation Grants received since 2007, have Accountability Certificates issued per term by the Ministry.					
B	Audit Reports					

	Internal audit					
I	The Sub-Accountant carries out routine examination of the school accounts.					
2	District Internal audit staff conducts routine audits in this School.					
3	District Internal audit reports are produced regularly and address weaknesses in this School's internal control system.					
4	The District Internal auditor makes appropriate recommendations for the school management to improve.					
5	School Management discusses internal audit reports frequently.					

## **APPENDIX II: INTERVIEW GUIDE**

Dear Respondent:

You have been selected to participate in this study due to the importance of your position in the Education system. The information you provide will only be used for the purpose of this study and will be treated with utmost confidentiality.

Topic: Capitation grant and secondary schools' financial management practices in Rubanda district.

1. In your opinion, is there segregation of duties as an internal control mechanism in schools?
2. In your opinion, do you think some head teachers have attempted to misapply the capitation grant funds?
3. Do you think there has been enough monitoring and evaluation measures?
4. In your view, are the Accountability procedures followed adequately in Schools?
5. Do you see enough of internal and external auditing by the District and Auditor General's office?
6. For In your opinion are School enrolment records tallying well with exact number of students?
7. What are the factors hindering financial management in schools?
8. How can the government of Uganda reduce on the challenges faced by financial management in schools?
9. What advice can you give to education officers and head teachers to fully monitor schools financial resources?

**Thank you for your participation**