FINANCIAL CONTROL MECHANISMS ADOPTED BY PRINCIPALS FOR SCHOOL IMPROVEMENT IN A PERIOD OF ECONOMIC UNCERTAINTY IN ANAMBRA STATE

Victor U. Agogbua (PhD)
Department of Educational Management and Policy
Faculty of Education
Nnamdi Azikiwe University, Awka
E-mail: vu.agogbua@unizik.edu.ng

Juliana U. Umeozor (PhD)
Department of Educational Management and Policy
Nnamdi Azikiwe University, Awka, Anambra State
Email: julzyiana2@gmail.com
08035085408

Eucharia C. Oshia (PhD)
Department of Educational Management and Policy
Faculty of Education
Nnamdi Azikiwe University, Awka
E-mail: ec.oshia@unizik.edu.ng
08037098331

Helen N. Chike (PhD)
Department of Educational Management and Policy
Faculty of Education
Nnamdi Azikiwe University, Awka
E-mail: hn.chike@unizik.edu.ng
08037455262

&

Nathaniel C. Umeh (PhD)
Department of Educational Management and Policy
Faculty of Education
Nnamdi Azikiwe University, Awka
E-mail: nc.umeh@unizik.edu.ng
08036764310

Abstract

The study was carried out to investigate financial control mechanisms adopted by principals for school improvement in a period of economic uncertainty in Anambra State. Two research questions guided the study and two hypotheses were tested at .05 level of significance. The study adopted descriptive survey research design and the population of the study comprised 266 principals in public secondary schools in Anambra State. The entire population of the study was used for the study. The instrument for data collection was a questionnaire developed by the researchers. The instrument was titled "Financial Control Mechanisms for School Improvement Questionnaire (**FCMSIQ**)". The instrument has two sections, A and B. Section A contains information on principals school location while section B contains 16 items statements on financial management and auditing as mechanisms for school improvement. The reliability of the instrument was ascertained through a pilot test on 20 principals in Enugu State. Test on the data collected using Cronbach Alpha reliability method yielded coefficient values of 0.72 and 0.76 for cluster B1 and B2 respectively with the average reliability coefficient of 0.74. Mean, standard deviation and t-test were used in analyzing data collected for the study. Findings revealed that principals adopt financial management and auditing as mechanisms for school improvement in a period of economic uncertainty in Anambra State. It was recommended that The Ministry of Education should promote ongoing professional development for school principals to enhance their auditing skills, ensuring proficiency in financial audits for school improvement and adapting to financial challenges.

Keywords: *Financial Control Mechanisms, Financial Planning, Financial Management, School Improvement, Economic Uncertainty*

Introduction

Education is the cornerstone of societal progress, serving as the bedrock upon which future generations build their potential and contribute to the betterment of the society. However, issue of funding has become a pervasive challenge in recent years, resulting in prolonged disruptions in various activities in schools such as the inability to update outdated teaching materials, shortage of qualified teachers, and limited access to essential technology. According to UNESCO (2020), maintenance of both human and material resources in schools is affected due to shortage of funds as budgetary allocation to education sector depleted. This financial strain as explained by Agogbua and Chukwudolue (2022) not only impacts the quality of education but also intensifies economic uncertainty by impeding the development of a highly skilled and adaptable workforce, which is vital for a nation's competitiveness in the global economy.

Economic uncertainty is a state of unpredictability or instability in the economic environment of a country. Within the context of this study, the researchers defined economic uncertainty as the unpredictability and instability in the country's financial and economic circumstances that affect educational institutions, teachers, and students. This instability leads to fluctuations in funding of education, making budget planning challenging for educational institutions. Insufficient funds hinder the provision of infrastructural facilities, laboratory equipment, computers, audio-visual aids and stationeries among others that enhances the operation of the school (Boma, 2018). Lack of these facilities frustrates school programmes and ultimately aborts educational goals and objectives.

In this uncertain period, school leaders, particularly principals, face the challenging task of managing their schools with limited resources. Ngwakwe et al. (2019) described principals as the accounting officers and chief executives in their various schools. As an accounting officer, the principal oversees the day to day management of the school and are also task with the function of ensuring that funds are judiciously used for various school programmes. Most often, principals engage in some income-generating activities to raise funds to keep their schools afloat. However, these funds are never enough while some of them are reportedly mismanaged, misappropriated and diverted for personal gains (Agogbua & Muoto, 2021). It is, therefore, expected that principals must work hard to keep their schools afloat in this era of economic uncertainty. To achieve this, it is important that principals adopt good financial control mechanisms in their various schools to ensure proper management and utilization of these scare resources

Financial control mechanisms are processes and tools employed by organizations to monitor, regulate, and optimize their financial activities, ensuring that budgets are adhered to and financial goals are achieved. These mechanisms encompass budgeting, financial reporting, internal audits, and the establishment of financial policies and procedures to maintain fiscal discipline and transparency. The mechanisms for ensuring financial control in school according to Arinaitwe, et al. (2019) include financial planning and management, school revenue management, budgeting, financial reporting, auditing and record keeping. When school principals are financially accountable they ensure good governance. Therefore, for the purpose of this study, the researchers focused on these aspects of principals' financial control mechanisms: financial management and auditing.

Financial management is the process of planning, organizing, controlling, and monitoring an organization's financial resources to achieve its financial goals and objectives effectively. Bassey (2016) explained that financial management in school connotes the ways and means usually employed to provide the financial resources involved in running educational institution. The fundamental principle in financial management in schools is not just how much money is allocated to the school system, but how well the available funds are judiciously put to use to achieve effective educational goals. Onekerhoroye and Nwoye (2015) put financial management as the supervision, utilization and distribution of finances among various units. Onekerhoroye and Nwoye further explained that one of the responsibilities of secondary school principal is financial management. The principals' responsibility extends beyond just securing funding; they are also accountable for efficiently managing the schools' available funds to prevent waste and ensure proper prioritization of the schools' needs.

Auditing as defined by the researchers is a systematic examination of financial records, transactions, and statements to ensure accuracy, compliance with regulations, and the detection of potential irregularities or mismanagement. Okeke and Okaforcha (2020) noted that auditing is among the major functions of school principals, but it is being delegated to bursars. As the school manager, the principal directs the auditing processes. Okeke and Okaforcha emphasized that auditing is crucial for reviewing school accounting records, ensuring compliance with budgetary guidelines, and assessing the integrity of key financial managers. This involves conducting cash surveys, inspecting school cash books, and examining revenue collected and funds expended. This process helps in detecting frauds, errors and mistakes for possible remedial actions. Coram et al. (2018) pointed out that auditing practices consists of all the measures taken by an organization for the purpose of: protecting its resources against waste, fraud and inefficiency, ensuring accuracy and reliability of accounting and operating data, ensuring compliance with the policies of the organization and evaluating the level of performance in organizational units.

One key aspect of enhancing school performance and effectiveness is for school principals to meticulously assess and adopt advanced financial control mechanisms. By doing so, they can manage the schools' financial resources more efficiently. Effective financial management is a critical component of school improvement as it ensures that resources are used wisely to support educational goals and initiatives. However, some principals in public secondary schools in Anambra State seem not to follow laid down procedures in the management of few cash resources at their disposal. Audit activities in most secondary schools in Anambra State were characterized by irregularities (Omenyi, et al., 2015). Reports like these can influence other staff members to contribute to mismanagement and misappropriation, knowing that there is no structure in place to monitor their financial activities. It is against this background that the researchers sought to examine financial control mechanisms adopted by principals for school improvement in a period of economic uncertainty in Anambra State.

Purpose of the Study

The main purpose of the study was to examine financial control mechanisms adopted by principals for school improvement in a period of economic uncertainty in Anambra State. Specifically, the study sought to examine:

1. The extent principals adopt financial management as mechanism for school improvement in a period of economic uncertainty in Anambra State.
2. The extent principals adopt auditing as mechanism for school improvement in a period of economic uncertainty in Anambra State.

Research Questions

The following research questions guided the study:

1. To what extent do principals adopt financial management as mechanism for school improvement in a period of economic uncertainty in Anambra State?
2. To what extent do principals adopt auditing as mechanism for school improvement in a period of economic uncertainty in Anambra State?

Hypotheses

The following hypotheses were tested at .05 level of significance.

1. There is no significant difference in the mean ratings of principals in rural and urban on the extent they adopt financial management as mechanism for school improvement in a period of economic uncertainty in Anambra State.
2. There is no significant difference in the mean ratings of principals in rural and urban on the extent they adopt auditing as mechanism for school improvement in a period of economic uncertainty in Anambra State.

Method

The study adopted the descriptive survey design. The study was carried in Anambra State. The population of the study comprised 266 principals in public secondary schools in six Education Zones in Anambra State (Planning, Research and Statistics Department, Anambra State Post Primary School Service Commission (PPSSC), Awka, 2023). The entire population of the study was used for the study. The instrument for data collection was a questionnaire developed by the researchers. The instrument was titled "Principals' Financial Control Mechanisms Questionnaire (**PFCMQ**)". The instrument has two sections, A and B. Section A contains information on principals school location while section B contains 16 items statements on financial management and auditing as mechanisms for school improvement. The instrument was structured on a four-point rating scale of Very High Extent (VHE), High Extent (HE), Low Extent (LE) and Very Low Extent (LWE). The reliability of the instrument was ascertained through a pilot test on 20 principals in Enugu State. Test on the data collected using Cronbach Alpha reliability method yielded coefficient values of 0.72 and 0.76 for cluster B1 and B2 respectively with the average reliability coefficient of 0.74. Out of the 266 copies of questionnaire administered, 242 were retrieved in good condition and used for the computation of data analysis. Mean, standard deviation and t-test were used in analyzing data collected for the study. The mean value was used to answer the research questions while standard deviation was used to determine the relatedness of the respondents mean ratings.

In analyzing the research questions, any items with mean rating of 2.50 and above was regarded as agree while mean rating below 2.50 was regarded as disagree. For the hypotheses, where the calculated t-value was less than the critical value of t, it means that the variable did not significantly influence respondents' mean ratings and the hypothesis was not rejected. Conversely, where the calculated t-value was equal to or greater than the critical t-value, it means that the variable had a significant influence on the respondents' mean ratings and the hypothesis was rejected.

Results

Research Question 1

To what extent do principals adopt financial management as mechanism for school improvement in a period of economic uncertainty in Anambra State?

Table 1: Respondents Mean Rating on the Extent Principals Adopt Financial Management as Mechanism for School Improvement in a Period of Economic Uncertainty in Anambra State

S/N	Item Statements	Mean	SD	Remark
1	As a principal, I ensure accurate financial records for transparency	3.22	0.85	**HE**
2	Actively seek cost-effective solutions to reduce expenditure	3.35	0.89	**HE**
3	Ensure that financial decisions align with the school's overall strategic plan	3.12	0.76	**HE**
4	Regularly review school's financial performance for adjustments when necessary	3.17	0.84	**HE**
5	Implement strategies to reduce unnecessary expenses in the school budget	3.33	0.86	**HE**
6	Prioritize educational goals when making financial decisions	3.24	0.70	**HE**

7	As a principal, I am knowledgeable about budgeting techniques to ensure efficient allocation of funds	3.22	0.86	**HE**
8	I implement financial policies to prevent mismanagement of school funds	3.48	0.92	**HE**
	Cluster Mean	**3.26**		**HE**

Data presented in Table 1 reveal that the respondents agreed to items 1-8 on financial management with ratings ranging between 3.13 to 3.48 and standard deviations ranging from 0.70 to 0.92 as financial control mechanism for school improvement in a period of economic uncertainty in Anambra State. The standard deviation scores show that the respondents' opinions were close. The cluster mean of 3.26 indicate that principals adopt financial management as a mechanism for school improvement in a period of economic uncertainty in Anambra State.

Researcher Question 2

To what extent do principals adopt auditing as mechanism for school improvement in a period of economic uncertainty in Anambra State?

Table 2: Respondents Mean Rating on the Extent Principals Adopt Auditing as Mechanism for School Improvement in a Period of Economic Uncertainty in Anambra State

S/N	Item Statements	Mean	SD	Remark
9	As a principal, I ensure regular financial audits to identify any discrepancies financial record book	3.36	0.87	**HE**
10	I lead comprehensive financial audits to ensure transparency in the school's financial records	3.12	0.79	**HE**
11	In my school, I make use audit findings to identify areas for improvement and implement corrective actions to enhance financial management	3.18	0.82	**HE**
12	I collaborate with external auditors to provide an objective evaluation of the school's financial practices	3.07	0.74	**HE**
13	Use audit results to make informed decisions regarding budget adjustments	3.41	0.89	**HE**
14	Always emphasize the importance of financial audits as a means to strengthen financial controls	3.22	0.82	**HE**
15	I leverage audit data to prioritize spending on initiatives that directly support educational goals	3.35	0.78	**HE**
16	I ensure that auditing process includes a review of compliance with financial regulations	3.32	0.85	**HE**

Cluster Mean	**3.25**	**HE**

Data presented in Table 2 reveal that the respondents agreed to items 9-16 on financial auditing with ratings ranging between 3.07 to 3.41 and standard deviations ranging from 0.74 to 0.89 as financial control mechanism for school improvement in a period of economic uncertainty in Anambra State. The standard deviation scores show that the respondents' opinions were close. The cluster mean of 3.25 indicate that principals adopt auditing as a mechanism for school improvement in a period of economic uncertainty in Anambra State.

Hypothesis 1

There is no significant difference in the mean ratings of principals in rural and urban on the extent they adopt financial management as mechanism for school improvement in a period of economic uncertainty in Anambra State.

Table 3 : Summary of t-test Analysis of Respondents Mean Ratings in Rural and Urban on the Extent they Adopt Financial Management as Mechanism for School Improvement in a Period of Economic Uncertainty in Anambra State

Statusof Respondents	N	$\overline{X}$	SD	df	Cal. t	Crit. t	Decision
Rural	88	3.18	0.80	240	0.75	1.96	NS
Urban	154	3.30	0.84				
Total	**242**						

Data in Table 3 show that the calculated t-value of 0.75 at 240 degrees of freedom and.05 level of significance is less than the critical value of 1.96. Hence, the null hypothesis is accepted. Thus, there is no significant difference in the mean ratings of principals in rural and urban on the extent they adopt financial management as mechanism for school improvement in a period of economic uncertainty in Anambra State.

Hypothesis 2

There is no significant difference in the mean ratings of principals in rural and urban on the extent they adopt auditing as mechanism for school improvement in a period of economic uncertainty in Anambra State.

Table 4: Summary of t-test Analysis of Respondents Mean Ratings in Rural and Urban on the Extent they Adopt Financial Management as Mechanism for School Improvement in a Period of Economic Uncertainty in Anambra State

Statusof

Respondents	N	$\overline{X}$	SD	df	Cal. t	Crit. t	Decision
Rural	88	3.23	0.80	240	0.33	1.96	NS
Urban	154	3.28	0.84				
Total	242						

Data in Table 4 show that the calculated t-value of 0.33 at 240 degrees of freedom and.05 level of significance is less than the critical value of 1.96. Hence, the null hypothesis is accepted. Thus, there is no significant difference in the mean ratings of principals in rural and urban on the extent they adopt auditing as mechanism for school improvement in a period of economic uncertainty in Anambra State.

Discussion of Findings

Findings on the extent principals adopt financial management as mechanism for school improvement in a period of economic uncertainty in Anambra State revealed that principals adopt financial management as mechanism for school improvement in a period of economic uncertainty in Anambra State to a high extent. This is as a result of the respondents accepting the fact that they ensure accurate financial records for transparency; actively seek cost-effective solutions to reduce expenditure; regularly review school's financial performance for adjustments when necessary; implement strategies to reduce unnecessary expenses in the school budget; and implements financial policies to prevent mismanagement of school funds. This finding is in agreement with Wang (2013) who reported that financial management is an important tool for ensuring financial accountability in organizations. Arinaitweet al. (2019) noted that effective financial management in schools occur when proper financial practices are carefully applied and followed. Furthermore, findings of the study revealed that there is no significant difference in the mean ratings of principals in rural and urban on the extent they adopt financial management as mechanism for school improvement in a period of economic uncertainty.

Findings on the extent principals adopt auditing as mechanism for school improvement in a period of economic uncertainty in Anambra State revealed that principals adopt auditing as mechanism for school improvement in a period of economic uncertainty in Anambra State to a high extent. This is as a result of the respondents agreeing that they ensure regular financial audits to identify any discrepancies financial record book; use audit findings to identify areas for improvement and implement corrective actions to enhance financial management; collaborate with external auditors to provide an objective evaluation of the school's financial practices; use audit results to make informed decisions regarding budget adjustments; emphasize the importance of financial audits as a means to strengthen financial controls; and leverage audit data to prioritize spending on initiatives that directly support educational goals. The finding is in line with the findings of Towett et al. (2019) that highlighted that internal audit practices have a positive and significant influence on employees' performance. In support of this, Okeke and Okaforcha (2020) explained that auditing helps in examining various school accounting books, ascertaining the degree of adherence to budgetary guidelines and finding out the level of integrity of the key financial managers in the school through cash survey and also checking of school cash books, revenue collected and fund expended. The findings also revealed that there is no significant difference in the mean ratings of principals in rural and urban on the extent they adopt auditing as mechanism for school improvement in a period of economic uncertainty in Anambra State. This finding seems to be in agreement with the position of Nwosu and Ozioko (2020) who noted that proper auditing by administrators of secondary schools could ensure financial transparency.

Conclusion

Based on the findings of the study, the researchers concluded that financial management and auditing are veritable financial control mechanisms adopted by school principals for school improvement in a period of economic uncertainty in Anambra State. The study underscored the importance of providing adequate training and resources to school principals to enhance their proficiency in these financial control mechanisms, ensuring the sustained progress of educational institutions amidst economic challenges.

Recommendations

The researchers made the following recommendations based on the findings of the study:

1. To further strengthen financial control mechanism for school improvement, it is recommended that a culture of continuous knowledge sharing and collaboration be promoted among school administrators. This can be achieved through regular forums, workshops, and peer-to-peer learning to exchange best practices in financial management, thereby enhancing transparency, cost-effectiveness, and financial accountability.
2. The Ministry of Education should promote ongoing professional development for school principals to enhance their auditing skills, ensuring proficiency in financial audits for school improvement and adapting to financial challenges.

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