

## DECENTRALISED FINANCIAL MANAGEMENT IN ZAMBIAN BASIC SCHOOLS

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### **Abstract**

*A case study was conducted in selected basic schools in Chibombo District of Zambia to assess the effectiveness of decentralised financial management in such schools. The findings of the study revealed that the decentralised financial management in basic schools was not effective. The following variables relevant to an effective decentralised financial management were studied: participation of local stakeholders in financial management, accountability and transparency in the management of school funds and financial management skills. The overall analysis showed that teachers, pupils and parents were not incorporated in the management of funds. It was also revealed that pupils and parents were not given powers to monitor the utilisation of school funds and it was further discovered that most of the stake holders including the District Education Board Secretaries (DEBS) and the School Managers lacked financial management skills.*

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**Introduction**

The research study investigated the effectiveness of a decentralised financial management in selected Zambian basic schools with a view to improving access in learning. Evidence showed that a decentralised financial management can contribute positively to the improvement of education. It is for this the reason that Winkler and Gershberg (2003) argue that a decentralised financial management can improve an education system. However, this contribution can be greatly hampered if most of the local stakeholders are not participating in financial management, if there is no transparency and accountability and also if the stakeholders are not skilful and qualified enough in financial management. This is why it was of interest in this study to ascertain the effectiveness of a decentralised financial management in selected Zambian basic schools.

Effectiveness in this study implied achieving stated goals and such goals were to safeguard the principles of local participation, transparency and accountability and financial management skills which brought about effectiveness and efficiency with which funds were utilised (MOE, 2005).

**The Concept of 'Decentralised Financial Management' in Schools**

Decentralisation, the antonym of centralisation, refers to the style of governance in which top management shares decision making authority with subordinates (Kreitner, 1995). The phenomenon is not new to the education sector. The basic concept common to most definitions of decentralisation, which applies to educational decentralisation as well, is that decentralisation is a transfer of some form of authority from the centre to the local level. Therefore, decentralised financial management in education may be defined in terms of shifts in authority in the location of those who govern, about transfers of authority from one location or level of educational organisation, to another (Welsh and Mc Ginn, 1999). This may involve moving financial control to regional or local levels. At the local level it may involve shifting certain responsibilities closer to the school and classroom, strengthening some decision-making arenas and weakening others, empowering communities and parents and removing professionals' control and inserting the style and substance of modern business and financial management (Arnott and Raab, 2000).

In education this type of decentralisation is often described under the heading of school or site based management (SBM). It has, in many cases, involved a major shift to self-governance and greater authority for schools. Schools are being asked to become self-managed and make decisions regarding the budget and financial resource allocation (Abu-Duhou, 1999). Formal authority is supposed to be delegated and redistributed to School Managers, Teachers and Parents (and also sometimes

pupils) at the school site to enable them influence decisions related to the budget. It is presumed that benefits such as better quality decisions, more humane work environments, equitable educational opportunities and improvement in learning and teaching will ensue (Malen et al, 1990).

In sum, decentralised financial management is the delegation of greater authority to managers of schools to enable them to deploy resources to achieve the authority's policies (Levacic, 1989).

### **Decentralised Financial Management and Effectiveness**

The concept of management effectiveness has, however, been contentious. Hoy and Miskel (1987:393) state that "there is no single ultimate criterion that can capture the complex nature of organisational effectiveness." Preedy (1993) agrees that effectiveness is a complex matter with no universally applicable prescriptions. However, depending on the measure being used to determine effectiveness, some scholars have come up with definitions of the term. Reddin (1970:30) argues that "effectiveness is the extent to which a manager achieves the output required in his position." In the same vein Hoy and Miskel (1987:394) agree that effectiveness can be defined in terms of the degree of goal attainment.

Narrowing the term effectiveness to education, Preedy (1991:1) says "an organisation or policy is effective insofar as it fulfils its goals or objectives."

The objectives of decentralised financial management in schools are:

- (a) Local stakeholders participating in financial management.
- (b) Transparency and accountability in the management of school funds.
- (c) Local stakeholders possessing financial management skills.

Therefore, effectiveness in the research I conducted was measured using these objectives.

Decentralised financial management of education becomes more effective when it incorporates the sharing of responsibilities for managing school funds. Sharing of responsibility requires team work among local stakeholders (educators, pupils and parents). In this vein, Mohamed (2003) argues that a decentralised financial management cannot be effective without collaboration and synergy among all the stakeholders involved in the management of funds. Participation of local stakeholders is important because it fosters efficiency in the utilisation and optimisation of financial resources.

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Closely related to local stakeholders' participation is transparency and accountability. Transparency and accountability cannot be achieved if local stakeholders are not involved in the management of funds. Hence, the democratic style of management should be encouraged in schools so that all the stakeholders freely participate in the management of funds. Research has indicated that when local stakeholders are involved in the management of funds, prudent management of financial resources is fulfilled (MOE, 2005). Effective decentralized financial management cannot be achieved in a closed-door culture of financial management hence the need to open up doors and allow local stakeholders to monitor the utilization of funds.

On the other hand, effective decentralized financial management is largely dependent on skilled stakeholders who can manage financial resources efficiently and effectively. Opfer and Denmark (2001) suggested that decentralized financial management could be implemented if empowerment and knowledge that enabled educators and parents to manage funds could be present. To manage funds in a school, stakeholders should have at least the knowledge and skills of accountancy, education management, values (ethics and transparency), communication and record keeping (De Tollenaire, 2002). Ponder and Ware (2003) state that limited one-shot training (workshops and briefings) is not the answer, but real learning which comes from daily practice in different and effective ways of saying and doing until the new ways become ways of being and thinking. In sum, the above parameters were used to measure the effectiveness of a decentralised financial management.

### Methodology

A case study was used. The potential respondents in the study were all Chibombo District Basic School Head Teachers, Teachers, Pupils, Parents, the Accounting Officer, the District Education Board Secretary, and the Internal Auditor. Ninety-eight respondents from six basic schools in Chibombo participated in the study. These comprised of 10 teachers per school, two (2) parents and two (2) pupils from each school. Furthermore, the DEBS and Internal Auditor participated in the study together with school managers and Accounting Officers as these were interviewed as principle informants.

Interview schedules, questionnaires and focus group discussions were employed as instruments of data collection. The DEBS, Internal Auditor, School Managers and Accounting officers were interviewed on one hand, while the questionnaires were distributed to teachers and focus group discussions were administered on pupils and parents.

## Findings

The findings are presented under full headings drawn from the objectives of the research.

### Participation of local stakeholders in the management of school funds.

The composition of the financial management committee in the six schools that were sampled in this study revealed that most of the subordinate local stakeholders such as teachers, pupils and parents were not involved in financial management of school funds. The study revealed that in most schools what constituted the school financial management committee were the head teachers, deputy head teachers and the accounting officers. During fieldwork, parents and pupils even expressed ignorance of the existence of financial management committees in their local schools. This was evident from the remarks of a parent who asserted as follows:

I do not know if there is a financial management committee for the school, the only committee I know of is a financial management committee for the PTA

Furthermore, all the head teachers testified that parents and pupils were not incorporated in the school financial management committee.

The quantitative data from questionnaires further indicated that subordinate local stakeholders were not managing school funds. This is evident from the responses of the majority of teachers 47 (78%), who indicated that their head teachers were the sole managers of school funds. Only 7(12%) teachers indicated that the entire school, district education board and parents participated in the management of school funds. Four teachers (7%) indicated that the entire school managed school funds. There were only 2 (3%) teachers who indicated that the district education board secretary managed school funds.

### Transparency and Accountability in the Management of School Funds at school level

It was revealed that the majority of the head teachers solely managed school funds. Parents and pupils were not given the authority to monitor the utilisation of school funds. This was a clear manifestation of lack of transparency and accountability in the management of school funds at the school level. This meant that top management were at liberty to misuse school funds as the subordinates did not have the powers to observe how funds were being used. One of the parents from the schools stated:

It is impossible for us to monitor government and donor funds as we are not given a chance. The schools have really emphasised that we are only supposed to monitor 50% of the PTA funds. Hence we do not know how funds are being utilised.

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The research further revealed that the head teachers and Accounting Officers did not brief teachers on how school funds were utilised. This was an indication that they were not transparent. Quantitative data show that 33 (55.3%) teachers indicated that their head teachers did not brief them about how funds were being utilised and 21 (33.1%) indicated that their head teachers sometimes briefed them. However, only 6 (10.6%) of the teachers indicated that their head teachers briefed them.

The Internal Auditor also stated that the financial management at school level was not transparent and accountable. He testified that:

Financial management in schools is not transparent and accountable because I am not there to audit transactions. This is why most schools do not comply with the financial regulations.

He further stated:

Basic schools receive a lot of funds from government and donors and a lot of transactions are made which are not accounted for.

He suggested that:

The Ministry Of Education should employ extra Internal Auditors, four in each district for them to be able to audit all the schools in the province. It is not easy to audit all the schools in one year as the work load is too much for me.

### **Financial Management Skills of Local Stakeholders**

The study revealed that local stakeholders were not competent enough to manage school funds. The District Education Board Secretary said that he was not skilled enough to manage school funds as he did not have any proper training in financial management. He stated that the little knowledge he had about financial management was acquired from briefings and workshops. He complained in these words:

I need proper training for me to be able to manage school funds effectively and efficiently. Workshops and briefings are not sufficient enough to make me manage funds very well.

In the same vein, head teachers complained that they were not skilled enough to manage school funds. Hence, they experienced severe shortcomings in the management of school funds. This view was also shared by the Internal Auditor who testified: "Most head teachers are not trained to manage school funds that is why they do not maintain proper financial records."

This also applied to the Accounting Officers who were appointed on the basis of favouritism and friendship, that is, they were not appointed on the basis of

qualifications. As a result, the management of funds was not effective. One of the Accounting Officers at one of the schools stated that:

We should be properly trained to manage school funds for us to manage them effectively. Some of us have never even attended briefings and workshops on how to manage funds.

It was also revealed that most Accounting Officers did not have ample time to manage school funds as they were also committed to teaching pupils.

Teachers also did not have financial management skills. This is clearly displayed when 56 (93.3%) teachers indicated that they needed training and only 4 (6.7%) indicated that it was not necessary for them to get training.

In the same vein, most of the parents were illiterate and, hence, they did not have any financial management skills. This explains why they were marginalised because they lacked the knowledge about school financial management. One parent stated that "Most of the parents are illiterate and this makes them feel too inferior to participate in school activities."

On the whole, it was discovered that all local stakeholders did not have financial management skills.

## Discussion

The discussion is presented under three headings drawn from the objectives of the study.

### Participation of local stakeholders in the management of school funds

It is evident from the findings that some teachers, parents and pupils did not participate in financial management. Firstly, all head teachers interviewed testified that they did not incorporate pupils and parents in the financial management committee. This meant that these stakeholders were denied the powers to manage school funds. In agreement, the majority of the teachers indicated that their head teachers were poor at encouraging the community, pupils and teachers to participate in the management of school funds. These findings are, however, not in conformity with Wholstetter and Mohrman (1994) who pointed out that effective financial management should incorporate all stakeholders at the local level by empowering them to have a voice in financial management.

Furthermore, the study discovered that the head teachers did not encourage teamwork in financial management, meaning that schools had limited managerial

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powers. This was evident from the responses of 39 (65%) teachers from the sample who indicated that their head teachers did not encourage teamwork in financial management, 13 (22%) teachers indicated that their head teachers sometimes encouraged teamwork and only 8 (15%) teachers indicated that their head teachers encouraged teamwork. In this vein, Mohamed (2003) argues that the decentralised financial management cannot be effective without collaboration and synergy among all the stakeholders involved in the management of school funds. The MOE (2005) further argues that all stakeholders should participate in education matters to allow for rapid reaction and action to problems that occur at the points of delivery.

The study further revealed that the schools did not render pupils a platform to participate in financial management although they knew that it was mandatory for them to participate. Parents were also denied the powers to participate in managing school funds. They were only given authority to manage 50% of the PTA funds. This scenario is in conflict with the **National Decentralisation Policy of 2005** which states that local people should be empowered to strengthen local institutions to facilitate more effective citizen participation in governance (MOE: 2005). In a similar vein, the MOE (2005) agrees that community participation in all matters related to national development should be promoted as it yields effective management.

Going by these findings, it is clear that subordinate stakeholders were not incorporated in the management of school funds.

### **Transparency and Accountability in the Management of School funds at the Local Echelon**

Local stakeholders' participation in financial management is meant to accentuate the need for greater transparency and accountability (MOE, 1996). However, to the contrary, the findings clearly showed that chief stakeholders were not participating in financial management. This meant that these stakeholders were not able to safeguard the school funds to ensure the best possible use of financial resources. As a result transparency and accountability were poor. It is evident from the findings of this study that head teachers were not allowing subordinate stakeholders to monitor school funds. Although it has been asserted that effective decentralised financial management cannot be fulfilled in a closed-door culture of financial management (MOE 2005), evidence from this study has clearly shown that there was lack of transparency in schools because stakeholders were not given the power to observe the utilisation of funds.

Transparency and accountability is about being answerable to everyone that is why all stakeholders are encouraged to participate in the management of school funds.

According to the MOE (2005) local stakeholders should participate in the management of funds for prudent management of financial resources in schools. In this regard, I conclude that the upper level at the local echelon did not manage funds in an open manner and they were not willing to explain or to be criticised in the manner they managed funds.

In most cases, stakeholders were not even briefed on how the funds were being utilised. This comes to light when 21 (33.1%) teachers responded that sometimes their head teachers did not brief them about how funds were being utilised in the school, 33 (55.3%) teachers indicated that they were at times briefed though not always and only 6 (10.6%) teachers indicated that they were briefed in most cases. This shows lack of both accountability and transparency in financial management at school level.

On the other hand, the internal Auditor said that there was lack of accountability in schools because he could not manage to audit all the financial records in schools because he was the only Internal Auditor in the whole of the Central Province. Therefore, some schools which were farther from the Provincial Education Office knew that they could not be reached by the Auditors, as a result they were at liberty not to use school funds prudently.

In sum, it was revealed that due to a lack of transparency and accountability in the management of school funds at the local level because the chief beneficiaries were not given the authority to participate in financial matters.

### **Financial Management Skills of Local Stakeholders**

Mohamed (2003) pointed out that the most important factors contributing to poor book keeping and accountability were lack of capacities, the time consuming accountability process and the fact that most parents were illiterate. This is in agreement with findings discovered at the basic schools of Chibombo District. Some parents testified that they were illiterate and that they could not manage school funds. Hence, due to ignorance, they were not aware about their rights to participate in financial matters. As a result they were marginalised.

It was also revealed that the schools had poor record keeping skills, and hence, vital information was lost. This complicated the accountability process and consequently delayed the monthly accountability. This is a clear manifestation of the effect of local stakeholders who are not equipped with skills to manage school funds. However, this is not in line with Opfer and Denmark (2001) who suggested that the decentralised financial management could be implemented if empowerment and knowledge that enabled stakeholders to manage funds would be present. Therefore, effective

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### **Conclusion**

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decentralised financial management should have skilled accounting and book keeping staff.

In line with the above statement, it was revealed that all the stakeholders were not equipped with skills enough to manage funds. For instance, teachers felt it was necessary for them to be trained. The head teachers and Accounting Officers also testified that they did not acquire any financial training except for briefings and workshops. This was not sufficient because the majority of the teachers indicated that their head teachers' financial management skills were poor. However, the District Education Board Secretary also did not have financial skills. For parents, it was obvious that they did not have financial management skills because most of them were illiterate. As has been mentioned above, most Accounting Officers were not appointed on the basis of merit, as a result, it was discovered that they did not have any skills of accountancy as they only attended briefings and workshops on financial management. However, Ponder and Ware (2003) were not in support of workshops and briefings as they argued that limited one-shot training was not the answer to effective financial management but real learning which comes from daily practice in different and effective ways of saying and doing until the new ways become ways of being and thinking was the answer.

The largest obstacle to decentralised financial management is lack of capacity building. Naidoo and Kong (2003) stated that for decentralised financial management to be effective, stakeholders must acquire new skills in financial management. They further suggested that governments should provide formal training.

It can be concluded that because all the stakeholders who participated in the study did not possess financial management skills, formal training and workshops should be provided.

### **Conclusion and Recommendations**

Through a careful analysis of the decentralised financial management in basic schools of Chibombo District, this study has shown that decentralised financial management was not effective. Hence, there was a possibility that other districts in the country faced the same predicament. Therefore, in view of these findings the following recommendations are made to the MOE, DEBS and head teachers:

- The MOE should provide formal training for all those responsible in financial management at the local level, including parents, so as to improve financial management. This is in view of the finding that local stake did not have financial management skills.

- The head teachers should share financial responsibilities with lower levels of school administration. This will address the finding that in most schools what constituted the school financial management committee were the head teachers, deputy head teachers and the accounting officers.
- The MOE should sensitise the school authorities to encourage parents to participate in the management of school funds. This arose in view of the finding that parents were not incorporated in the school financial management committee.
- The MOE should provide full time qualified Accounting Officers in schools. This will address the finding that Accounting Officers did not have ample time to manage school funds as they were also committed to teaching pupils.
- Head teachers should allow all stakeholders to monitor how funds are being used by browsing through the financial records. This is in view of the finding that parents, teachers and pupils were not given the authority to monitor the utilisation of school funds.
- The MOE should provide Internal Auditors in each District and at least four (4) per District. This will address the finding that there was a lot of work load for one Internal Auditor to audit all the schools in the province.

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