

MAKERERE



UNIVERSITY

**FINANCIAL MANAGEMENT PRACTICES, FINANCIAL
ACCOUNTABILITY AND VALUE FOR MONEY PERFORMANCE OF THE
CAPITATION GRANT: A CASE OF UNIVERSAL SECONDARY EDUCATION
(USE) SCHOOLS IN MBARARA, RAKAI AND SSEMBABULE DISTRICTS**

BY

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DECLARATION

I, **SAMUEL M ASIMWE**, declare that this dissertation 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. The material in this dissertation should never be reproduced without the authors express permission.

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APPROVAL

This is to certify that the preparation and presentation of this dissertation by SAMUEL M ASIMWE entitled “**Financial management practices, Financial accountability and Value for money performance of the capitation grant in USE Schools**” has been submitted with our approval as University Supervisors in accordance with the guidelines on supervision of dissertation laid down by Makerere University.

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DEDICATION

This research work is dedicated to the Directors of God's Grace Investments limited for their financial support and continuous encouragement provided to make this report a success.

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TABLE OF CONTENTS	PAGE
Declaration	i
Approval.....	ii
Dedication	iii
Acknowledgement	iv
Table of contents	v
List of figures and tables	viii
List of appendices	ix
Glossary of terms and acronyms	x
Abstract	xii
CHAPTER ONE: INTRODUCTION.....	1
1.1 Background to the study	1
1.2 Statement of the problem	2
1.3 Purpose of the study	3
1.4 Objectives of the study	3
1.5 Research Questions	4
1.6 Scope of the study	4
1.7 Significance of the study	4
1.8 Conceptual Framework	5
CHAPTER TWO: LITERATURE REVIEW.....	6
2.0 Introduction	6
2.1 Financial Management Practices	6
2.1.1 Financial Record Keeping	6
2.1.2 Financial Internal Control Activities	7
2.1.3 Budgeting	7
2.1.4 Communication and Information	8
2.1.5 Monitoring	8
2.2 Financial Accountability	9
2.2.1 Financial Reports	9
2.2.2 Audit Reports	9
2.3 Value for Money Performance	10

2.3.1 Efficiency	10
2.3.2 Effectiveness	10
2.3.3 Economy	11
2.4 Relationship between FMPs, FA and VFM Performance	11
CHAPTER THREE: METHODOLOGY	12
3.0 Introduction	12
3.1 Research design	12
3.2 Study Population	12
3.3 Sample size and Sampling Design	12
3.4 Data sources	13
3.5 Data Collection methods	13
3.6 Measurements of Research Variables	14
3.7 Validity and Reliability of Research Instrument	14
3.8 Data Processing, analysis and Presentation	15
CHAPTER FOUR: DATA PRESENTATION, ANALYSIS AND INTERPRETATION	16
4.0 Introduction	16
4.1 Descriptive analysis of the Sample	16
4.1.1 Description of respondents by Sex	16
4.1.2 Description of respondents by Age groups	17
4.1.3 Education Level of respondents	17
4.1.4 Number of years served in the School by respondents	18
4.1.5 Number of years served in the Current position by respondents	18
4.2 Descriptive analysis of the Study Variables	19
4.2.1 Status of Financial Management Practices	19
4.2.2 Status of Financial Accountability	23
4.2.3 Status of VFM Performance	25
4.3 Factor Analysis of the Study Variables	27
4.3.1 Rotated Component Factor Analysis for Financial Management Practices	27
4.3.2 Rotated Component Factor Analysis for Financial accountability.....	29
4.3.3 Rotated Component Factor Analysis for Value For Money Performance	29

4.4 Correlation Analysis of the Study Variables	30
4.4.1 Relationship between FMPs, FA and VFMP	31
4.5 Regression Analysis of the Study Variables	32
4.6 Qualitative data analysis	33
CHAPTER FIVE: DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS ..34	
5.0 Introduction	34
5.1 Discussions	34
5.1.1 Financial Management Practices (FMPs)	34
5.1.2 Financial Accountability (FA)	37
5.1.3 Value For Money Performance (VFMP)	38
5.1.4 Relationship between FMPs, FA and VFMP	39
5.2 Conclusions	40
5.3 Recommendations	41
5.3.1 Financial Management Practices (FMPs)	41
5.3.2 Financial Accountability (FA)	42
5.3.3 Value For Money Performance (VFMP)	42
5.4 Areas of Further study	43
5.5 Likely Limitations to the Study	43
5.6 Possible Solutions to the Limitations of the study	43
References	44
Appendices	48

LIST OF FIGURES AND TABLES

Figure (1) Conceptual Framework	5
Table 1:3.1 Sample Composition and Selection Techniques	12
Table 2:3.2 Pilot-test Reliability Statistics	15
Table 3:3.3 Study Reliability Statistics	15
Table 4:4.1 Description of respondents by Sex	16
Table 5:4.2 Description of respondents by Age groups	17
Table 6:4.3 Education Level of respondents	17
Table 7:4.4 Number of year served in the School by respondents	18
Table 8:4.5 Number of years served in the Current position by respondents	18
Table 9:4.6 Descriptive statistics for FMPs	19
Table10:4.7 Descriptive statistics for Financial Accountability	23
Table11:4.8 Descriptive statistics for VFM Performance	25
Table12:4.9 Rotated component matrix ^a for FMPs	27
Table13:4.10 Rotated component matrix ^a for Financial Accountability	29
Table14:4.11 Rotated component matrix ^a for VFM Performance	29
Table 15:4.12 Zero order correlation Matrix	31
Table 16:4.13 Regression Model	32

LIST OF APPENDICES

APPENDIX I Questionnaire	48
APPENDIX II Interview Guide	56
APPENDIX III Time Schedule	57
APPENDIX IV Budget	58

GLOSSARY OF TERMS AND ACRONYMS

AGAR	-	Auditor General Annual Reports
BOG	-	Board of Governors
CIPFA	-	The Chartered Institute of Public Finance and Accountancy
DEO	-	District Education Officer
DIA	-	District Internal Auditor
FA	-	Financial Accountability
FM	-	Financial Management
FMP	-	Financial Management Practices
FY	-	Financial Year
G.O.U	-	Government of Uganda
GAO	-	The Government Accountability Office
GRC	-	Graduate Research Centre
IGG	-	Inspector General of Government
INTOSAI	-	International Organization of Supreme Audit Institutions
LGFAR	-	Local Government Financial and Accounting Regulations
MDGs	-	Millennium Development Goals
MFPEd	-	Ministry of Finance, Planning and Economic Development
MIS	-	Municipal Inspector of Schools
MOES	-	Ministry of Education and Sports
MUBS	-	Makerere University Business School
NGO	-	Non Governmental Organization
OECD	-	The Organization for Economic Co-operation and Development
PAC	-	Public Accounts Committee
PEDP	-	Primary Education Development Programme
PIN	-	Pupil Identification Number
PPP	-	Public Private Partnership
PS	-	Permanent Secretary
PTA	-	Parents Teachers Association
SCG	-	School capitation grant

S.D	-	Standard Deviation
SFG	-	School Facilities Grant
SS	-	Secondary School
UN	-	United Nations
UPE	-	Universal Primary Education
UPPET	-	Universal Post Primary Education and Training
USE	-	Universal Secondary Education
USES	-	Universal secondary Education schools
VFM	-	Value for Money
VFMP	-	Value for Money Performance

ABSTRACT

As part of strategies to universalization of education, UN Millennium Development Goals and the Education for all goals, the government of Uganda launched the capitation grant policy for Universal secondary Education schools in 2007 at a pa capita rate of 41,000/= for every student. However there has been continued public outcry and audit queries raised by Auditor General and the IGG on the usage of this Grant and this provoked the undertaking of this research study.

The purpose of this study was therefore to examine the relationship between Value For Money performance of the capitation grant in USE Schools with respect to the financial management practices and financial accountability. The study was guided by the objectives to examine the status of financial management practices (FMPs), financial accountability and Value For Money Performance of the capitation grant and to examine the relationship between the study variables.

A cross sectional research design of both quantitative and qualitative approaches was selected for this study. Both primary and secondary data sources were used. Data was collected using a self-administered close ended questionnaire, Interview guide and review of the selected documents and periodic reports. Collected data was sorted, edited and analyzed using a Statistical Package for Social Scientists (SPSS), in which Descriptive statistics, Factor Analysis, Correlation and Regression tests were all run to establish the status and relationship between the study variables.

The findings of the study revealed a positive and significant relationship between Financial Accountability (FA) and Value for money ($r = 0.681$, $p < 0.01$) and regression results showed that the model explains 43.0% of the variations in VFM performance of the USE Capitation Grant.

Having known the significance of FMP and FA, the researcher recommended that USE Schools need to ensure for continuous review of FMPs and FA in operation in order for the government of Uganda to achieve VFM performance of Capitation Grants in the USE Schools.

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 not-for-profit entity, educational institution, business or an individual (Barrett, 2007). 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 Uganda, Kenya, and Ghana and among other developing countries. 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 MDGs 1 and 2 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 Financial Accountability (Local Governments Financial Management & Financial Accountability Regulations [LGFAR], 2007).

Davies (2007) defines VFM as the assessment whether or not an organization is obtaining the maximum benefit from the goods and services it acquires and/or provides, with emphasis on effectiveness, efficiency and economy for Value for money performance (VFMP). Joubert and Bray (2007) describe financial management practices (FMPs) as the performance of management actions connected with the financial aspects of a school for the achievement of effective education. Equally important is financial accountability (FA), which is according to legislation a legal requirement at schools that makes it mandatory for schools to manage school funds and take responsibility to implement all the necessary financial accountability processes so as to comply fully with the Education Development Programme (EDP) Financial Management and Accounting Manuals (Mmari, 2005). Brinkerhoff (2001) defines Financial Accountability (FA)

as the compliance examination of officials and agencies with laws, regulations, rules and procedures for the transparent allocation, expenditure, and reporting of the financial resources.

Studies have attempted to explain Value For Money performance of public entities, with limited number of studies investigating utilization of the Capitation Grant utilization in Universal Government Aided Secondary schools. Some scholars have related this VFM performance to the financial management practices and financial accountability as they both refer to the rules that entities must follow to be accountable to their stockholders, stakeholders and the general public.

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 (Mushemeza, 2003). In light of the foregoing exposition regarding financial management practices and accountability at schools and against the above background, this study is aimed to investigate the status of financial management practices and financial accountability at schools, and their relationship with Value For Money Performance of the USE Schools Capitation Grants.

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 were not properly used by the school (Sundet, 2004) and as a result Value for Money (VFM) has been a challenge to achieve while utilizing the capitation grants in Universal Secondary Education (USE) schools with all the financial management and the accountability rules, procedures and regulations, as well as their attendant legal prescriptions.

Stakeholders, Auditor General's and Inspectorate of Government Annual Reports (IGAR) to the parliament between 2007 and 2011 have at least one or two cases of mismanagement and misappropriation of USE grants by Head Teachers of primary and secondary schools citing little or no Value For Money 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 - Fraud (misappropriation) (IGAR, 2007&2011), an indication of poor financial management practices and poor financial accountability (Hallak and Poisson 2007).

Report by the Judicial Commission of Inquiry into the Mismanagement of UPE/USE funds, (September, 2012) also revealed that none adherence to FMPs and FA caused a gross financial loss to UPE and USE schools countrywide to the tune of about Thirty Five Billion (UGX 35b) on the 50 sampled districts for the period between 1997 and 2011. Thus, the need to investigate the status and the relationship between Value For Money Performance of the USE Schools Capitation grant utilization, financial management practices (FMPs) and financial accountability.

1.3 Purpose of the Study

The purpose of the study was to examine the status of, and relationship between financial management practices, Financial Accountability and VFM of capitation grants in USE schools.

1.4 Objectives of the study

- (i) To examine the status of financial management practices in USE Schools.
- (ii) To examine the status of financial accountability in USE Schools.
- (iii) To examine the status of VFM performance of capitation grant in USE Schools.
- (iv) To examine the relationship between (FMPs) and financial accountability (FA).
- (v) To examine the relationship between (FMPs) and Value for Money (VFM).
- (vi) To examine the relationship between financial accountability (FA) and Value for Money.
- (vii) To examine the relationship between financial management practices (FMPs), financial accountability (FA) and VFM performance of USE capitation grant.

1.5 Research Questions

The study was guided by the following research questions:

- (i) What is the status of financial management practices in USE Schools?
- (ii) What is the status of financial accountability in USE Schools?
- (iii) What is the status of VFM performance of capitation grant in USE Schools?
- (iv) What is the relationship between FMPs and financial accountability (FA) in USES?
- (v) What is the relationship between (FMPs) and VFM in USE Schools?
- (vi) What is the relationship between financial accountability (FA) and VFM in USES?
- (vii) What is the relationship between financial management practices (FMPs), financial accountability and Value For Money performance (VFMP) of USE capitation grant?

1.6 Scope of the study

The study confined itself on the status of FMPs and Financial Accountability (FA) with respect to achieving VFM performance of Capitation Grants in Universal secondary education Schools.

Depth of Investigation

The study examined expenditures of grant released by government to USE grantees for a period of five (5) years, with emphasis put on percentages of eligible cost centers and USE guidelines.

Geographical Scope

The study investigated the utilization patterns in Universal secondary Education schools (USES) in the Districts of Mbarara, Rakai and Ssembabule in the western region of Uganda, with relatively many USE schools and student enrollment figures.

1.7 Significance of the study

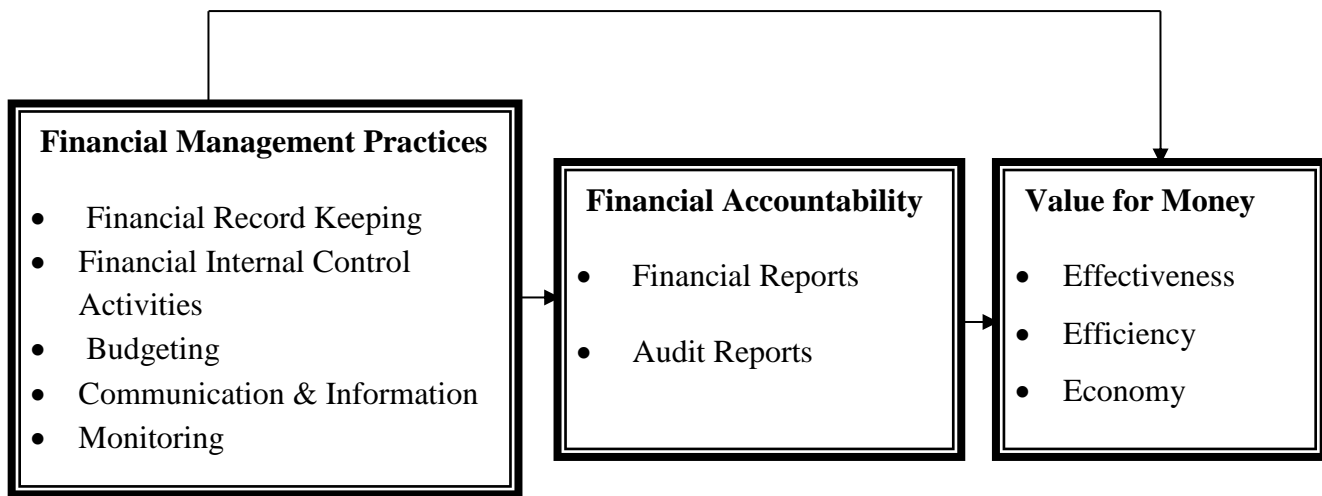
- (i) **Policy Makers:** The findings of the study shall contribute necessary information to the government led agencies specifically Ministry of education and sports, and the Local Government, NGOs and private business entrepreneurs involved in education management.

- (ii) **Researchers:** 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 to the researchers and scholars of accounting and finances field.
- (iii) **Managers:** 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.

1.8 Conceptual framework

The model explains and illustrates the relationship amongst the variables under study, FMPs and FA as the Independent variables while Value For Money performance as the dependent variable.

Figure 1: The Conceptual framework



Source: Adopted from the works of Brinkerhoff, (2001)

The conceptual framework demonstrates a relationship between FMPs, FA and VFM and that FMPs and FA are quite instrumental in ensuring that VFM is achieved. FMPs facilitate FA which also mediates VFM performance. Financial accountability is linked to performance accountability in that the financial resources to be accounted for are intended to produce goods, services, and benefits for citizens. It is only distinct in that financial accountability's emphasis is on legal procedural compliance whereas performance accountability concentrates on results.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter provides findings and debates that have been presented by different scholars in relation to each variable and reviews the relationship between financial management practices (FMPs), financial accountability (FA) and Value For Money performance of Capitation Grant.

2.1 Financial Management Practices (FMPs)

Joubert and Bray (2007) 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, 2009). 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, 2005).

2.1.1. Financial Record Keeping

The Education Development Programme (EDP) guidelines (2007), 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 (Mmari, 2005). 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., 2006).

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 [LGFAM], 2007). 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, 2004). Control Activities include authorizations and approvals, verifications, reconciliations, reviews of performance, security of assets, segregation of duties, and controls over information systems (Laura, 2002).

Mestry (2006) 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 (Hôgye 2002). 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, 2004). 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, 2005).

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, 2007; INTOSAI, 2004). 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, 2004).

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, 2005). 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, 2007). 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 (LGFAR, 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 Financial Accountability

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, 2004). Walker and Smither (1999) 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, 2005). 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 (2007) 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 (CIPFA, 2002).

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, 2007). Lewis (2003) 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 (2005), 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], 2005).

2.3 Value for Money Performance of USE Capitation Grant

2.3.1 Efficiency

Efficiency (output maximization) is a unit cost and productivity indicator that shows the ratio between inputs and outputs, on how much you get out in relation to how much you put in. Efficiency is therefore achieving the maximum or best possible output with the minimum possible resource input. Chandan (1987) defines efficiency as a technique of operations which results in achieving the objectives in an optimum and effective manner so that the resources of time, talents and more are utilized fully and without waste. Efficiency is primarily associated with the process and the best use of resources (also involves the delivery of procurement). It includes whether you get it right first time or whether you have duplication (Anderson, et al, 2001). Even when the capitation funds are available at the school level, the ability of the capitation grant to empower students from poor households and marginalized schools would depend on how efficiently the funds are used by school managers (Fiszbein, Ringold, & Rogers, 2009). Therefore, the governance of the capitation grant in secondary schools is influenced by both the civic engagement (demand-side factors) and the school autonomy (supply-side factors).

2.3.2 Effectiveness

Effectiveness (full attainment of the intended results) is the degree to which objectives are achieved or the extent problems are solved. Effectiveness is identified as the key criteria for assessing the success of government programmes (African Development Bank [ADB], 1999).

Effectiveness is sub-divided into three categories: (a) **Impact** which is the output of all the input functions with respect to performance as a whole; (b) **satisfaction** which is how the service is perceived by both the senior management within the organization and the internal staff that use the function; (c) **modernization** which is the extent to which the organization has adopted the management practices and how it is being innovative and forward looking (Potts, 2002).

2.3.3 Economy

Economy is cost minimization, which is doing more with fewer resources and a making saving. Economy aims at minimizing the cost of resources ('doing things at a low price') Jan (2003).

2.4 Relationship between FMPs, FA and VFM Performance

Nayak and Greenfield 1994; and Lybaert 1998 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, (2009), effective and continuous monitoring of activities guarantees optimal utilization of resources through effective accountability, correct and timely information.

Thuy (2007), Sarbanes-Oxley Act (SOX, 2002), 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, 2008; Cunningham, 2004; INTOSAI, 2004).

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 record-keeping and accounting are inadequate, leading to misallocation of funds, salary payments to 'ghost' teachers and a general lack of fiscal accountability" (Hubbard, 2007:4). The World Bank (2004) 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 is considered appropriate for generalizing the findings over a population. (Sekaran, 2003).

3.2 Study Population

The study population was composed of 61 eligible USE schools (both urban and rural) of Mbarara, Rakai and Ssembabule Districts that received Capitation Grant for the FYs 2007/08-2012/13. The three districts had proportionate bigger financial loss percentages according to the report by Judicial Commission of Inquiry into the Mismanagement of UPE/USE funds, (September, 2012).

3.3 Sample Size and Sampling Design

Based on Krejcie and Morgan (1970), a sample size (n) of 42 USE schools was determined. Because schools in the Districts have varying numbers, the sample composition was determined proportionately with $(n_i) = (P_i/P) \times n$.

Table 3.1: Sample Composition and Selection Technique

District	Number of USE Schools (Targeted Population, P_i)	Optimal Sample (n_i)
Mbarara	25	17
Rakai	25	17
Ssembabule	11	8
Total Population (P)	61	42

Source: Ministry of Education & Sports 2013

From the Samples, a unit of Inquiry (respondents) who are stakeholders was selected by simple random sampling technique due to their knowledge about the topic under study. The target respondents that included Head Teacher, Teacher, Bursar, a member of Board of Governor was 168 respondents (42x4) and a 95% response rate (160 useable responses) was achieved.

3.4 Data Sources

Both primary and secondary data sources were utilized. Questionnaires and interview guide were the quantitative tools used for primary data with guidance of research questions and conceptual framework developed while Documentary review was used for secondary data.

3.5 Data Collection Methods

Questionnaires

Close ended questionnaires with close-ended statements were administered to the sample at the schools to collect and analyze quantifiable data (Bryman 2001). 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 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 researcher and the knowledgeable and purposively selected persons 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, Accountability files, IGG and Auditor General's reports .

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, and nature of participation, confidentiality, and possible publication of results. This is in respect to the cardinal importance because financial issues are very sensitive in schools. Since the “principle of anonymity is linked with confidentiality” (Bless et al. 2006).

3.6 Measurement of Research Variables

Study variables were in this study measured and tested by their constructs on a set of statements to a five-point likert scale format questionnaire ranging from strongly agree (5), Agree (4), Not sure (3), Disagree (2) to strongly disagree (1). Financial Management Practices (FMPs) was measured by its constructs of Financial Record Keeping, Financial Internal Control Activities, Budgeting, Communication & Information and Monitoring (DiNapoli, 2007; INTOSAI, 2004). Financial Accountability (FA) was also measured by its constructs of, Financial Reports and Audit Reports (Lewis, 2003). And value for money performance (VFMP) was measured using the 3Es as Efficiency, Economy and Effectiveness (Ogden, 2009).

3.7 Validity and Reliability of the Research Instrument

3.7.1 Validity

Validity test of the research instrument was established using Content Validity Index (CVI) to determine the relevance of the questions in measuring the variables. The questionnaire and interview guide were validated through a judgment of 5 experts and a CVI of 0.75 for the questionnaire obtained.

3.7.2 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 condition with the same subjects. A pilot-test was conducted in a selected Kampala USE school- Lugazi SSS to ascertain the reliability of the questionnaire using the Cronbach’s Alpha (α) coefficient to measure reliability of the variables (Cronbach, 1946; 1951). Pilot-test reliability figures were obtained as in Table 3.2 below;

Table 3.2: Pilot–test Reliability Statistics

	Cronbach's Alpha Based on Standardized Items	Number of items	Cronbach's Alpha	Reliability Threshold
Financial management Practices (FMPs)	0.855	38	0.83	0.7
Financial accountability (FA)	0.946	29	0.925.	0.7
Value for money performance (VFMP)	0.856	14	0.871	0.7

Source: Primary Data

Study reliability figures were also obtained as in Table 3.3 below;

Table 3.3: Study Reliability Statistics

	Cronbach's Alpha Based on Standardized Items	Number of items	Cronbach's alpha	Threshold for Reliability
Financial management Practices (FMPs)	0.709	18	0.734.	0.7
Financial accountability (FA)	0.737	15	0.747.	0.7
Value for money performance (VFMP)	.905	18	.857	0.7

Source: Primary Data

Table 3.3 above, shows Cronbach's alpha values of financial management practices (0.734), financial accountability (0.747) and value for money performance (0.857) all more than the 0.70 which is the required threshold value for constructs to be considered reliable (TeoLimLai, 1999).

3.8 Data Processing, Analysis and Presentation

Data collected was sorted, edited and checked for the required quality, accuracy and completeness. Data analysis was done using the Statistical Package for Social Scientist (SPSS). Output for analyzed data included Descriptive statistics (means, standard deviation, frequencies and percentages) factor analysis, and inferential statistics (correlations, and regressions).

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.0 Introduction

The chapter presents Descriptive and Inferential statistics for the results on the model and research questions of the study. Descriptive analysis and factor analysis show the most important factors of the study variables while correlation analysis and regression analysis ascertain the relationship of the study variables.

4.1 Descriptive analysis of the Sample

Respondents' Background Characteristics

Respondents characteristics investigated ranged from designation, sex, age, level of education, number of years served in the school and number of years served in the current position. These varying characteristics enabled the researcher get sufficient information on the study variables as shown in the results below.

4.1.1 Distribution of respondents by sex

Because management issues affect different people (women and men) differently, the researcher established the sex distribution of the respondents and results are herein Table 4.1;

Table 4.1: Distribution of respondents by sex

Sex	Frequency	Percentage (%)
Male	96	60.0
Female	64	40.0
Total	160	100.0

Source: Primary Data

Table 4.1 reveals more males (60%) than females who constituted the remaining 40% of the sample. The study indicates that there was equitable (proportionate) participation of both men

and women. This gave the researcher an opportunity to interact and discuss different views with both men and women at different levels.

4.1.2 Distribution of respondents by age groups

Because management issues affect people differently depending on their age groups, the researcher established the age distribution of the respondents as in Table 4.2 below;

Table 4.2: Distribution of respondents by age groups

Age group	Frequency	Percentage (%)
30-39	91	56.9
40-49	53	33.1
50 and above	16	10.0
Total	160	100.0

Source: Primary Data

Results Table 4.2 above, reveal that majority of the respondents (56.9%) are in the age group of 30-39 years more than half of the sample, and (33.1%) fell in the age group of 40-49.

4.1.3 Education level

The education level was used to establish the respondents' level of competence and the results are shown in Table 4.3 below;

Table 4.3: Distribution of respondents by education levels

Education level	Frequency	Percentage (%)
Masters Degree	22	13.8
Bachelors Degree	111	69.4
Diploma	27	16.9
Total	160	100.0

Source: Primary data

Table 4.3 indicates that majority (69.4%) of the respondents had attained a Bachelor’s degree, 16.9% had a Diploma and 13.8% had Master’s Degree. Majority of respondents had at least a diploma, it implied that they were knowledgeable enough and understood the purpose study.

4.1.4 Number of years served in the school

The researcher investigated the time in years the respondents had served in the respective schools and results shown in Table 4.4 below;

Table 4.4: Number of years served in the school

No. of years served in the school	Frequency	Percentage (%)
< 2 yrs	4	2.5
3-6 yrs	125	78.1
7-10 yrs	31	19.4
Total	160	100.0

Source: Primary data

Findings indicate that majority of the respondents (78.1%) had served in the school for 3-6 years, 19.4% had served for 7-10 years and 2.5% had served for less than 2 years while none had served beyond 10 years. This means that results represent views of the experienced staff in the school and that there were no frequent changes in the staff and management.

4.1.5 Number of years served in the current position

The researcher also investigated the time the respondents had served in their positions.

Table 4.5: Number of years served in the current position by respondents

No. of years	Frequency	Percentage (%)
3-6 yrs	128	80.0
7-10 yrs	31	19.4
> 10 yrs	1	0.6
Total	160	100.0

Source: Primary data

Findings indicate that majority of the respondents (80%) had served in the positions for 3-6 years, 19.4% had served for 7-10 years and 0.6% had served for more than 10 years while none had served for less than 2 years implying that career stagnation was rampant.

4.2 Descriptive analysis

4.2.1 Status of financial management practices

Functionality of financial management practices was analyzed by looking at the extent to which financial records are kept, financial internal controls are enforced, how budgeting and monitoring are done and how communication and information are handled basing on the anchor of the instrument scale. The FMP's status findings are presented in Table 4.6 below;

Table 4.6: Descriptive statistics for financial management practices

Financial management practices: Statements	Min	Max	Mean	S.D
Financial Records Keeping	4	4	4.00	0.00
This School maintains good Financial record keeping.	1	4	3.98	.237
School records	1	5	4.14	.813
Finance Manual Guidelines from the Ministry are properly followed.	1	5	3.67	1.377
Pre-designed Ministry Record Forms are used consistently.	1	5	4.12	.842
Financial Record Keeping procedures, rules and regulations, policies and requirements are always followed.	4	5	4.52	.501
Statutory records	4	5	4.18	.386
Admission registers in this School are used every term.	1	5	4.18	.797
Student Attendance Registers are always used by all the class Teachers.	4	5	4.32	.467
Statutory Reports and Minutes are well kept in this School.	4	5	4.29	.454
Annual Statistical returns/ forms are consistently filled.	3	5	4.19	.520
Academic Records	3	5	4.11	.372
Students' Examination/Assessment Results are kept well per term.	4	5	4.62	.487
Finance Records	4	4	4.00	.000
Cash Books are consistently used and updated.	4	5	4.54	.500
Expense payment vouchers are well filed and in chronological order.	4	5	4.16	.370
Bank statements are properly filed.	4	5	4.63	.484

Financial management practices: Statements	Min	Max	Mean	S.D
Stock Books are consistently used and updated.	3	5	3.99	.624
Accountability files (2007-2012) well kept.	3	5	4.56	.590
Staff Records	4	5	4.20	.401
Teaching Staff Listing is updated regularly.	4	5	4.34	.476
Financial Internal Control Activities	4	5	4.11	.317
Expenditure and Procurement controls	4	5	4.10	.301
Requisitions and LPOs are authorized by HTs and one Board Member.	4	5	4.71	.457
All Payment vouchers always have necessary supporting documents.	4	5	4.22	.415
Payment vouchers are always authorized by HT and a Board Member.	2	5	4.75	.476
The Head Teacher in this School insists that Invoices are not paid without Goods Received Notes (GRNS).	2	5	4.06	.529
HT in this School insists that Paid Vouchers must be stamped "PAID".	2	5	3.18	1.045
Asset Register in this School is well maintained and updated.	2	5	3.44	.860
All Assets of the School are Engraved /marked.	2	4	2.43	.806
In this School there is clear separation of duties and roles.	2	5	4.21	.884
Records on Capitation Grant are kept secure from unauthorized access, loss or damage.	2	5	4.54	.662
Budgeting	2	5	4.09	.401
School operating Budget is prepared and approved by the School Board.	2	5	4.87	.436
Approved School operating Budget is sent to the Ministry through the DEO, CFO and CAOs offices.	2	5	3.04	1.283
Stake Holders are involved in building the school operating budget.	2	5	3.82	1.405
The size of Capitation Grant depends on Enrolment in the School.	2	5	4.37	.706
All the Budgeted Capitation Grant funds are received in time.	2	5	3.49	1.279
Capitation Grant is always spent according to the legible Capitation Grant budget lines.	2	5	3.84	.643
All School requirements fit well in the apportioned mandatory percentages of the Capitation Grant Budget.	2	5	3.84	.582
Prioritizing the utilization of the Grant in the Expenditure Categories is Satisfactorily done.	2	4	3.72	.693
The School Finance Committee always reviews budget Variances (actual expenditure Vs budgeted expenditure).	2	5	3.32	.961
Expenditures over and above the legible allocated funds are always authorized by the Head Teacher and Board of Governor.	2	5	3.53	1.075

Financial management practices: Statements	Min	Max	Mean	S.D
Our School Capitation Grant Budget is Supplemented by other sources.	2	5	3.76	.850
Capitation Grant we receive fluctuates/changes within the year.	2	5	2.96	1.048
The eligible Budget lines of the Capitation Grant are strictly followed.	2	5	3.59	.885
Communication & information	2	5	4.01	.624
Timely information on Capitation Grant is always availed to the public.	2	4	3.90	.437
Capitation Grant disbursements and expenditures are always posted on the School Notice boards by the Head Teacher.	2	4	3.56	.829
Accountabilities are sent to the Ministry through district stake holders.	2	5	2.90	1.089
Transparency in the capitation funds utilization	2	5	3.40	.998
Capitation Grant expenditure reports are always presented in Meetings.	2	5	4.16	.500
Capitation Grant is always apportioned according to the legible Budget lines in the School Finance meetings.	4	5	4.32	.470
The Head Teacher freely shares information on the Capitation Grant during BOG, PTA, or SMC meetings.	2	5	4.34	.515
Stake holders' Roles and Responsibilities are encouraged.	4	5	4.43	.496
BOG and Finance Committee of this school is functioning very well.	3	5	4.21	.454
Bank Account	2	5	4.18	.470
This School is operating a separate USE Bank Account.	2	5	4.04	.474
Capitation Grant is disbursed by Finance Ministry directly to this School's Bank Account.	2	5	3.99	.925
Our School banks other monies on this USE bank Account.	2	5	3.89	1.320
There are Capitation Grant withdrawals during School holidays.	2	5	3.56	1.169
Monitoring	2	5	3.41	.850
There is always monitoring and supervision by District Inspector of Schools on the how Capitation Grant in this school is utilized.	2	4	3.72	.540
Inspection is done centrally (no official feedback at the District).	2	5	3.59	.819
There is always monitoring and supervision by the National Level Inspectors of Schools on the activities of the School.	2	4	3.20	.944
Stake Holders actively participate in monitoring and supervision of the School activities and Capitation Grant Utilization.	2	4	3.51	.752
Civil Society Organizations (Other Stakeholders) monitor capitation disbursements and spending.	2	5	3.77	.563

Financial management practices: Statements	Min	Max	Mean	S.D
School Management closely monitors implementation of Internal control systems in our institution school.	2	4	3.60	.585
My school has an established procedure for periodic monitoring of the inventory against theft.	2	4	3.66	.701
Global Mean			3.99	

Source: Primary Data

Results from table 4.6 reveal a global mean of 3.99 an indicator that that to some extent, good financial management practices, are upheld by USE schools. Also financial records are reflected to be good by a mean value above average, (Mean = 3.96). However, even then the respondents had slight variations in their responses regarding financial records system as revealed by a standard deviation of 0.237. This is in line with Mmari, (2005), upholding financial records system, the head-teacher is supposed to keep records and minutes of the school. The study also revealed that respondents agreed that schools follow Finance Manual Guidelines from the Ministry properly (Mean=3.67). Nevertheless a corresponding significant standard deviation of 1.377 suggests a significant variation in responses; a highly contentious issue. This however could also be construed to imply that respondents might not have clearly understood this dimension of record keeping. This pattern was similar across all the categories of the respondents on the collected data on a set of record keeping indicators. This means that good financial records' keeping is an indicator of functionality of financial management practices in the school.

Also from table 4.6 results reveal that authorizations to USE Capitation Grants utilization are all done by Head teachers and one Board member (Mean = 5). This is yet another indicator of functionality of financial management practices in the school. However respondents reported disagreement as to whether USE Schools engrave all their assets and others were uncertain on maintenance of Asset Registers and stamping Vouchers "PAID" (Mean, 3). Furthermore analysis results from Table 4.6 revealed that School operating Budgets are prepared and approved by the School Board. (Mean = 5). However respondents were uncertain as to whether approved school operating budgets are sent to Ministry through the offices of the District Education Officer (DEO), Chief Finance Officer (CFO) and Chief Administrative Officer (CAO), (Mean = 3.04) and fluctuations of the Grant within a year (Mean = 2.96).

Again results from Table 4.6 also demonstrated that the Head teachers freely share information on the capitation grants during Board of Governors (BOG) and Parents Teachers Association (PTA) meetings (Mean = 4.34). However respondents were uncertain as to whether Accountabilities are sent to the Ministry by Schools, through district stake holders (Mean = 2.90). On Monitoring, results from Table 4.6 revealed that respondents were in agreement in regard to monitoring and supervision by District Inspector of Schools on the how Capitation Grant in this school is utilized (Mean = 3.72). However respondents were uncertain as to whether there is always monitoring and supervision by the National Level Inspectors of Schools on the activities of the School (Mean = 3.2).

4.2.2 Status of Financial Accountability

Table 4.7: Descriptive statistics for Financial Accountability

Financial Accountability: Statements	Min	Max	Mean	S.D
Financial Reports	4	4	4.00	.000
This School prepares Statutory Financial reports in time and regularly.	2	4	3.99	.158
School Accountability Reports are in line with Ministry finance manual.	4	5	4.01	.079
Accountability reports are regularly prepared and submitted in time.	4	5	4.06	.231
Regular reports on Accountabilities have standard format.	2	5	3.52	1.187
Head-Teachers Supervise and follow up on accountability related issues.	2	5	3.73	1.008
All Capitation Grants received since 2007, have Accountability Certificates issued per term by the Ministry.	2	5	3.83	.771
Audit Reports	2	5	4.11	.414
Internal audit	2	5	4.00	.275
Sub-Accountants carry out routine examination of the school accounts.	2	5	4.07	.539
District Internal audit staff conducts routine audits in this School.	2	5	3.22	1.058
District Internal audit reports are produced regularly and address weaknesses in this School's internal control system.	2	5	2.69	.971
The District Internal auditor makes appropriate recommendations for the school management to improve.	2	4	2.32	.481
School Management discusses internal audit reports frequently.	2	3	2.43	.496

Financial Accountability: Statements	Min	Max	Mean	S.D
The District Internal auditor examines accountabilities on Capitation Grant before they are submitted to the Ministry.	2	4	2.22	.497
External audit	2	4	3.12	.954
Annual Audit Reports have been prepared for the period 2007-2012.	2	5	3.28	.762
Auditor General's audit staff conducts routine audits in this School.	2	4	3.01	.797
Audit firms appointed by Auditor General conduct audits in this school.	2	4	2.94	.758
Global Mean			4.13	

Source: Primary data

Results in Table 4.7 above, a global mean of 4.13 is an indicative that status of financial accountability is good in USE schools. Also it is revealed that all the respondents agreed that Accountability reports are regularly prepared and submitted in time to the Ministry per term (Mean= 4.06) and all Capitation Grants received since 2007, have Accountability Certificates issued per term by the Ministry (Mean=3.83). This pattern was similar across all the categories of the respondents on the collected data on a set of Financial Reports indicators.

Results Table 4.7 again revealed uncertainty with the District internal audits and Audit reports (Mean=3) especially on availability of 2007-2012 audit reports, district staff conducting audits regularly and making appropriate recommendations. Uncertainty was also revealed on Auditor General's audit staff conducting routine audits in USE government schools and appointment of Audit firms by the Auditor General to conduct audits (Mean=3).

A disagreement was revealed on the District Internal auditors examining accountabilities on Capitation Grant before they are submitted to the Ministry (Mean=2.22). Discovered also was that School Management does not discuss internal audit reports frequently (mean \approx 2). These came out significantly to disagree that financial accountability is manifested in the schools.

4.2.3 Status of VFM performance of capitation grant in USE Schools

Level of Value For Money performance of capitation grant in USE Schools was analyzed by looking at the 3Es; Efficiency, Effectiveness and Economy as in Table 4.8.

Table 4.8: Descriptive statistics for Value For Money Performance

VFM Performance: Statements	Min.	Max.	Mean	S.D
Efficiency	2	4	3.51	.824
Our School always has Scholastic Materials like Stationary.	3	5	4.00	.112
Our School always has funds to participate in Co-Curricular Activities at the District and National Level.	4	4	4.00	.000
Our School always has funds to purchase Statutory Record Books.	4	5	4.26	.438
Our School always has Petty Cash for Administrative purposes.	4	5	4.31	.462
Our School pays for Utilities in time.	3	5	4.08	.456
Contingency Budget line improves on availability of Teaching and Learning Materials and Co-curricular activities in this school.	2	4	3.15	.992
For best use of Capitation Grant clear processes are followed to avoid waste and duplication.	2	4	3.85	.528
Staff ensures there is optimal utilization of resources to attain the Ministry's Objectives and targets.	2	5	3.93	.390
School enrolment records are well tallied with exact number of students in the school.	2	5	4.19	.616
Effectiveness	3	5	3.99	.177
This School has Improved Teaching/Learning Environment.	3	5	4.01	.296
Stake Holders achieve the intended best quality Purchase targets	3	5	4.16	.462
Stake Holders achieve the intended quantity Purchase targets.	2	5	3.86	.412
Parents are not paying for any items in the Schools' Capitation Grant Budget.	1	4	2.17	.646
Economy	2	4	3.97	.223
All Stake Holders aim at minimizing the cost of input resources for all the School Requirements.	2	5	4.06	.302
The School pays for services/ products basing on the market price.	4	5	4.59	.494
The School Secures 3 Quotations for Substantial purchases.	4	5	4.05	.219
School property/assets are always safeguarded to ensure that there is no damage/loss.	3	5	4.40	.596

VFM Performance: Statements	Min.	Max.	Mean	S.D
Proper Procurement practices are always followed to achieve fair priced goods.	4	5	4.26	.441
The Ministry buys /procures in large quantities for schools to enjoy bulk Purchase discounts.	2	4	2.34	.527
Global Mean			3.79	

Source: Primary data

According to Global mean (3.79) results in Table 4.8, it was revealed that respondents generally agreed that there is some value for money in utilization of capitation grants in USE schools, partly because their schools always have scholastic materials like stationery. They also agreed that their schools always have funds to participate in Co-Curricular Activities at the District and National Level, Purchase Statutory Record Book, always have Petty Cash for Administrative purposes, pay for Utilities in time and have clear processes followed to ensure best use of Capitation Grant (Mean ≈ 4 and ≈ 5). Majority of the respondents generally agreed that value for money was manifested in the running of the schools though it came out that respondents were uncertain of whether contingency budget line improves on availability of teaching and learning materials and Co-curricular activities (Mean =3.15 ≈ 3).

Results from Table 4.8 of the study also revealed that respondents agreed that USE schools have Improved Teaching/Learning Environment (Mean=4.01), the Intended best quality and quantity purchases targets are also achieved (Mean=4.0), indicating effectiveness in utilization of Capitation Grant. However, respondents disagreed with the notion that parents are not paying for any items in the Schools' Capitation Grant Budget ($2.17 \leq \text{mean} \leq 2.34$).

Results from Table 4.8 of the study furthermore, revealed there is economy in utilization capitation grant. Respondents agreed that schools pay for services and products based on the market price (Mean=5) and that all stake holders aim at minimizing the cost of input resources for all the school requirements (Mean=4). On the other hand few respondents who disagreed with value for money performance in schools generally argued that the Ministry does not enjoy bulk purchase discounts as it doesn't procure in large quantities (Mean=2.34).

4.3 Factor Analysis of the Study Variables

Tabachnick & Fidell (2007) advises that for a good Factor analysis, the value of the KMO (Kaiser-Meyer-Olkin) index has to be at least 0.6 and the value of Bartlett’s test of sphericity to be large and the significant level small ($p < 0.05$) (Pallant, 2007). A statistical test showed that the study sample and correlations were adequate with KMO measure of sampling adequacy at **0.8**, and Bartlett’s test of Sphericity significant at 0.000 for each scale ($p < 0.05$). Factor extraction using principal component analysis and Varimax Rotation Methods were utilized.

4.3.1 Rotated Component Factor Analysis for Financial Management Practices

Table: 4.9 Rotated component matrix^a for Financial Management Practices

Rotated component matrix^a :FMPs	Fin. Record Keeping (1)	Fin. Internal Control Activities (2)	Comm. & Info. (3)	Budgeting (4)	Monitoring (5)
My school has an established procedure for periodic monitoring of the inventory against theft.	0.905				
The five (5) eligible Budget lines of the Capitation Grant are strictly followed.	0.875				
Prioritizing the utilization of the Grant in the Expenditure Categories is Satisfactorily done.	0.874				
Asset Register in this School is always maintained and updated with purchases and issues.	0.698				
Stake Holders are involved in building the school operating budget.	0.593				
The School Finance Committee always reviews budget Variances.		0.82			
Head Teachers always post CGs disbursements and expenditures on the School Notice boards.		0.718			
The HT freely shares information on the Capitation Grant during BOG, PTA, or SMC meetings.		0.611			
BOG and Finance Committee of this school is functioning very well.		0.603			
Stake holders Roles and Responsibilities are encouraged.		0.582			
Stock Books are consistently used and updated.		0.576			
The Head Teacher in this School insists that Paid Vouchers must be stamped “PAID”.		0.538			

Rotated component matrix^a :FMPs	Fin. Record Keeping (1)	Fin. Internal Control Activities (2)	Comm. & Info. (3)	Budgeting (4)	Monitoring (5)
Ministry Finance Manual Guidelines are followed.			0.813		
Cash Books are consistently used and updated.			0.774		
Statutory Reports and Minutes are well kept.			0.722		
Pre-designed School Record Forms from the Ministry are used consistently.			0.683		
Financial Record Keeping procedures, rules and regulations, and policies are always followed.			0.616		
All requisitions and purchase orders are authorized by Head Teacher and one Board Member.				0.82	
All Payment vouchers with supporting documents are always authorized by HT and a Board Member.				0.818	
There is clear separation of duties and roles.				0.552	
Annual Statistical returns are consistently filled.					0.512
Students' Examination Results/Assessment Results are kept well per term.					0.788
Bank statements are properly filed.					0.759
Eigen Values	7.118	5.668	5.529	5.003	4.653
% of Variance	12.943	10.306	10.053	9.096	8.46
Cumulative %	12.943	23.249	33.302	42.397	50.857
Extraction Method:Principal Component Analysis, Rotation Method: Varimax with Kaiser Normalization, a. Rotation converged in 17 iterations.					

Source: Primary data

From the table 4.9 above, factor loadings for each of the five Financial Management Practices' constructs and their contributions were interpreted as Financial records keeping (12.943%), Financial Internal Control Activities (10.306%), Budgeting (10.053%), Communication and Information (9.096%) and Monitoring (8.46%). They all explained 50.857% of the Financial Management Practices. This implies that five constructs are the dimensions of the variable FMPs.

4.3.2 Rotated Component Factor Analysis for Financial accountability

Table: 4.10 Rotated component matrix^a for Financial Accountability

Rotated component matrix ^a	Components	
	Financial Reports (1)	Audit Reports (2)
All CGs received have Accountability Certificates issued per term by the Ministry.	0.857	
In this School, Annual Audit Reports have been prepared for the period 2007-2012.	0.808	
The Head Teacher Supervises and follows up on accountability related issues.		0.688
DIAs make appropriate recommendations for the school management to improve.		0.708
School Management discusses internal audit reports frequently.		0.854
Eigen Values	3.029	2.970
% of Variance	20.195	19.797
Cumulative Variance (%)	20.195	39.992
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization. a. Rotation converged in 6 iterations.		

Source: Primary data

From the table 4.10 above, factor loadings for each variable yielded two components which were interpreted as Financial reports keeping (20.195%) and Audit reports (19.797%), thereby explaining and accounting for 39.992% of the variance in Financial Accountability (FA).

4.3.3 Rotated Component Factor Analysis for Value For Money Performance

Table 4.11 Rotated component matrix^a for VFM Performance

	Efficiency (1)	Effectiveness (2)	Economy (3)
Our School does not lack Scholastic Materials like Stationary.	0.768		
Our School always has funds to participate in Co-Curricular Activities at the District and National Level.	0.753		
Our School always has funds to purchase Statutory Record Books.	0.731		
Our School always has Petty Cash for Administrative expenses.	0.725		
Our School pays for Utilities in time.	0.717		

	Efficiency (1)	Effectiveness (2)	Economy (3)
Contingency Budget improves on availability of Teaching and Learning Materials and Co-curricular activities.	0.685		
Clear processes are followed for best use of Capitation Grant. .	0.596		
Staff ensures there is optimal utilization of resources to attain the Ministry's Objectives and targets.	0.589		
School enrolment records are well tallied with exact number of students in the school.		0.744	
This School has Improved Teaching/Learning Environment.		0.736	
Stake Holders achieve intended best quality Purchase targets.		0.724	
Stake Holders achieve intended quantity Purchase targets.		0.71	
Parents are not paying for any items in the Schools' Budget of the Capitation Grant.		0.707	
All Stake Holders aim at minimizing the cost of input resources.		0.695	
The School pays for services/products basing on market price.		0.686	
The School Secures 3 Quotations for Substantial purchases.			0.766
School assets are always safeguarded to ensure no damage/loss.			0.727
Proper Procurement practices are always followed.			0.692
The Ministry buys in large quantities to enjoy purchase discounts.			0.505
Eigen values	2.396	2.004	1.659
% of variance	21.777	18.173	15.011
Cumulative %	21.777	39.95	54.961
Extraction Method: Principal Component Analysis.			
Rotation Method: Varimax with Kaiser Normalization, a. Rotation converged in 6 iterations			

Source: Primary data

Table 4.11 results above revealed that factor analysis yielded three components which are the dimensions of VFM performance explaining 54.96% of the total variation of VFM . Efficiency explained (21.77%), Effectiveness (39.95%) and Economy (15.01%).

4.4 Correlation Analysis

Correlation is the determination of whether or not and to what extent an association exists between two or more variables (Oso and Onen, 2008).

4.4.1 Relationship between FMPs, FA and VFMP

Normality test was run to test distribution of the sample. FMPs and VFM did not show normal distribution and therefore linear relationship test had to be utilized. The zero order correlations were used to establish the relationship between the Independent and Dependent variables using the Pearson correlation test. Table 4.12 below presents item-item correlation matrix which is a presentation of the values of the Kendall's τ association index between pairs of variables representing the different variables.

Table 4.12: Zero order Correlation Matrix

	1	2	3
Financial Management Practices (FMPs) (1)	1.000		
Financial Accountability (FA) (2)	.29*	1.000	
Value For Money Performance (VFMP) (3)	.41*	.681**	1.000

** $\sigma=0.01$ (correlation is significant at 0.01 level (2-tailed))

* $\sigma=0.05$ (Correlation is significant at 0.05 level (2-tailed))

Source: *Primary Data*

The association between Financial Accountability (FA) and Value for money (VFM) is positive and significant ($r = 0.681$, $P < 0.01$). This implies that an improvement in financial accountability, improves value for money and vice versa.

The association between Financial Management Practices (FMPs) and Financial Accountability (FA) also showed a positive ($r = 0.29$, $P < 0.01$). This implies that a change in financial management practices (FMPs) gives a positive change in financial accountability.

The relationship between Financial Management Practices (FMPs) and Value for money (VFM) was slightly significant ($r = 0.41$, $P < 0.01$). A positive change in Financial Management

Practices results in a positive change in Value for Money performance. Therefore other factors not included in this study do so and need further studies to reveal them and their contributions.

4.5 Regression Analysis

Regression Model was used to determine the level of prediction of the dependent variable i.e. Value for money by the independent Variables (FA and FMP). The model summary was used to group all the predictors and they were analyzed to establish their effect on the value for money performance in schools. These had one category as shown in the Table 4.13 below.

Table 4.13: Multiple Regression Analysis

Coefficients^a					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.475	.443	-	1.100	.274
FA.	.232	.102	.243	2.274	.025
FMPs	.210	.100	.218	2.094	.039
<i>a. Dependent Variable: Value for Money</i>					
R = .582^a, R Square = .439, Adjusted R Square = .430, Std. Error of the Estimate = .336 Sig = 0.000^a, F = 40.205					

Source: Primary data

The regression results in Table 4.13 above revealed goodness of fit is satisfactory (Adjusted R2 = 0.43), implying 43% of the variance in the value for money performance can be predicted or accounted for by a combination of FA and FMPs. This implies 67% of the variance by other factors outside the model. Results indicated also that both FMPs and FA are significant predictors, with financial accountability predicting 68.1% of the VFM Performance ($r = 0.681$, $P < 0.01$) and is a strong predictor variable (Beta = .243) than FMPs (Beta = .218). Therefore an increase by 0.243 on FA and by 0.218 on FMPs improves VFM. Hence the model, $VFM = 0.475 + 0.232FA + 0.210FMPs$. *Where:* FA = Financial Accountability, FMP = Financial Management Practices and VFM = Value for Money.

4.6 Qualitative data analysis

4.6.1 Interview guide results

The researcher conducted interviews with District Internal Auditors (DIA) and District Education Officers (DEO) as key stakeholders in the education system at the district. Five district officers out six were interviewed and results summarized under various questions asked.

Both the DEO and DIA contend that although schools have some internal controls, there are gaps in the controls over safeguarding assets; the maintenance of a fixed assets register and updating.

There is also little segregation of duties between the Head teachers and the Bursars in USE schools, coupled with lack of close monitoring and adequate supervision.

The following interview extract illustrates the above views;

“In USE schools Head teachers took over roles of the Bursars and Bursars can’t refuse for Job security” **Interviewer DEO X.**

The respondents gave their opinion on the effectiveness of the accountability procedure and supported their position by citing some key examples. They believe that, the accountability process is not adequate and their reason being that some head teachers take the process for granted. They also pointed out that the problem of is related with the lack of a comprehensive finance manual that stipulates clearly what has to be done in regard to the accountability process.

The following interview extract illustrates the above views;

“USE Head teachers have jumped roles of the DIAs and submit their accountabilities directly to the Ministry for checking” **Interviewer DIA Y.**

Sample respondents agreed that Accountability reports have accountability certificates issued per term by the Ministry, yet some schools by the interview guide results did not have accountability certificates for all the years. The interview extract below illustrates the above views;

“In USE schools, Head teachers Purchase Accountability Certificates in order to get more funds urgently” **Interviewer DIA Z.**

CHAPTER FIVE

DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter deals with the discussions, conclusions, and recommendations of the major study findings from chapter four with respect to the research questions and objectives of the study and reviews of the related literature. Limitations and possible solutions to the study and suggested areas for further research are also presented.

5.1 Discussion of the study findings

5.1.1 Financial Management Practices

Financial records keeping

The study revealed that most respondents agreed that schools maintain good financial records (Mean = 3.96). This finding is in line with the USE guidelines, (2008) that requires USE schools to maintain registers of students' enrollment, cash books, ledgers, asset registers and the bank statements of the school account on which capitation grant funds are received and withdrawn.

Financial Internal Control Activities

The study revealed existence of financial internal control activities in Universal Secondary Education (USE) schools. These mechanisms exhibited themselves among others, in the expenditure and procurement controls. The study also revealed that authorizations of USE Capitation Grants utilization are all done by Head-teachers and one Board member. Therefore the study findings agree with Laura, (2002) who advocated for most similar control activities.

However the study found out that USE Schools don't engrave all their assets and others were uncertain on maintenance of Asset Registers and stamping Vouchers " PAID" (Mean = 3). This is contrary to Cunningham, 2004 who emphasized that one way to protect assets against theft and waste and ensuring compliance is by maintenance of Asset Registers. It therefore requires Government to ensure that USE control guidelines are adhered to and also set tough penalties for

all stakeholders who default on guidelines after they have been trained. The study further revealed no Segregation of duties as some head teachers have taken over responsibilities of the bursars, therefore the head teacher who is the accounting officer, dispenses cash and prepares the accountability documents and yet the potential areas of systemic weakness are those which require segregation of duties. This at Rutooma USE School led to loss of value for money as Laboratory equipments worth 764,000/= were ordered vide LPO 0064 but a payment of 1,157,500/= was made leading to loss of 393,500/=, thus VFM was not achieved (source; Field Data 2013).

Budgeting

The study found out that budgeting is practiced in schools and that every year school operating budget is prepared and approved by the school board. The study finding therefore agrees with Shende & Bennett, (2004) that budgets are legal authority for spending public funds and the entire budgetary process is relevant for fiscal management, and for enforcing financial accountability and control at the various levels of school operation. However the study found out that schools don't send approved school operating budgets to the Ministry through the DEO, CFO and CAOs offices. This is divergent to the USE guidelines, (2008) on stakeholders' roles and responsibilities. This to some Head teachers is because USE schools receive funds direct from the Ministry. This tends to limit the level of supervision of USE funds by district officials, who are not sure of when the funds get to schools and how much schools get. The District officials and other local leaders are therefore incapacitated to ensure that there's value for USE resources, as a result of exclusionary approach to the management of USE resources by MOES.

The study further found out that there are fluctuations of the Capitation Grant within a year. This concurs with the IGG's reports to parliament, (2008/9) that there are ghost students in USE schools because of reliance on annual student head counts, irregular updating of classroom attendance registers and co-mingling of private and government students' in Public Private Partnership (PPP) schools, to cause private students' be passed on as USE beneficiary students.

Communication and information

The findings of the study found out that communication and information are practiced in schools and that the Head teachers freely share information on the capitation grants during BOG and

PTA meetings. However and notably according to the study it was also established that accountabilities are not sent to the Ministry through district stake holders. This result is at odds with the USE guidelines, (2008) that require all schools to submit accountability documents to the MoES through district stake holders and upon receipt and review of the accountabilities the MoES only issues a certificate of accountability. However certificates of accountability viewed at by researcher at Kyotera Town School and Kyotera Parents SS didn't highlight pitfalls in the accountability documents, to the head teachers and Board of Governors. Therefore head teachers continuously make errors in presenting Capitation Grant accountabilities. Thus schools submit accountabilities for formality and that certificates of accountabilities could only be purchased!

Transparency

Study results established that some USE schools operated mixed bank accounts. This is divergent to Tidemand, Olsen, and Sola, (2007) who stressed that for transparency every school is supposed to have two bank accounts for capitation and development funds. This degenerates into accountability mix-ups as the researcher found out at Nyakayojo SSS that the School maintained a mixed account from 2007-2011, where Capitation Grant was mixed with internally generated PTA funds. Separating accountabilities must be impossible and thus prone to abuse and no VFM.

Monitoring

The study established that USE schools practice monitoring and supervision by District Inspector of Schools on the how Capitation Grant in schools is utilized. This agrees with Hanson, 2010 who stresses for the regular observation and recording of school activities. However the study established that there is not enough monitoring and supervision by the National Level Inspectors of Schools on the activities of the School. This is divergent to Tidemand & Msami, (2010) who advocated for the roles and responsibilities of school stake holders. This requires school inspection department to carry out routine audits of USE programs and offer support supervision. Lack of monitoring facilitates diversion. Most schools paid for **Examination fees** of senior four (S4) and Six (S6) Mock and final exams for the years between 2007 and 2009 yet the first batch of USE S.4 students was in 2010. At Rutooma SS, 38,076,000/= meant for school Textbooks was captured paid to Teachers Transport and Housing allowances for the period 2007-2010 (source; Field Data 2013). The researcher also found that USE schools especially those under

public private partnership (PPP) spent over 50% of the USE funds on salaries to teachers. (Source: Field Data 2013). This is contrary to the USE guidelines and thus there is diversion. This was also admitted by the PS of the MoES during a public hearing with commission of inquiry into mismanagement of UPE/USE at Grand Imperial Hotel-Kampala, January 2013.

5.1.2 Financial Accountability

Financial reports

The study revealed that most USE schools regularly prepare accountability reports and submit them in time to the Ministry per term (Mean= 4.06) and that all Capitation Grants received since 2007, have Accountability Certificates issued per term by the Ministry of Education and Sports (Mean=3.83). This complies with Universal Secondary Education guidelines, 2007.

Audit reports

The study found out that some audits are conducted in the USE schools. Private audits are carried out, however very little or no advice is provided by these private audit firms as regards USE guidelines. Basing on the above, it can be concluded that the audit functions in the system have not yet added value to the accountability framework due to non-compliance to guidelines by the Head teachers. The study also found out that the District internal auditing and reporting was not enough (Mean=3) and that Auditor General's audit staff did not also conduct enough routine audits and did not appoint reputable Audit firms to conduct School audits (Mean=3). This concurred with the interview finding on audit reports that some of the USE school head teachers do not recognize the importance of the internal audit function as they do not allow district auditors to check their accountability documents on grounds that they receive the grant directly from the MOFPED, and that they are supervised by ministry officials and not district officials.

The study also revealed no examination of accountabilities by the District Internal auditor before they are submitted to the Ministry (Mean=2.22). This doesn't concur with the USE guidelines, (2008) that require district coordination with USE schools. This has led to some schools having been on the USE programme since inception and had never submitted accountability documents to the MoES but continued to receive funds. Nyakayojo USE school received a total of 346,602,977/= between 2007 and 2010 but no accountabilities were ever sent to either the

District or the Ministry (Source Field data-School Bank statements, 2007-2010) contrary to the guidelines that schools are not supposed to receive funds until they have accounted for the grants received. This equates to the study by Mushemeza (2003), who agreed that poor performance of school capitation grant (SCG) is attributed to diversion of funds and failure to account for funds.

Also discovered was that internal audit reports are not discussed by School Management frequently as indicated by mean ≈ 2 . This means that Audit recommendations on FMPs, FA and VFM Performances are not acted on. This therefore could be the cause of fraudulent accountabilities within Capitation Grant funds as evidenced by wrong serialization of the supporting documents to be a common practice in schools. The researcher found out that there are a lot of mix ups in dates and serial numbers of supporting documents like fuel receipts and workshop accountabilities that neither had Invitation letters, hotel receipts nor list of attendants.

5.1.3 VFM Performance of Capitation Grant

Efficiency

The study revealed that efficiency is exhibited in schools and that value for money was manifested in the running of the schools with fairly enough Scholastic Materials like Stationery, funds to participate in Co-Curricular Activities at the District and National Level, purchase Statutory Record Book, pay for Administrative purposes, pay for utilities in time, and have clear processes followed to ensure best use of Capitation Grant. However, it came out that generally contingency budget line slightly improves on availability of Teaching and Learning Materials and Co-curricular activities (mean =3.15 ≈ 3). This is contrary to the USE guidelines, (2008) that stress for a 20% utilization off Capitation Grant release, clearly for provision of more instructional materials and promotion of co-curricular activities. Not spending as per the guidelines has led to diversion of the Capitation grant. Purchase of food is outside the Capitation Grant eligible expenditure. But at Rutooma SS, purchase of Beans and Posho is a common practice. Payment Vouchers 0595, 0415, 0147 and 0592 captured this budget diversion as 6,394,000/= for only 2007 (source; Field Data 2013). Deductions on the Capitation Grant to subscribe to Head-Teachers Associations (not accountable to MoES) are ineligible expenditures, but most USE schools deduct from the Capitation Grant budget to subscribe to the Association.

Effectiveness

The study revealed that effectiveness is achieved in schools. This agrees with Davies (2007) who stressed for maximum benefits from goods and services for value for money. However, the study revealed that parents still pay towards Schools' Budget (Mean 2.17). This implies that only a small proportion of respondents concluded that the Capitation Grant had significantly reduced the financial burden of parents. Interview guide results established that most USE schools still levy fees as a result of inadequacy and delays in release of Capitation Grant. This is a major concern of a serious source of unethical practice among head teachers because it perpetuates a sort of 'Vicious circle of poverty' and favours the rich. This was evidently established at Kyotera Town School and Rutooma SS where USE students are charged 170,000/= each of which 65,000/= is for welfare, and students are expelled for failure to pay in the first week of the term.

Economy

The study revealed that economy is exhibited in the schools with the fact more is done with fewer resources and all stake holders' aim at input cost minimization of resources for all the purchases. However, the study revealed that VFM performance is generally hindered by the MoES not buying in large quantities for schools to enjoy bulk purchase discounts (Mean=2.34).

5.1.4 Relationship between FMPs, FA and value for money Performance.

The study revealed a positive statistical relationship between Financial Accountability and Value for money ($r = 0.681$). This agrees with the report by World Bank (2004) that improvement in accountability promotes the efficient and effective use of public resources. Therefore when financial accountability improves, there is an improvement in value for money and vice versa. Financial Management Practices and Value for money performance had a slightly positive relationship ($r = 0.41$) while Financial Management Practices and Financial Accountability were slightly related ($r = 0.29$) implying that a change in financial management practices gives a slight change in financial accountability. The study therefore slightly agrees with Cunningham, (2004) that Internal Financial Control Activities lead to the promotion of adherence to laws and regulations and the development and maintenance of reliable financial data and reports. Basing on Kendall's τ association index, there was a relationship amongst the three study Variables.

The study revealed that 43% of the variance in the value for money performance can be predicted by a combination of FA (Financial Accountability) and FMP (Financial Management Practices) in schools. This implies that 57% is explained by other factors, other than FMPs and FA.

5.2 Conclusions

The study aim was to examine the relationship between financial management practices, financial accountability and VFM performance of USE Capitation grant. The three main research questions tested were the functionality of FMPs, FA and the level of VFM performance in utilization of USE Capitation grant. The study used data from three districts in Uganda between the period 2007 and 2011. Data was analyzed using descriptive statistics, factor analysis, and correlation and regression analyses and the key findings of the study are summarized as follows:

The study revealed that schools maintain good financial records keeping with respect to staff, finance, academic, statutory and school records. Schools also have good financial internal control mechanisms over expenditures and procurements, budgeting and monitoring is practiced and there is a good communication and flow of information. Most schools regularly prepare accountability reports and are submitted in time to the Ministry per term and efficiency, effectiveness and Economy are exhibited in the schools. However the study found out that USE Schools don't engrave all their assets and Asset Registers are not maintained for proper ownership. USE Schools also don't coordinate well with district stake holders and the National Level Inspectors of Schools for monitoring and supervision of schools activities a situation that has led to increased diversion of CG funds. Also the study revealed that parents are still financing items on the Schools' budgets. This has reduced the core objective of free education.

The study established a significant statistical functioning relationship between Financial Accountability and Value for money and a slight one on Financial Management Practices and Financial Accountability. Having known the significance of FMP and FA, USE Schools therefore need to ensure that they continuously review FMP and FA to ensure that they are operational in order for the government of Uganda to achieve VFM performance of USE grant.

5.3 Recommendations of the study findings

Basing on the study results and the fact that challenges to education seem indifferent to the policy interventions. It calls for critical policy reviews to align policies with the expected outcomes.

5.3.1 Financial Management Practices

Since it was evidently found out that enrolment is a basis for release of Capitation Grant, the study recommends that owing to the fact that school attendance is dynamic due to a myriad of factors that militate against daily attendance of all students, use of attendances as a basis of CG release is likely to encounter heavy practical challenges and would raise profound logistical implications. The MoES should therefore strengthen use of enrolment numbers with introduction of Pupil Identification Numbers (PINs) and continue to use enrolment as a basis for release of CGs to schools basing on original numbers arrived at from annual head counts with school data collection that begins with official S.1 admission of students with aggregates up to 28 points.

The study also recommends Training of Head Teachers and administrative staff in financial management to be constantly refreshed because many-probably most-head teachers reach their leadership posts by means of sequential promotions, starting from being a classroom teacher and therefore financial expertise should be specified as a skill for those starting on a teaching career.

Whereas there is a mismatch between the financial year and the school calendar, the researcher proposes that government should synchronize releases with school terms in a calendar year because as central government runs a financial year that begins from July to June, while schools run a calendar year that begins from January to December. Therefore the first release should be made in September at the beginning of third term, second in January at the beginning of first term, and third release in May at the beginning of second term. This helps to avoid withdraws during school holidays which might attempt head teachers to include fictitious credit payments.

Capitation Grant data should be computerized in a standard format. This would no doubt ensure that schools publicly display Capitation Grant distribution information at DEOs offices as well as at schools. Similarly, a standard accountability format showing the amount received and utilized would be easily verified to encourage public interest in the capitation grant accountability issues.

5.3.2 Financial Accountability

According to the study, uncertainty was revealed on both external and internal audits; therefore government should create a special audit department that will be charged with USE schools. Because it is when audit and monitoring fails that the financial system is exposed to the possibility of accidental errors or deliberate fraud. Auditor General's office should engage private audit firms of high reputation to annually witness and verify school enrolment exercise together with the relevant authorities in order to plug out Ghost students, Teachers and Schools.

Government/MoES should have a standard format of presenting accountability and strengthen the district internal Audit team to check these accountabilities for correctness and compliance. Annual audit plan and period should be emphasized and Head teachers should be charged with responsibility of reporting to the MoES, schools that have not audited within a specified period.

5.3.3 Value For Money Performance

The study revealed that parents are still paying fees and to reduce on this government should revise the student pa capita to match with the current economic conditions. In my opinion, to improve on effectiveness, facilitation of 41,000/= (for Government student) and 47,000/= (for PPP student) per term per student are not sufficient to facilitate a student due to a high inflation that has led to increased prices of scholastic materials (chalk, paper, etc), co-curricular activity, administration and management costs in almost all the Universal Secondary Education Schools.

Efficiency in USE schools hindered by diversions especially on the contingency budget, not following and targeting ministry objectives and instructions. Therefore there is a need for improved monitoring and supervision by the district and national officials, restricting contingency expenses and allowing communication and information flow through stakeholders.

The study also revealed that by the fact that Ministry does not procure in large quantities for schools, value for money is not achieved wholly. Government should therefore locate central suppliers for USE government aided schools to take advantages of the bulk purchase discounts.

5.4 Areas of Further Study

The results from the study point out a number of opportunities for further research on other Government Aided Schools other than USE schools to compare the findings not reported in this report. Future research should attempt to collect data from other Government Aided Schools and Institutions of higher learning in Uganda to find out whether there is compliance to guidelines and Value For Money in utilizing School Facilities Grant (SFG) projects.

This research concentrated on utilization of Capitation Grants in USE schools, yet similar research could be carried out on other grants in other Ministries and Government Agencies to establish the effectiveness of FMPs and Financial Accountability (FA) in achieving the Value for Money. There is a need also to find out other factors affecting the Value for Money performance of capitation grant in USE schools given that FMPs and FA explain only 43% of the variations.

5.5 Limitations to the study

In every human activity limitations are bound to occur. This study was not an exception. The researcher met undesirable hindrances or constraints during the study and among them included:

- (i) Some respondents were withholding information due to fear of being victimized.
- (ii) Unwillingness of the respondents to fill the questionnaires due to their time factor.
- (iii) Research tools and methodology might not have given 100% level of accuracy.
- (iv) Limited studies on the Value for Money of Capitation Grants for USE aided Schools.

5.6 Possible Solutions to Limitations of the study

During the study, ethical considerations were taken care of by the researcher briefing the respondents on the purpose of the research, their relevance in the research process, and expectations from them. The self-structured questionnaire was in such a way that there was no mention of the Interviewee's name and a statement as to the strict confidentiality with which data would be held was expressly stated in the questionnaire. Furthermore, responding was optional and reasons for replacing respondents who didn't wish to respond explained to the respondents.

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APPENDIX I:
STUDY QUESTIONNAIRE

MAKERERE UNIVERSITY BUSINESS SCHOOL
GRADUATE RESEARCH CENTRE (GRC)
MASTER OF SCIENCE IN ACCOUNTING AND FINANCE

Dear Respondent,

You have been selected as a key stakeholder to participate in this study on the utilization of Capitation Grant in the USE Government Aided Secondary Schools in Mbarara, Ssembabule and Rakai districts 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, Financial Accountability and Value for Money Performance of Capitation Grant* which is a partial fulfillment of the requirements for the award of a Master of Science in Accounting and Finance of Makerere 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.*

The researcher thanks you for your participation and if you have questions about the research or would like to receive a copy of the abstract of the completed study, please write to: Mr. Asiimwe M Samuel, P.O. Box, 29851, Kampala, Mobile 0776 613 159 or Email: mafiiki@yahoo.co.uk. Therefore, attach your business card on returning of a completed questionnaire.

Sincerely,

Samuel M Asiimwe
(Masters-Candidate)

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	
Above10 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.**”

No	Statements	(1) Strongly disagree	(2) Disagree	(3) Uncertain	(4) Agree	(5) Strongly agree
A	Financial Records Keeping					
1	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.					

No	Statements	(1) Strongly disagree	(2) Disagree	(3) Uncertain	(4) Agree	(5) Strongly agree
11	Expense payment vouchers are well filed and in chronological order.					
12	Bank statements are properly filed.					
13	Asset Registers are consistently used and updated.					
14	Accountability files for the years 2007-2012 are well kept.					
	Staff records					
15	Teaching Staff Listing is updated regularly.					
B	Financial Internal Control Activities					
	Expenditure and Procurement controls					
1	All requisitions and purchase orders are authorized by Head Teacher and one Board Member.					
2	All Payment vouchers are always accompanied with necessary supporting documents.					
3	All Payment vouchers with supporting documents are always authorized by Head Teacher and one Board Member.					
4	The Head Teacher in this School insists that Invoices are not paid without Goods Received Notes (GRNS).					
5	The Head Teacher in this School insists that Paid Vouchers must be stamped "PAID".					
6	Asset Register in this School is always maintained and updated with purchases and issues.					
7	All Assets of the School are Engraved /marked.					
8	In this School there is clear separation of duties and roles.					
9	Records on Capitation Grant are kept secure from unauthorized access, loss or damage.					
C	Budgeting					
1	Every year School operating Budget is prepared and approved by the School Board.					
2	Approved School operating Budget is sent to the Ministry through the DEO, CFO and CAOs offices.					
3	Stake Holders are involved in building the school operating budget.					
4	The size of Capitation Grant depends on Enrolment in the School.					
5	All the Budgeted Capitation Grant funds are received in time.					
6	Capitation Grant is always spent according to the legible Capitation Grant budget lines.					

No	Statements	(1) Strongly disagree	(2) Disagree	(3) Uncertain	(4) Agree	(5) Strongly agree
7	All School requirements fit well in the apportioned mandatory percentages of the Capitation Grant Budget.					
8	Prioritizing the utilization of the Grant in the Expenditure Categories is Satisfactorily done.					
9	The School Finance Committee always reviews budget Variances (actual expenditure Vs budgeted expenditure).					
10	Expenditures over and above the legible allocated funds are always authorized by the Head Teacher and Board of Governor.					
11	Our School Capitation Grant Budget is Supplemented by other sources.					
12	Capitation Grant we receive fluctuates/changes within the year.					
13	The five (5) eligible Budget lines of the Capitation Grant are strictly followed.					
D	Communication & Information					
1	Timely information on Capitation Grant is always availed to the public.					
2	Capitation Grant disbursements and expenditures are always posted on the School Notice boards by the Head Teacher.					
3	Accountabilities are sent to the Ministry by this School, through district stake holders.					
	Transparency in the capitation funds utilization					
4	Capitation Grant expenditure reports are always presented in parents Meetings.					
5	Capitation Grant is always apportioned according to the legible Budget lines in the School Finance meetings.					
6	The Head Teacher freely shares information on the Capitation Grant during BOG and PTA meetings.					
7	Stake holders' Roles and Responsibilities are encouraged.					
8	BOG and Finance Committee of this school is functioning very well.					
	Bank Account					
9	This School is operating a separate USE Bank Account.					
10	Capitation Grant is disbursed by Finance Ministry directly to this School's Bank Account.					
11	Our School banks other monies on this USE bank Account.					
12	There are sometimes Capitation Grant withdrawals at the start of the					

No	Statements	(1) Strongly disagree	(2) Disagree	(3) Uncertain	(4) Agree	(5) Strongly agree
	School holidays.					
E	Monitoring					
1	There is always monitoring and supervision by District Inspector of Schools on the how Capitation Grant in this school is utilized.					
2	In this School, inspection is done centrally (no official feedback is given to the District).					
3	There is always monitoring and supervision by the National Level Inspectors of Schools on the activities of the School.					
4	Stake Holders actively participate in monitoring and supervision of the School activities and Capitation Grant Utilization.					
5	Civil Society Organizations (Other Stakeholders) monitor capitation disbursements and spending.					
6	School Management closely monitors implementation of Internal control systems in our institution school.					
7	My school has an established procedure for periodic monitoring of the inventory against theft.					

SECTION C: FINANCIAL ACCOUNTABILITY

Please evaluate each of the following statements by **marking** the number that suits your level of agreement as regards the aspects of **Financial Accountability** of this 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					
1	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.					
6	The District Internal auditor examines accountabilities on Capitation Grant before they are submitted to the Ministry.					
	External audit					
7	Annual Audit Reports have been prepared for the period 2007-2012.					
8	Auditor General’s audit staff conducts routine audits in this School.					
9	Audit firms appointed by Auditor General conduct audits.					

SECTION D: VALUE FOR MONEY PERFORMANCE

Please evaluate each of the following statements by **marking** the number that suits your level of agreement as regards the aspects of **Financial Performance** of this School. If the item **does not apply** to you, please mark “Uncertain.”

No.	Statement	(1) Strongly disagree	(2) Disagree	(3) Uncertain	(4) Agree	(5) Strongly agree
A	Efficiency					
1	Our School does not lack Scholastic Materials like Stationary.					
2	Our School always has funds to participate in Co-Curricular Activities at the District and National Level.					
3	Our School always has funds to buy Statutory Record Books.					
4	Our School always has Petty Cash for Administrative purposes.					
5	Our School pays for Utilities in time.					
6	Contingency Budget line improves on availability of Teaching and Learning Materials and Co-curricular activities.					
7	Clear processes are followed for best use of Capitation Grant.					
8	Staff ensures there is optimal utilization of resources to attain the Ministry’s Objectives and targets.					
9	School enrolment records are well tallied with exact number of students in the school.					
B	Effectiveness					
1	This School has Improved Teaching/Learning Environment.					
2	Stake Holders achieve the intended best quality targets.					
3	Stake Holders achieve the intended quantity targets.					
4	Parents are not paying for any items on top of Capitation Grant.					
C	Economy.					
1	Stake Holders aim at minimizing the cost of school inputs.					
2	The School pays for services/ products basing on market price.					
3	The School Secures 3 Quotations for Substantial purchases.					
4	School assets are always safeguarded to minimize damage/loss.					
5	Proper Procurement practices are always followed to ensure that there is no loss or misappropriations.					
6	MOES buys in large quantities for schools to get bulk discounts.					

Thank you very much for being part of this study

APPENDIX II
INTERVIEW GUIDE

MAKERERE UNIVERSITY BUSINESS SCHOOL
GRADUATE RESEARCH CENTRE (GRC)
MASTER OF SCIENCE IN ACCOUNTING AND FINANCE

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: Financial Management Practices, Financial Accountability and Value for Money Performance of Capitation Grant: A Case of Government Aided Secondary Schools in Mbarara, Ssembabule and Rakai Districts.

SECTION A: CAPITATION GRANT AND FINANCIAL MANAGEMENT PRACTICES

1. In your opinion, is there segregation of duties as an internal control mechanism in USE schools?
2. In your opinion, do you think some HTs have attempted to misapply the capitation grant funds?
3. Do you think there has been enough monitoring and evaluation measures?

SECTION B: CAPITATION GRANT AND FINANCIAL ACCOUNTABILITY

4. In your view, are the Accountability procedures followed adequately in USE Schools?
5. Do you see enough of internal and external auditing by the District and Auditor General's office?

SECTION C: CAPITATION GRANT AND FINANCIAL PERFORMANCE

6. For In your opinion are School enrolment records tallying well with exact number of students?
7. Do Parents in USE Schools still pay to cover up on items in the Schools' Budget?
8. In your opinion do schools to enjoy bulk discounts for large quantity purchases?

Thanking you for your participation

**APPENDIX III
TIME SCHEDULE**

ACTIVITIES	TIME IN MONTHS							
	OCT - DEC 2012	JAN 2013	FEB – MARCH 2013	APRIL – MAY 2013	JUNE - JULY 2013	AUG - SEPT 2013	OCT- DEC 2013	JAN - JULY 2014
DEVELOPING PROPOSAL								
PRESENTING TO SUPERVISOR								
FINAL DRAFT PRESENTATION								
PRESENTING TO POST GRADUATE STUDIES								
FIELD WORK & ANALYSIS								
PRESENTING REPORT TO SUPERVISOR								
PRESENTING TO POST GRADUATE STUDIES								
VIVA								

**APPENDIX IV:
BUDGET FOR RESEARCH**

ITEM	COST	QUANTITY	TOTAL COST
STATIONERY			
Realms of paper	10,000/=	4	40,000/=
Black books	5,000/=	2	10,000/=
Pens	10,000/=	1 dozen	10,000/=
Data analysis	500,000/=		500,000/=
Secretarial	200,000/=		200,000/=
Photocopy& Binding	200,000/=		200,000/=
LOGISTICS			
Transport	20,000/=	2wks	280,000/=
Meals	20,000/=	2wks	280,000/=
Accommodation	30,000/=	2wks	420,000/=
Miscellaneous (Airtime)			100,000/=
GRAND TOTAL			2,040,000=

(Two Million forty thousand Shillings Only)