MAKERERE UNIVERSITY

MAKERERE UNIVERSITY BUSINESS SCHOOL

FINANCIAL MANAGEMENT PRACTICES, FINANCIAL ACCOUNTABILITY AND VALUE FOR MONEY. ACASE OF UPE SCHOOLS IN KATIKAMU NORTH LUWERO

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A DISSERTATION SUBMITTED TO MAKERERE UNIVERSITY BUSINESS SCHOOL (FACULTY OF GRADUATE STUDIES AND RESEARCH) IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF SCIENCE IN ACCOUNTING AND FINANCE OF MAKERERE UNIVERSITY.

PLAN A

DECEMBER, 2023

DECLARATION

I **Wamala Henry** declare that the dissertation is my original work and has never been published and or submitted to any University or any Institution of higher learning for any award; where authored work has been referred to, citation was made accordingly.

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APPROVAL

This is to certify that the dissertation has been submitted for examination with our approval as University supervisors.

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DEDICATION

The dissertation is dedicated to my beloved parents, family members, and all others who provided inspirational insight towards the accomplishment of the dissertation with due diligence.

TABLE OF CONTENTS

DECLARATION i

APPROVAL ii

DEDICATION iii

CHAPTER ONE 2

INTRODUCTION 2

1.1 Background 2

1.2 Problem Statement 4

1.3 Purpose of the Study 4

1.4 Objectives of the Study 5

1.5 Research Questions 5

1.6 Scope of the Study 5

1.7 Significance of the study 6

1.8 Conceptual Framework 7

CHAPTER TWO 9

LITERATURE REVIEW 9

2.1 Introduction 9

2 .2 Value for Money 9

2.3 Financial Accountability 12

2.4 Financial Management practices (FMPs) 13

2.5 Financial management practices and financial accountability (FA) 13

2.6 Financial Accountability and Value for Money 13

2.7 Financial Management Practices, and Value for Money 14

2.8 Relationship between Financial Management Practices, Financial Accountability 14

and Value for Money 14

2.9 Conclusion 15

CHAPTER THREE **16**

RESEARCH METHODOLOGY **16**

3.1 Introduction 16

3.2 Research design 16

3.3 Study population 16

3.4 Sources of data 16

3.5 Data collection methods 17

3.6 Sampling techniques ..... **Error! Bookmark not defined.**

3.7 Data collection tools 17

3.8 Data Processing, Analysis and Presentation 19

3.9 Measurement of variables 19

3.10 Reliability ..... **Error! Bookmark not defined.**

CHAPTER FOUR **20**

DATA PRESENTATION, ANALYSIS, INTERPRETATION AND DISCUSSIONS **20**

4.1. Introduction 20

4.2 Descriptive statistics - Demographic characteristics ..... **Error! Bookmark not defined.**

4.3. Correlation Analysis 22

4.3.1 To examine the relationship between Financial Management practices (FMP) and 23

Financial Accountability (FA) 23

4.3.2. To examine the relationship between Financial Management Practices (FMP) and Value for Money (VFM) 24

4.3.3 To examine the relationship between financial accountability (FA) and Value for money (VFM) 25

4.4.1. To examine the relationship between Financial Management practices (FMP), financial 26

accountability (FA) and value for money (VFM) of UPE capitation grant 26

CHAPTER FIVE **28**

CONCLUSIONS AND RECOMMENDATIONS.....28

5.1. Introduction.....28

5.2. Conclusions.....28

5.2.1. To examine the relationship between Financial Management practices (FMP) and 28

Financial Accountability (FA) 28

5.2.2. To examine the relationship between Financial Management Practices (FMP) and 29

Value for Money (VFM) 29

5.2.3 To examine the relationship between financial accountability (FA) and Value for 30

money (VFM) 30

5.2.4 To examine the relationship between Financial Management practices (FMP), ...30

financial accountability (FA) and value for money (VFM) of UPE capitation grant 30

5.3. Recommendations.....34

5.4. Areas for further Research:.....34

REFERENCES 36

APPENDIX III: QUESTIONNAIRE 42

ABSTRACT

The purpose of the study was to examine the relationship between financial management practices, financial accountability and value for money of capitation grants in UPE schools. . The study was guided by the following research objectives: To examine the relationship between Financial Management practices (FMP) and Financial Accountability (FA); To examine the relationship between Financial Management Practices (FMP) and Value for Money (VFM); To examine the relationship between financial accountability (FA) and Value for money (VFM) and To examine the relationship between Financial Management practices (FMP), financial accountability (FA) and value for money (VFM) of UPE capitation grant.

A cross sectional survey with the quantitative and qualitative research design was used to answer the research questions and examine the relationship between financial management practices, financial accountability and value for money of capitation grants in UPE schools. A correlation approach was used to establish the relationships between the study variables. The study also used a regression analysis to establish the predicting power of the independent variables (Financial Management practices (FMP), financial accountability (FA) over the dependent variable (Value for money (VFM). A sample size of 28 UPE schools was selected from a population of 33 UPE Schools. The unit of inquiry was the head teacher, deputy head teacher and a member of school management committee.

The data was analyzed using the Statistical Package for Social Scientists (SPSS 17). Results showed that financial Management practices associates positively with Financial Accountability, Financial Management practices associates positively with Value for Money financial accountability associates positively with Value for Money (VFM) and Financial Management practices (FMP) and financial accountability (FA) accounts for 48.4% (R squared .484) variance in the value for money (VFM).

The study therefore recommended that it is important for the UPE schools under the capitation grant to exhibit good Financial Management practices in form of financial records keeping, good financial internal control activities, proper budgeting, good communication and information flow and better monitoring of the activities as this helps improve on the Financial Accountability for the capitation grants. The concerned authorities must ensure that all the Head teachers of the UPE schools follow and use the control mechanisms put in place to on the capitation grant as they are in place but are not used by the respective parties. Resources should be put in place by government to ensure that Monitoring of the capitation grant activities is done regularly and as a routine by the assigned officers to the capitation grant and Period of conducting internal audits should be increased to quarterly instead of semiannually as this will help solve accountability challenges on time as they arise.

CHAPTER ONE

INTRODUCTION

1.1 Background

Value for money in the forms of efficiency, effectiveness and economy, requires effective use of government resources which includes financial sustainability and economic, efficient and effective management of resources (Asiimwe 2014).Value for money is the assessment whether or not an organization is obtaining the maximum benefits from the goods and services it acquires and provides, with emphasis on effectiveness, efficiency and economy. Joubert and Bray (2007) describes financial management practices as the performance of management actions committed with financial aspects of a school for achievement of effective education. Equally is financial accountability, which is according to legislation, a legal requirement at school 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 program, financial management and Accounting manuals (Mmari 2015).

Brody (2001) describes accountability as a fiscal honesty and avoidance of fraud, good governance, adherence to mission, demonstration of charity's effectiveness. According to Brody (2001) financial accountability makes sure that money is recorded and spent as agreed, and according to appropriate rules and reports are given to stake holders. With financial management practices in form of financial recording, financial internal controls, budgeting, communication and monitoring there is proper accountability in form of financial reports with information which is timely, accurate and reliable (Asiimwe 2014). This leads to value for money in form of Efficiency, Effectiveness and Economy.

In a research carried out in Luwero district, it was found out that50% of the government contributions to the school rarely reached the schools in the district and the schools were not told where this money went (Munene et al, 2009).

According to the internal auditors report, district inspectors report and head teachers, ministry of education and sports both at national and district levels do not make bulky purchases; each school is given its funds for which it spends as per ministry of education guidelines. This compromise the economy and value for money due to absence of quantity discounts and the extra costs of the purchases experiences by each school. In addition, the report revealed that money from the ministry of education is still little per pupil (shs 3000 per term), but to make things worse this money does not reach schools in time. This makes the head teachers to borrow money to run the schools and then when money comes they have to pay the interest rates which exaggerates the expenditures which compromises economy and hence value for money (Luwero internal auditors report, 2017).

Internal auditor reports Luwero district further revealed that in Namaliga church of Uganda primary school shs. 1,045, 088/= and shs. 1,045,088 shs for second and third release respectively were not accounted for. Value for money is function of effectiveness and effectiveness means doing the right thing. Effectiveness involves choosing the right goals (Stonner, et al, 2000). In Luwero districts auditor's report, St mary's Kikube R/C primary school in the second quarter out of 993,090 vouchers 11278 in the names of Lwanga Simon meant for part payment of term III exam worth shs. 88,500 lacked receipt. No stock book and inventory availed to justify items purchased were recorded and the cash book was not presented. In Sambwe Arthodox primary school a total of shs 3,104,935/= received by the school remained not accounted for. This

mismatch indicates that goals are compromised therefore efficiency and effectiveness is compromised and finally value for money is not achieved. Therefore by compromising economy, efficiency and effectiveness value for money is compromised. Hence a need to investigate financial management practices, financial accountability and value for money (Luwero internal auditors report, 2017).

1.2 Problem Statement

According to the Transparency International report (2010), increased funding of education has not always led to better outcomes due to system leakages, wastage and miss-use of resources which in turn affects efficiency and the economy at large. As a result value for money has been a challenge to achieve while utilizing the capitation grants in universal primary education (UPE) schools in Uganda. A case in point is seen in the internal auditors report Luwero District, Auditor General's and Inspectorate of Government annual reports (I.G.A.R) to the parliament between 2011 and 2014, that at least one or two cases of mismanagement and miss-appropriation of UPE grants by Head Teachers of Primary schools in Luwero District compromised efficiency and effectiveness of the primary education in that District and hence less value for money.

Thus there was a need to investigate the relationship between value for money, financial management practice and financial accountability of UPE schools in Luwero District in Uganda.

1.3 Purpose of the Study

The purpose of the study was to examine the relationship between financial management practices, financial accountability and value for money of capitation grants in UPE schools.

1.4 Objectives of the Study

i. To examine the relationship between Financial Management practices (FMP) and Financial Accountability (FA)

ii. To examine the relationship between Financial Management Practices (FMP) and Value for Money (VFM)

iii. To examine the relationship between financial accountability (FA) and Value for money (VFM)

iv. To examine the relationship between Financial Management practices (FMP), financial accountability (FA) and value for money (VFM) of UPE capitation grant.

1.5 Research Questions

The study was guided by the following research questions:

i. What is the relationship between Financial Management practices (FMP) and Financial Accountability (FA)?

ii. What is the relationship between Financial Management Practices (FMP) and Value for Money (VFM)?

iii. What is the relationship between financial accountability (FA) and Value for money (VFM)?

iv. What is the relationship between Financial Management practices (FMP), financial accountability (FA) and value for money (VFM) of UPE capitation grant?

1.6 Scope of the Study

The study was confined on the status of financial management practices and financial accountability with respect to achieving value for money of capitation grants in UPE schools.

Depth of Investigation

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

Geographical scope

Geographically, the study was conducted in selected UPE schools in Luwero District.

Content scope

The study was focused on the relationship between financial management practices, financial accountability and value for money of the capitation grant in selected UPE schools in Luwero district.

1.7 Significance of the study

a) Policy Makers: The findings of the study shall contribute necessary information to the government led agencies specifically the Ministry of education and Sports, and the Local NGOs, Education standards Agency, and the private business entrepreneurs involved in education management.

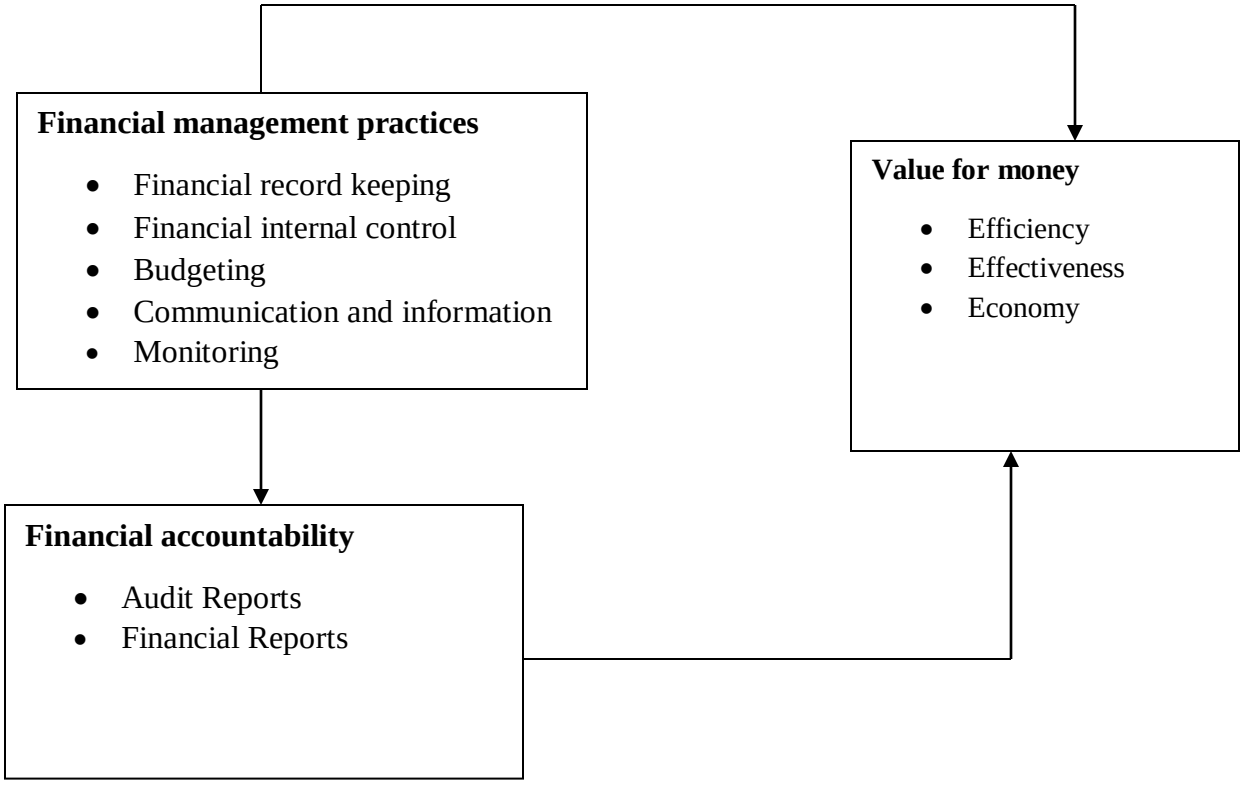
b) Researchers: The outcomes of the study shall form a basis for further research, if the gaps identified in the other reports are not rectified by findings of this study. The study shall add to already existing literature on financial accountability, financial management practices and value for money. It is also anticipated that the recommendations of this study will make a significant contribution to the researchers and scholars of Accounting and Finance's field.

c) Managers: The information to be 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; financial management practices and financial accountability as the independent variables while value for money as the dependent variable.

Fig. 1: The Conceptual framework



Source: Adopted from Stoner et al (2002) with modification

The conceptual framework demonstrates a relationship between financial management practices, financial accountability and value for money and that financial management practices and financial accountability are crucial in ensuring that value for money is achieved. Financial management practices facilitate financial accountability which also impacts on value for money performance.

Financial accountability is linked to performance accountability in that 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

2.1 Introduction

This chapter provides findings and debates that have been presented by different scholars in relation to each variable and reviews the relationships between financial management practices (FMPs), financial accountability (FAs) and value for money of capitation grants in primary schools.

2 .2 Value for Money

According to Mwangi, (2021), Value for money has been defined as a utility derived from every purchase or every sum of money spent. Value for money is based not only on the minimum purchase price (economy) but also on the maximum efficiency and effectiveness of the purchase. The concept of Value for Money (VfM) in everyday life is easily understood as "not paying more for a good or service than its quality or availability justify". In relation to public spending, it implies a concern with economy (cost minimization), efficiency (output maximization) and effectiveness (full attainment of the intended results). It must also support the value of equity.

Efficiency

Efficiency (Output maximization) is audit 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 resources input (Stoner, 2000). This agrees with Chandan (1987) who defines efficiency as a technique of operations which results in an optimum and effective manner so that the resources of time, talents and money are utilized fully and without waste. This further correlates with

(Anderson, *et al* 2001), who defined Efficiency as 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.

Efficiency is the ability to do things that is an "an input-output" concept. An efficient manager is the one who achieves outputs, or results, that measure up to the inputs (labor, materials, and time) used to achieve them. Managers who are able to minimize the cost of the resources needed to achieve goals are acting efficiently. Peter Druker, one of the most respected writer on management defines efficiency as doing things right (Stoner *et al*, 2000). 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 (Fisbein, Ringold and Rogers, 2009). Therefore, the governance of the capitation grant in primary schools is influenced by both the civic engagement (demand side factor) and the school autonomy (supply-side factor).

Effectiveness

Effectiveness means "doing the right thing." Effectiveness involves choosing right goals (Stoner *et al*, 2000). 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 programs (Africa 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 the performance as a whole; (b) satisfaction which is perceived by both senior management within the organization and the internal staff that use the function; (c)

modernization which is the extent to which the organization as adopted the management practices and how it is being innovative and forward looking (Potts, 2002).This correlates with MES guidelines which states that efficiency is achieved if funds are allocated for areas specified for operation in schools as follows

UPE capitation grants are channeled to the local government as conditional grant. It is utilized strictly in accordance with Poverty Action Fund (PAF) general guidelines for planning and operation for conditional grant issued by the ministry of finance, planning and economic development. School expenditure that are eligible for UPE grant financing include:-

Extra instructional/ scholastic material(supplementary books or readers, makers, teaching aid, slates, chalkboards, teachers table and chairs, maps, wall chats, globes and duplicating papers). It involves co-curricular activities (e.g. games, sports music, dance, drama, art and craft and clubs). It also involves management school registers and provision of relevant equipment/materials.

According to the study curried out by Asimwe (2014), it revealed that effectiveness is achieved in schools. He agrees with Davis (2007) who stressed for maximum benefits from goods and services providing value for money.

Economy

Economy is the cost minimization, which is doing more with fewer resources and making a saving. Economy aims at minimizing the cost of resources (doing things at a low price) Jan (2003). The economically efficient method of production is the method that produces a given level of output at the lowest possible cost (Colander 2004).It correlates with the study of Assimwe (2014) which revealed that economy is exhibited in the schools with the fact that more is done with fewer resources and all stake holders aim at input cost minimization of resources for all the purchases.

However, this study reveals that value for money is generally hindered MOES not buying in large quantizes for school to enjoy bulk purchases discounts.

2.3 Financial Accountability

Accountability is the state of being accountable, subject to the obligation to report, explain or justify something (Musenze 2009).

Brody (2001) finds four different definitions of accountability, fiscal honesty and avoidance of fraud, good governance, adherence to mission, demonstration of the charity's effectiveness (Day and Klein, 1987); Jenkins and Gret, 1999; Mulgan, 2003) explain that accountability is about the conduct and performance of an individual, a group, or an organization, and how these are assessed. However Brown and Moore (2001) analyze non-profit accountability using scheme of to whom, for what, Boice (2004) stated that for the non-profit sector which includes schools accountability has many meanings. There is answerable to the public, which includes effectively carrying out activities to fulfill your organization's mission, respecting donor intent, upholding ethical standards and using good governance practices. There is financial responsibility or operational transparency that requires demonstrating how donations to your organization are used and how effective your organization is achieving its goals.

Accordingly, financial accountability as explained by Brody (2001) and Day and Klein can be a fiscal honesty and avoidance of fraud that makes sure money is recorded and spent as agreed, and according to appropriate rules and that reports are given to stakeholders. It thus comprises of the accounting system and financial reporting. Collins and Collins (1978) agree that in order for the organization to review the financial activities of the past year, and make plans for the future it prepares and publishes annual accounts or financial reports. However these reports must be timely,

accurate and reliable. These enable the stakeholders to see the performance and the overall financial situation of the organization. Field (1997) agrees that annual reports should include a narrative description of the organization's major activities and audited financial statement or at a minimum comprehensive financial summary that identifies the revenues, expenses and ending balances.

2.4 Financial Management practices (FMPs)

Jonbert and Bray (2007) describe 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 best with challenges (Jonbert, 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).

2.5 Financial management practices and financial accountability (FA)

With financial management practices in form of financial recording, financial internal controls, budgeting, communication and monitoring there is proper accountability in form of financial reports with information which is timely, accurate and reliable (Asiimwe 2014). This leads to value for money in form of Efficiency, Effectiveness and Economy

2.6 Financial Accountability and Value for Money

Financial accountability as explained by Brody (2001) and Day Klein can be a fiscal honesty and avoidance of fraud that makes sure money is recorded and spent as agreed, and according to the appropriate rules and that reports are given to stake holders. These combined ensure effectiveness

which involves doing the right thing, efficiency which involves doing the thing right and finally economy (Stoner 2000). Hence it compounds to value for money.

2.7 Financial Management Practices, and Value for Money

Financial management practices involve financial record keeping, financial internal control activities, budgeting, communication and information then monitoring. Once all these are implemented in schools in form of financial management systems it leads to improvement in the use of scarce resources. This leads to economy. Efficiency and effectiveness and hence value for money.

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 Transparency International report (2010), increased funding of education has not always led to better outcomes due to system leakages, wastage and misuse of resources. In a research carried out in Luwero, it was found that 50% of government contributions to the schools rarely reached the schools in the district and the schools were not told where this money went (Munene*et al*, 1996). Munene (2009) asserts that effective and continuous monitoring of activities guarantees optimal utilization of resources through effective accountability, correct and timely information.

2.8 Relationship between Financial Management Practices, Financial Accountability and Value for Money

Nayak and Greenfeild 1994, and Lybaert (1998) asserted that the quality of financial management information utilized with the entity as a positive relation with an entity's performance. Munene (2009) assert that effective and continuous monitoring of activities guarantees option utilization of

resources through effective accountability, correct timely information. This ensures efficiency, effectiveness and economy and all these leads to value for money.

Thuy (2007), Jarbanes-Oxyley Act(sox,2002), assert that internal control activities lead to the promotion of adherence to laws, regulation, contracts and management directives and the development and maintenance of reliable financial 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 education system at the at District levels is basically weak. System for record keeping and accounting are inadequate, leading to misallocation of funds, salary payment to ”ghost” teachers and generally lack accountability (Hubbard, 2007:4). This compromises economy, efficiency and effectiveness and less value for money. This is evidenced with World Bank (2004) that improvement in accountability promotes value for money of public funds

2.9 Conclusion

Financial management practices comprises of financial record keeping financial internal control activities, budgeting, communication and information plus monitoring. Once all these are practiced in schools there is accountability in form of timely, accurate and reliable reports. This leads to value for money in form of effectiveness, efficiency and economy. Unfortunately in most of schools financial management practices are ignored, this affects accountability and finally less efficiency, economy, effectiveness and hence less value for money

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the research design, population sampling strategies, data collection methods, data collection instruments, data quality control and data collection procedure and data analysis to be used in the study.

3.2 Research design

A cross-sectional research design based on both qualitative and quantitative approaches were adopted. The mixed research method of data collection was considered appropriate for generalizing the findings over a population. Both qualitative and quantitative approaches will be used to allow for a collection of detailed information. The quantitative approach will be used to quantify number of respondents with a given opinion on all research questions while qualitative will be used to get an in depth understanding of the study variables.

3.3 Study population

The study population was composed of 33 eligible UPE school (both rural and urban) of Katikamu North County Luweru District (DIS Record, 2015).

3.4 Sample size and sampling design

Based on Krejcie and Morgan, (1970), a sample size of 30 UPE schools was determined out population of 33 UPE Schools. The 30 schools were chosen from the 33 schools using simple random sampling method from which sample, a unit of inquiry (respondents) who were the Head teacher, teacher, a member of Board of Governors and District Inspector of schools' DEO, and DIA, were selected purposively due to their knowledge about the topic under study. Therefor a total of 90

respondents (30 schools x3 categories of respondents) were chosen and from this 96% response rate was achieved from the unit of inquiry however, using the unit of analysis, the response rate was 29 schools out of 30 schools making a percentage of 97%.

3.5 Sources of data

The following people availed data to the researcher: Head teacher, teacher, a member of Board of Governors and District Inspector of schools' DEO, and DIA. These were the unit of inquiry for this study.

3.6 Data collection methods

The researcher issued interview guides, questionnaires to the head teachers and inspector of schools, DEO, District internal auditor. Documentary review was also sued for secondary data.

3.7 Data collection tools

The researcher was used instruments which were administered to the teachers, head teachers, DEO and DIA. The target respondent included 3 persons from each school that is to say the head teacher, a teacher and a member of Board of Governors which is 90 respondents (30 × 3). The researcher used pens and paper to record the responses from the key informants. The interview guides to Inspector of schools, DEO and DIA was used to guide the researcher during the interview.

3.9. Reliability and Validity of the Instruments

3.9.1 Reliability

A pilot test was conducted in selected Kampala UPE schools to ascertain the reliability of the questionnaire using the Cronbach's Alpha (α) coefficient to measure reliability of the variables.

Therefore, reliability of questionnaires were improved through pre-testing of pilot samples of 7 UPE schools from where the targeted respondents filled the research questionnaire accordingly. This enabled re-phrasing of some questions so as to check for the internal consistency of the scales. Cronbach Alpha Coefficient was used to test for reliability and test-retest procedure was done. Test-retest refers to the degree to which scores on the same test by the same individuals are consistent over time (Amin, 2005). The level of Cronbach Alpha Coefficient to provide a threshold was 0.7 (Amin, 2005). The results are showed in the table below:

Table 1. Showing the reliability test results

Variable	N of Items that remained	Cronbach's Alpha
Financial management practices	56	.719
Financial accountability	15	.749
Value for money	18	.769

Source: Primary Data

3.9.2 Validity

The questionnaire was validated using a content validity index (CVI) where the proportion of relevant questions were computed from two questionnaires filled by two experts in the study area using two scales of Relevant (R) and Not relevant (N R). The results of CVI from the two experts are calculated using the formula below:

$$CVI = \frac{\text{No. of valid questions}}{\text{Total No. of questions}}$$

CVI Results from experts

Expert 1

$$CVI = \frac{\text{No. of valid questions}}{\text{Total No. of questions}} = 83/89 = .932$$

Expert 2

$$CVI = \frac{\text{No. of valid questions}}{\text{Total No. of questions}} = 75/89 = .842$$

3.8 Measurement of variables

Study variables in this study was measured and tested by their constructs on a set of statements to five-point likert scale format questionnaire ranging from '*strongly agree'* (5), *agree (4), Not sure (3), Disagree (2) to 'strongly disagree'*. Financial Management Practices was measured by its constructs of financial record keeping, financial internal control activities, budget, Communication and information and monitoring. Financial Accountability was measured by its constructs of financial reports and audit reports (Lewis, 2003). And value for money was measured using the 3Es; Efficiency, Economy and Effectiveness (Ogden, 2009).

3.9 Data Processing, Analysis and Presentation

Data was sorted, edited and checked for required quality, accuracy and completeness. Data analysis was done using the SPSS software. Output for analyzed data included descriptive statistics (mean, standard deviation, frequencies and percentages) factors analysis and inferential statistics (correlation and regressions).

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1. Introduction

This chapter presents results analysis and interpretations. It begins with the presentation and interpretation of the demographic characteristics of the respondents, such as gender, age, work experience, level of education and position held among others, using frequency analysis. The objectives were answered using the descriptive, correlation and regression analysis.

i. To examine the relationship between Financial Management practices and Financial Accountability
ii. To examine the relationship between Financial Management Practices and Value for Money
iii. To examine the relationship between financial accountability and Value for money
iv. To examine the relationship between Financial Management practices, financial accountability and value for money of UPE capitation grant.

4.2. Descriptive Statistics

The results below show the descriptive analysis for the respondents with the help of the frequency analysis. Frequency analysis was used to analyze the demographics data of for the respondents. The findings are shown in table 4.2.1 below.

Table 4.2.1: Respondents characteristics

Variable	Freq.	% age
Age		
20-29	3	3.4
30-39	22	25.3
40-49	46	52.9
50-59	14	16.1
60 and Above	2	2.3
Gender		
Male	45	51.7
Female	42	48.3
Education		
Master's Degree	3	3.4
Bachelor's	22	25.3
Diploma	48	55.2
A Level	14	16.1
Work Experience		
Below 2 years	12	13.8
3-6 years	43	49.4
7-10 years	17	19.5
Above 10 years	15	17.2
Position in School		
Head Teacher	25	28.7
Teacher	16	18.4
Member or BOG	21	24.1
Deputy Head teacher	25	28.7

Source, Primary Data

Results from table 4.2.1 above shows that the majority of the respondents were deputy head teachers (28.1%) and teachers (28.1%). These were followed by the Board members (24.1%) for the respective schools visited. This implies that the heads of school participated largely in this study.

Findings ion table 4.2.1 above shows that out of the 87 respondents visited, 45 were male and 42 were female. The interpretation of the results in table 4.2.1 above is that the majority of the respondents in this study were male compare to women though the percentage of difference is insignificant.

Results in table 4.2.1 above indicate that out of the 87 respondents visited in this study, 3 were aged between 20-29, 22 were aged between 30-39, 46 were aged between 40-49, and 14 were aged between 50-59 and 2 aged 60 and above. The interpretation of the results in table 4.2.1 above is that the majority of the respondents in this study were between 40-49 years of age.

Table 4.2.1 above shows that the majority of respondents in this study had at least a Diploma and these constituted 83.9% of the total population. This implies that the majority of the respondents had the potential to read and understand the research questionnaire and thus was able to answer appropriately the research items therein.

Results in table 4.2.1 above shows that the majority of the respondents in this study had at least worked for 3 years and above in their respective schools. This constituted 86.2% of the total population. This means that the majority of the respondents in this study were well conversant with the information needed in this study.

4.3. Correlation Analysis

Table 4.3 above shows the correlation analysis of the respondents understanding of the relationship between Financial Management Practices, Financial Accountability and Value for Money of the

UPE capitation grant. Correlation analysis was run to establish this relationship or effect of the independent variables on the dependent variable as explained below.

Table 4.3: Correlation Analysis

Variable	**1**	**2**	**3**
Financial management practices (1)	1		
Financial accountability(2)	.773**	1	
value for money (3)	.677**	.625**	1

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

Effect of the independent variables on the dependent variable as explained below

Source: Primary Data

4.3.1 Financial Management practices and Financial Accountability

The first objective was to examine the relationship between Financial Management practices and Financial Accountability and the researcher analyzed the respondents understanding of the variable with the help of the correlation analysis to answer the objective of the study. The findings are shown in table 4.3 above.

According to table 4.3 above Financial Management practices associates positively with Financial Accountability ($r= .773^{**}$, $p \leq 0.01$), This implies that, with good Financial Management practices exhibited or practiced in the capitation grants in UPE schools, that's to say the existence of better financial records keeping., good financial internal control activities, proper budgeting, good communication and information flow and better monitoring of the activities under the capitation

grants in UPE schools, this helps in return to improve on the Financial Accountability of the respective schools under the capitation grants.

However, looking at the qualitative findings, there is an indication by the Internal Auditor of Luwero District that *"....Control measure was set in place only that some Head teachers do not just follow them…"*

This is also supported by the response given by the District Education Officer, Luwero District who said that *"...May be the internal control mechanism is in theory because he does not see them…'*

This implies that financial control activities are in place and some Head teachers use them however there some head teachers who don't consistently use them which may be affecting financial management practices.

In addition, in the qualitative results also indicated that *".... Monitoring is still inadequate due to the limited resources because for proper monitoring and evaluation to happen, all schools should be visited on station. And this should involve different stakeholders at different levels…" (*Internal Auditor of Luwero District).

4.3.2. Financial Management Practices and Value for Money

The second objective was to examine the relationship between Financial Management Practices and Value for Money and the researcher analyzed the respondents understanding of the variable with the help of the correlation analysis to answer the objective of the study. The findings are shown in table 4.3 above. According to table 4.3 above Financial Management practices associates positively with Value for Money ($r= .677^{**}$, $p \leq 0.01$), This implies that, with good Financial

Management practices exhibited or practiced in the capitation grants in UPE schools, for example, that's to say if there is better financial records keeping., good financial internal control activities, proper budgeting, good communication and information flow and better monitoring of the activities under the capitation grants in UPE schools, this helps in return to improve on the realization of the Value for Money in the respective schools under the capitation grants.

4.3.3 Financial accountability and Value for money

The third objective was to examine the relationship between financial accountability and Value for money and the researcher analyzed the respondents understanding of the variable with the help of the correlation analysis to answer the objective of the study. The findings are shown in table 4.3 above. According to table 4.3 above financial accountability associates positively with Value for Money ($r= .625^{**}$, $p \leq 0.01$), This implies that, with good financial accountability practices exhibited or practiced in the capitation grants in UPE schools, for example, if there is existence of better financial reports prepared and good audited reports, there will be realization of the Value for Money in terms of efficiency, effectiveness and economy, in the respective schools under the capitation grants.

> The study findings are supported by the qualitative results where the Internal Auditor of Luwero District indicated that *"…. For the case of internal audits, these are done but twice in a year because of limited resources. Auditor general does it once in a year…"*

4.4 Regression Analysis

Table 4.4 below indicates the regression analysis of the findings. The analysis is intended to explain the predictive power of the two independents variables (Financial Management practices

and financial accountability) on the dependent variable of value for money, in this study. The details are explained below:

Table 4.4: Regression analysis of Financial Management practices, financial accountability and value for money

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	**Dependent Variable**	
		B	Std. Error	Beta			Value For Money	
	(Constant)	.486	.057	.677	8.481	.000	R	.696
							Ad R^2	.472
	Financial Management Practices	.346	.089	.482	3.900	.000	R Sq Change	.484
	Financial Accountability	. 397	.194	.253	2.046	.044	F Change	39.403
							Sig. F Change	.000

A. Dependent Variable: Value For Money
B. Predictors: (Constant), Financial Management Practices
C. Predictors: (Constant), Financial Management Practices, Financial Accountability
Source: Primary Data

4.4.1. Financial Management practices, financial accountability and value for money

The third objective was to establish the relationship between Financial Management practices, financial accountability and value for money of UPE capitation grant and the researcher analyzed the respondents understanding of the variable with the help of the hierarchical regression analysis to answer the objective of the study. The findings are shown in tables 4.4 above.

According to table 4.4 above, the results from the findings indicates that, Financial Management practices, financial accountability accounts for 48.4% (R squared .484) variance in the value for money. The F statistics of (39.403) indicates that the change in the predictor power of value for money is not very likely to occur by chance because the certainty of prediction is known. This is because the likelihood that the difference in the outcome occurred by chance is P = .000. Therefore $P \leq 0.01$ which indicates that the model of Financial Management practices and financial accountability is significant in the prediction of value for money of UPE capitation grant.

CHAPTER FIVE

DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1. Introduction

This chapter discusses the conclusions and recommendations of the research findings, basing on the research objectives. Suggested areas for further research were also presented.

5.2. Discussions

5.2.1. To examine the relationship between Financial Management practices and Financial Accountability

According to results in table 4.3 above, Financial Management practices associates positively with Financial Accountability. This implies that, with good Financial Management practices exhibited or practiced in the capitation grants in UPE schools, that's to say the existence of better financial records keeping., good financial internal control activities, proper budgeting, good communication and information flow and better monitoring of the activities under the capitation grants in UPE schools, this helps in return to improve on the Financial Accountability of the respective schools under the capitation grants.

In support of the above findings, some authors such as Asiimwe (2014), confirmed that With financial management practices in form of financial recording, financial internal controls, budgeting, communication and monitoring there is proper accountability in form of financial reports with information which is timely, accurate and reliable This leads to value for money in form of Efficiency, Effectiveness and Economy.

5.2.2. To examine the relationship between Financial Management Practices and Value for Money

According to results in table 4.3 above, Financial Management practices associates positively with Value for Money (VFM) ($r= .677^{**}$, $p \leq 0.01$), This implies that, with good Financial Management practices exhibited or practiced in the capitation grants in UPE schools, for example, that's to say if there is better financial records keeping., good financial internal control activities, proper budgeting, good communication and information flow and better monitoring of the activities under the capitation grants in UPE schools, this helps in return to improve on the realization of the Value for Money (VFM) in the respective schools under the capitation grants.

In support of the above findings, some authors such as Nayak and Greenfield 1994; and Lybaert (1998) pointed out that Financial management practices involves financial record keeping, financial internal control activities, budgeting, communication and information then monitoring. Once all these are implemented in schools in form of financial management systems it leads to improvement in the use of scarce resources. This leads to economy. Efficiency and effectiveness and hence value for money. In addition, Nayak and Greenfield 1994; and Lybaert (1998) also asserted that the quality of financial management information utilized within the entity has a positive relationship with an entity's performance.

In support of the above Authors, Transparency International report (2010), increased funding of education has not always led to better outcomes due to system leakages, wastage and misuse of resources. In a research carried out in Luwero, it was found that 50% of government contributions to the schools rarely reached the schools in the district and the schools were not told where this money went (Munene*et al,* 1996). Munene (2009) asserts that effective and continuous monitoring

of activities guarantees optimal utilization of resources through effective accountability, correct and timely information.

5.2.3 To examine the relationship between financial accountability and Value for money

According to results in table 4.3 above, financial accountability associates positively with Value for Money (VFM) ($r= .625^{**}$, $p \leq 0.01$), This implies that, with good financial accountability practices exhibited or practiced in the capitation grants in UPE schools, for example, if there is existence of better financial reports prepared and good audited reports, there will be realization of the Value for Money (VFM) in terms of efficiency, effectiveness and economy, in the respective schools under the capitation grants.

In support of the above findings, some authors such as Brody (2001) and Day Klein confirmed that financial accountability can be a fiscal honesty and avoidance of fraud that makes sure money is recorded and spent as agreed, and according to the appropriate rules and that reports are given to stake holders. These combined ensure effectiveness which involves doing the right thing, efficiency which involves doing the thing right and finally economy (Stoner 2000). Hence it compounds to value for money.

5.2.4 To examine the relationship between Financial Management practices, Financial accountability and value for money of UPE capitation grant

According to results in table 4.4 above, Financial Management practices and financial accountability accounts for 48.4% (R squared .484) variance in the value for money. The F statistics of (39.403) indicates that the change in the predictor power of value for money is not very likely to occur by chance because the certainty of prediction is known. This is because the

likelihood that the difference in the outcome occurred by chance is P = .000. Therefore P≤0.01 which indicates that the model of Financial Management practices and financial accountability is significant in the prediction of value for money of UPE capitation grant.

In support of the above findings from the study, some authors such as Nayak and Greenfeild 1994, and Lybaert (1998) asserted that the quality of financial management information utilized with the entity as a positive relation with an entity's performance. Munene (2009) assert that effective and continuous monitoring of activities guarantees option utilization of resources through effective accountability, correct timely information. This ensures efficiency, effectiveness and economy and all these leads to value for money.

Thuy (2007), Jarbanes-Oxyley Act (Sox,2002), assert that internal control activities lead to the promotion of adherence to laws, regulation, contracts and management directives and the development and maintenance of reliable financial 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. Therefore, management of the education system at the at District levels is basically weak. System for record keeping and accounting are inadequate, leading to misallocation of funds, salary payment to "ghost" teachers and generally lack accountability (Hubbard, 2007). This compromises economy, efficiency and effectiveness and less value for money. This is evidenced with World Bank (2004) that improvement in accountability promotes value for money of public funds.

5.3.Conclusions

5.2.1. To examine the relationship between Financial Management practices and Financial Accountability

The results from the findings confirmed that:

i. Financial Management practices associates positively with Financial Accountability.

However, looking at the qualitative findings, it was confirmed that:

i *"....Control measure were set in place only that some Head teachers do not just follow them..."(*Internal Auditor of Luwero District)

ii. *"...May be the internal control mechanism are in theory because he does not see them..." (*District Education Officer, Luwero District)

iii. *".... Monitoring is still inadequate due to the limited resources because for proper monitoring and evaluation to happen, all schools should be visited on station. And this should involve different stakeholders at different levels..."* (Internal Auditor of Luwero District).

5.2.2. To examine the relationship between Financial Management Practices and Value for Money

The results from the findings confirmed that:

i. Financial Management practices associates positively with Value for Money. This implies that, with good Financial Management practices practiced there is realization of the Value for Money in the respective schools under the capitation grants.

5.2.3 To examine the relationship between financial accountability and Value for money

The results from the findings confirmed that:

i. financial accountability associates positively with Value for Money.

Qualitative results confirmed that:

i. *"…. For the case of internal audits, these are done but twice in a year because of limited resources. Auditor general does it once in a year…"(*Internal Auditor of Luwero District).

5.2.4 To examine the relationship between Financial Management practices, financial accountability and value for money of UPE capitation grant

The results from the findings confirmed that:

i. Financial Management practices and financial accountability accounts for 48.4% (R squared .484) variance in the value for money.

ii. Results also confirmed that $P \leq 0.01$ which indicates that the model of Financial Management practices and financial accountability is significant in the prediction of value for money of UPE capitation grant.

5.3. Recommendations

With reference to findings revealed in the study, the following are the suggested recommendations

i. It is important for the UPE schools under the capitation grant to exhibit good Financial Management practices in form of financial records keeping, good financial internal control activities, proper budgeting, good communication and information flow and better monitoring of the activities as this helps improve on the Financial Accountability for the capitation grants.

ii. The concerned authorities must ensure that all the Head teachers of the UPE schools follow and use the control mechanisms put in place to on the capitation grant as they are in place but are not used by the respective parties.

ii. Resources should be put in place by government to ensure that Monitoring of the capitation grant activities is done regularly and as a routine by the assigned officers to the capitation grant

iii. Period of conducting internal audits should be increased to quarterly instead of semiannually as this will help solve accountability challenges on time as they arise

5.4. Areas for further Research:

This Study to examine the relationship between financial management practices, financial accountability and value for money of capitation grants in UPE schools. This would be a good Starting Point for further research:

Examine the relationship between financial management practices, financial accountability and value for money of other government funded projects other than the capitation grants in UPE schools.

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APPENDIX III: QUESTIONNAIRE

MAKERERE UNIVERSITY BUSINESS SCHOOL

GRADUATE RESEARCH CENTRE (GRC)

MASTER OF SCIENCE ACCOUNTING AND FINANCE

Dear Respondent,

You have been selected as a key stakeholder to participate in this study on utilization of capitation grant (UPE funds) in the UPE schools in Luwero district due to the importance of your information and your contribution towards 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 of (UPE funds) Capitation grant" which is a partial fulfillment of the requirement 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 UPE funds for the purpose of engaging policy makers and the general public on effective and efficient utilization of the funds.

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

Sincerely,

……

Wamala Henry

(Masters – Candidate)

SECTION A: DEMOGRAPHICS/SOCIAL CHARACTERISTICS OF RESPONDENTS

- Designation of Respondents

Table 1: Designation of respondent

Category of Respondents	Code	Tick
Head Teacher	1	
Teacher	2	
Member – BOG	3	
Deputy Head Teacher	4	

- Gender of the respondent

Table 2: Sex of the respondent

	Code	**Tick**
Male	**1**	
Female	**2**	

- 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**	

- Education Level of the respondent

Table 4: Education Level of the respondent

Education level	**Code**	**Tick**
Master's degree	1	
Bachelor's degree	2	
Diploma	3	
A' level	4	

- How long have you worked with this school?

Table 5: Number of years served in this school

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

- For how long have served in the current position

Table 6: Number of years served in the current position.

Number of years	**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 apply to you, please mark "Uncertain".

Strongly Disagree	**Disagree**	**Not Sure**	**Agree**	**Strongly Agree**
1	**2**	**3**	**4**	**5**

No.	Statements	1	2	3	4	5
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 regulation, policies and requirements are always followed					
	Statutory records					
5	Admission registers in this school are used every term.					
6	Pupils' 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	Pupils' examination results/assessment results are kept well per term.					
	Finance records					

10	Cashbooks are consistently used and updated					
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 year 2009 - 2014 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 by 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 (GRN)					
5	The Head teacher in this school insists that paid vouchers must be stamped "paid".					
6	Asset registers in this school are 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 (UPE funds) are kept secure from unauthorized access, loss or damage.					

C	Budgeting					
1	Every year school operating budget is prepared and approved by the school					
2	Approved school operating budget is sent to the Ministry through the DEO, CFO and CAOs' offices					
3	Stakeholders are involvedin building the school operating budget					
4	The size of UPE funds depends on enrolment in the school					
5	All the budgeted UPE funds are received in time					
6	UPE funds are always spent according to the legible UPE budget lines					
7	All school requirements fit well in the apportioned mandatory percentages of the UPE funds budget.					
8	Prioritizing the utilization of the UPE funds in the expenditure categories is satisfactorily done.					
9	The school finance committee always reviews budget variances [actual expenditures vs. budget expenditure]					
10	Expenditures over and above the legible allocated are always authorized by the Head teacher and Board of Governors.					
11	Our school UPE funds budget is supplemented by other sources					
12	UPE funds we receive fluctuates/changes within the year					
13	The five (5) eligible budget lines of the capitation grant (UPE funds) are strictly followed,					
D	Communication and Information					
1	Timely information on UPE funds is always availed to the Public					
2	UPE funds disbursements and expenditures are always posted on the school notice boards by the Head teacher					
3	Accountabilities are sent to the Ministry by the school through district stakeholders					

	Transparency in the UPE funds utilization					
4	UPE funds expenditure reports are always presented in parents' meetings					
5	UPE funds is always apportioned according to the legible budget lines in the school finance meetings					
6	The Head teacher freely shares information on the UPE funds during BOG and PTA meetings.					
7	Stakeholders' roles and responsibilities are encouraged.					
8	B.O.G and finance committee of this school is functioning very well.					
	Bank Account					
9	This school is operating a separate UPE bank account					
10	UPE funds is disbursed by the government directly to the bank account					
11	Our school banks other monies on this UPE bank account					
12	There are sometimes UPE funds withdrawals at the start of the school holidays.					
E	**Monitoring**					
1	There is always monitoring and supervision by District Inspector of schools on how UPE funds in this school is utilized					
2	In this, inspection is done centrally (no official feedback is given to the district).					
3	There is always monitoring and supervision of the schools by the National level inspectors of the school on the activities of the school.					
4	Stakeholders actively participate in monitoring and supervision of the school activities and UPE funds utilization.					
5	Civil Society Organizations (other stakeholders) monitor UPE funds disbursements and spending.					

6	School Management Closely monitor implementation of internal control systems in our primary 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 aspect of financial accountability of this school. If the item does not apply to you, please mark uncertain.

No	Statements	1	2	3	4	5
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 of this school are regularly prepared and submitted in time to the Ministry per term.					
4	There is a standard format for presenting regular reports on the accountabilities.					
5	The Head teacher supervises and follows up on accountability related issues.					
6	All UPE funds received since 2009 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 discuss internal audit report frequently					
6	The District internal auditor examines accountabilities on UPE grants before they are submitted to the Ministry.					
	External audit					
7	Annual audit reports have been prepared for the period (2009-2014)					
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

Please evaluate each of the following statements by marking the number that suits your level of agreement as regards the aspect of financial performance of this school. If the item does not apply to you, please mark uncertain.

No.	Statements	1	2	3	4	5
A	Efficiency					
1.	Our school doesn't lack scholastic materials like stationery					
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 on 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 UPE funds					
8	Staff ensures there is optimal utilisation of resources to attain the Ministry's objectives and targets.					
9	School enrolment records are well tallied with exact number of (students) pupils in the school					
B	Effectiveness					
1	This school has improved teaching/learning environment					
2	Stakeholders achieve the intended best quality targets					
3	Stakeholders achieve the intended quality targets					
4	Parents are not paying for any times on top of UPE funds					
C	Economy					
1	Stakeholders aim at minimizing the cost of school inputs					
2	The school pays for services/products basing on market prices					
3	The school secures minimum of 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	Ministry of Education and Sports buys in large quantities for schools to get bulk discounts.					

Thank you very much for being part of this study

APPENDIX IV: INTERVIEW GUIDE

MAKERERE UNIVERSITY BUSINESS SCHOOL

GRADUATE RESEARCH CENTRE (GRC)

MASTER OF SCIENCE ACCOUNTING AND FINANCE

Dear Respondent,

You have been selected to participate in this study due to the importance of your position in 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 UPE funds: A case of Universal Primary Education (UPE) schools in Luwero district. S

SECTION A: UPE FUNDS AND FINANCIAL MANAGEMENT PRACTICES

- In your opinion, is there segregation of duties as an internal control mechanism in UPE schools?
- In your opinion, do you think Head teachers have attempted to miss-apply the UPE funds?
- Do you think there have been enough monitoring and evaluation measures?

SECTION B: UPE FUNDS AND FINANCIAL ACCOUNTABILITY

- In your view, are the accountability procedures followed adequately in UPE schools?
- Do you see enough of internal and external auditing by the District and Auditor General's office?

SECTION C: CAPITATION GRANT (UPE) AND FINANCIAL PERFORMANCE

- In your opinion are school enrolment records tallying well with exact number of students (pupils)?
- Do parents in UPE schools still pay to cover up on items in the school's budget?
- In your opinion, do schools too enjoy bulk discounts for large quantity purchases?