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## Accountability and Transparency in Financial Management among Secondary School Principals

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### Abstract

The purpose of this study is to explore the implementation of practices related to accountability and transparency practiced by school principals in school financial management. In depth interviews were conducted among school principals at selected public schools in Kuala Lumpur where financial management is being implemented. Thematic analysis was used to analyze the data and the researcher used NVivo 12 software during the analysis phase. Findings showed that there is serious need of financial management training for principals, finance committee and elected staff representatives, level of accountability and transparency in school finances among school principal were a great concern and that was one source of conflict and lack of support and monitoring from district offices. The implication and suggestion was briefly discussed in this study.

**Keywords:** Financial Management, Accountability, Transparency

### Introduction

Financial management is an important aspect that is the pointer of the driving force for every planning and program conducted in every organization. Asimiran (2003) described financial management as a determining factor and key controller to the management of the school organization. Steiss (2003) also sees financial management as a comprehensive planning that covers various forms of affair such as goods, services, and activities. He argues that every planned activity requires cost or expense to provide materials and equipment to be succeed in the activity that will be progressing or is progressing.

Transparent school financial management is the optimum national education system ever since. Various education policies are enacted by emphasizing the implicit value of honesty and confidentiality in carrying the responsibility and accountability. This means the task is performed with trust to realize the goals and objective of departments and organizations. Through transparent and integrated financial management, the quality of education of the education organizations will be enhanced more easily.

School principals are responsible for determining the financial management of the school is carried out efficiently and effectively (Pihie, 2000). Pihie (2000), argues that

school principals need to ensure that all school members are preserving integrity in every aspect including in terms of financial involving. These duties and responsibilities need to be done with full accountability and transparency to ensure that public money can be well managed and orderly in accordance with the allocated financial procedures. School principals as the controller officers need to have high transparency and accountability in managing affairs, especially in procedures that involving receiving and collecting money at the school level. In line with that, financial management needs to be managed efficiently and systematically as stated in the Education Act 1996.

Effective financial management can prevent any form of wastage and irregularities. This is in line with accountability of school's financial which is an important foundation in ensuring the distribution of school funds is focused on the interests of students. Brinkerhoff (2001) argues that financial accountability is subject to appropriate legal framework, including provision and constitution, laws and regulations, the law on institutional structure mandated in implementing and monitoring budgets, laws on public procurement, regulations on accounting and storage of books, property management and so on.

Generally, accountability means responsibility for the duties to be implemented. In the context of the Malaysian Public Service, accountability means the responsibilities of officers and civil servants in carrying their duties submitted to ensure the achievement of goals and task objectives that have been entrusted. Accountability also means 'take the trust to carry out activities specified responsibly on success or failure. According to Bunham (2003), accountability includes the need to provide information on any event that occurs to the person entitled to legally. The Division of Nazir pilgrims (in the Secondary School Professional Management Guidebook, 1993) also interpreted accountability in financial management as a financial process involving planning, distributing and the use of manpower, cash, goods (assets) and services to meet the goals of an organization/school. In fact, financial management in the education cannot work well without the practice of accountability.

Another important aspect in financial management is the transparency in all matters to ensure the best value and quality of each expenditure. Transparency has three types of metaphorically, the first is the transparency as a public value to combat corruption and corruption culture. Secondly, the transparency in making open decisions by the government and non-stakeholders, and the third is the transparency in good governance in programs, policies, organizations, and countries. These three metaphors need to be well-managed by school principals. Transparency has been defined with some approaches or contacts.

In the context of corporate and economic organizations for example, transparency means having access to information and permissions can be obtained equally by all parties, if they choose to view it (Richard, 2004). Transparency is important to ensure that all parties can enjoy the same information and facilitate each party to make appropriate decisions. Practical transparency practices through high accountability in financial management in school organizations are aimed at ensuring that school management travel can be implemented more thoroughly, honestly, cautious and in accordance with existing provisions so that accountability can meet the objective of establishing the educational

institution itself. This is because the good system does not result in a result of human resources that do not have good value and attitude, trust, efficient, clean mind and pure.

In other words, the principles of transparency and accountability in financial management in school can be likened to drivers towards the right way and become guards so that government especially the principals do not slip from the path of humanity to pursue the desire and fulfil their goals or professions involved. The value of transparency and accountability in education services is also very important as the achievement of this aspect is the foundation and meaning of the thought, and behavior and whatever action is made.

Ironically, accountability and transparency in financial management is mutually responsible for each other and can guarantee that public money can be managed efficiently. Without these two principles in individual financial managers then there will be wasting of the use of human resources, financial, and time, delaying in completing a project, reducing the public confidence in the government's financial management in particular and public service generally and thus giving out opportunities for irregularities, corruption, misconduct and abuse of power. This study will focus on the accountability and transparency in financial management among school principals.

### **Materials and Methods**

This study adopted a qualitative approach and case study was employed. Purposive sampling is a sampling approach in which the samples chosen are more selective. The study's sample is chosen based on personal interest and characteristics of diverse experiences that researchers have had. The data source that researcher need in the study not only reflects its population but also information and comprises of individuals who really know and understand their information and issues and can be trusted.

In this study, the sample size is set at the saturation point. This research was carried out via in-depth interviews and document analysis. All data were recorded and analysed by the researcher. Sampling is based on expertise and is not meant to determine the quantity of informants. Using the NVivo 12 software, the acquired data was transcribed, and the transcribed data was read numerous times to create codes and themes. The researcher will also analyse the research of the participants to create materials for study, such as cash books, VOTs, and financial statements in the process of delivering financial procedures at schools. As a result, these items must be accepted by the study participants.

Researcher ensured the study is conducted based on ethical practices. Prior approval to conduct the study is attained from Malaysian Ministry of Education (Reference: KPM.600-3/2/3-eras (12056). Besides the approval, researcher ensured the participation of samples in this research are voluntary basis and there is no monetary or non-monetary incentives involved in motivating samples to take part in the data collection process (Ravitch & Carl, 2019).

Samples and sampling techniques used in this study are selected according to the compatibility to the research problem and research objectives. Population of the research is the school principals since the research purpose is to identify principals' perception. School principals in Kuala Lumpur will be referred to draw out the research samples. Therefore,

selecting samples from school principal population is the most accurate way of ensuring the data will be suitable for analysis (Ros & Guillaume, 2019).

Data collection will be performed on voluntary basis whereby researcher will send email invitation with consent forms. School principals who agree to take part in the study will be given appointment for a virtual meeting at a selected time. The interview session will be recorded to ensure each information shared by the samples is captured. Research instrument for this study will be an interview protocol.

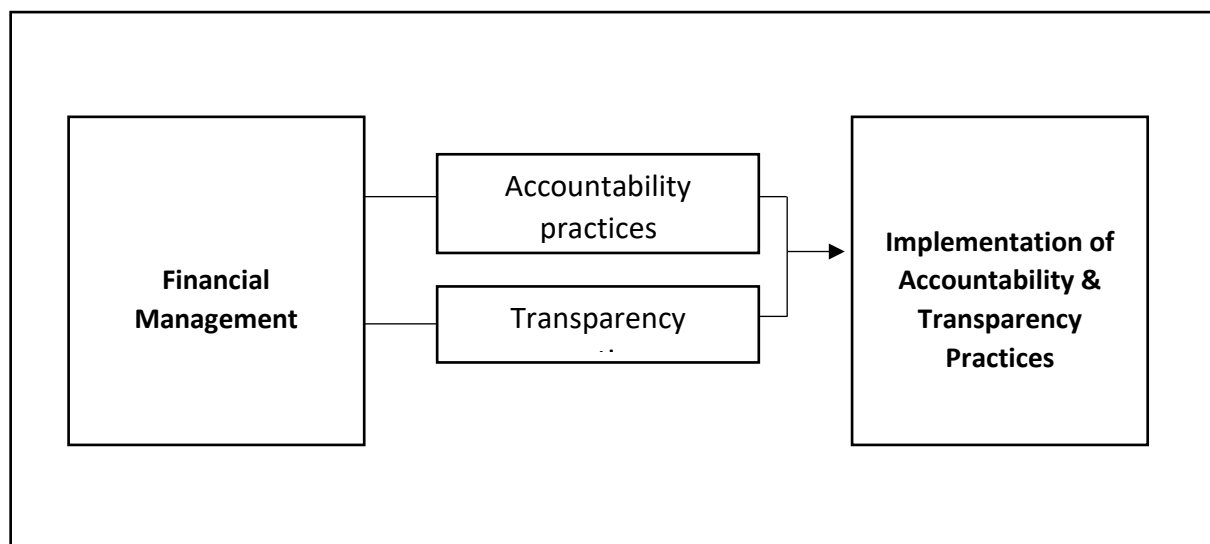


Figure 1: Conceptual framework

### Results of Finding

Using the inductive-deductive approach, four main themes were identified: Financial management training; Lack of monitoring; Accountability of principals and Transparency among principals.

#### Theme 1 : Financial Management Training

In trying to further determine the role of the School Finance Committee with regard to school financial management, respondents were asked to comment on the kind of training which was offered by district and Aminudin Baki Institute (IAB). Respondent stressed the need for school based training and proper financial management systems to be established in schools. It was stressed by the respondents that the training they received was inadequate and scanty due to lack of time. They would like to see broad based training involved governing bodies and school management teams. The training should assist schools on recording procedures and explain clearly to the school finance committee what their roles were in school financial management. There was an urgent need for financial management training should include all stakeholders. Some of the present members were never trained. They did not know their roles and responsibilities in school finances. Most principals articulated the same problems of lack of proper training. They were not informed of their responsibilities and function in school finances. All stakeholders needed school based training that will be inclusive of representative from the majority of the stakeholders.

*“ The courses given by the IAB emphasize more on procedures, but in my opinion, such courses should be held on an ongoing basis and all teachers should be reminded often not to spend illegally.” (informant 1)*

*“Hmmm..for me from what we received during NPQEL training is just a basic knowledge ... not really in depth..they only focused on theory and practise....first we have to learn from the department or the audit division..the role of the audit division is very important..we have to learn many new things in a limited time..the new principal or headmaster needs to get as many exposure by themselves..” (informant 2)*

*“Often from IAB courses, they taught us about principalship not only financial management and the time given is quite limited... I remembered they remind us about integrity and accountability because it has major implications for the principal who administers the school...” (informant 3)*

### **Theme 2 : Lack of monitoring**

District offices are not providing enough help or monitoring. District authorities must be trained so that they can advise schools on effective budget management.

*“..... officers came to monitor but for me it wasn't enough...the district should come at least twice a year or more than that..some of my officers are still new and they need more training in order to understand on how to manage school finance...most importantly district officers should be well trained too..from my observation some of them are quite new and seems like they lack of knowledge” (informant 1)*

*“ .....if I need help, I will call the officer to come to school to help us.... I understand their situation...it's not that they don't want to help...maybe it is because of time constraints or not enough officers in their department.” (informant 3)*

### **Theme 3 : Accountability of Principals**

Respondents were requested to provide their views on the role of the principal in managing school finances. Principal was accountable to the school as the representative of the school financial management. Principals must see to it that the money was not misused. The respondents said that principals as the managers must give all financial instruction. One respondent indicated that the principal was the final accounting officer and therefore must approve all the spending. Respondent raised a concern about the expulsion of principals from schools because of the misunderstanding happening in schools. “Finances are nightmares in schools, they are the cause of serious bitterness and battles in schools.

*“....most importantly the principal needs to have accountability..they need to have responsible attitude in handling government money so that there is no leakage and it is used properly.” (informant 1)*

*“...school finances must be adhered to properly. cannot be done carelessly and playfully. must follow all the procedures that have been set.” (informant 2)*

*“...the principal is an example in the school. good values need to be shown to other teachers so that they make the principal as the best example especially in managing finances..principals must follow the school budget and follow all the procedures.” (informant 3)*

#### **Theme 4 : Transparency among Principals**

The following patterns emerged in respect to the principal's role in management of school finances. Most governing body members were suspecting principals of mismanagement of funds. This suspicion surfaced when they said they did not know what the principals doing was correct. Educators indicated that principals misinformed the school finance committee about financial status of their schools. There was a lack of transparency. Most principals complained about false accusation levelled against them by parents, educators and committees in the school. These accusations were sometimes baseless, not properly investigated and no proper procedures followed before decision could be reached.

*“...the school must have an attitude of openness..they must be transparent and all teachers must know the school budget and how to spend the money correctly ..everything should be minuted..and all members of the finance committee must know about school finances..transparency and openness is necessary so that no irregularities occurred and the outsiders won't be suspicious of civil servants.” (informant 1)*

*“...principals must be transparent..... everything must be minuted so that there is no false accusations from the outsiders” (informant 2)*

*“...everything must be presented in the financial meeting and all members must know what kind of school programmes will be carried out..finances... it has to be transparent and follow all the SOP's that have been set..follow the guidelines and financial circulars that have been supplied by the ministry.” (informant 3)*

#### **Conclusion**

The purpose of this study is to investigate the practise of accountability and transparency in financial management among school principals. This study's analysis revealed data that helped to solve research questions. According to the results, the biggest source of stress is the critical need for financial management training for principals, finance committee members, and elected staff representatives. Other issues include the amount of responsibility and openness in school budgets among administrators, which was a major source of worry and dispute. Furthermore, a lack of assistance and oversight from district offices contributes to accountability and transparency in financial management. According to the results of this study on accountability and transparency in financial management among

school administrators, financial management is seen as the primary activity that pushes all school operations; it decides the effectiveness of any school. As a result, the principal's position as accounting officer, as well as the significance of training and assistance from the district office, were emphasized.

### Implications

In Malaysia, principals are in charge of school budget planning, monitoring, and implementing changes. The principals are in charge of handling and managing money based on their skills, with financial clerks assisting them. The principal will develop the budget to guarantee good school financial management (Marzuki, 2005). The primary causes of issues in the allocation of school funds are a lack of information and a lack of ethical awareness of the obligations assigned. Furthermore, a lack of training for principals is cited as a cause of financial management flaws. As a result, the district education office and the Aminudin Baki Institute must strengthen monitoring and organise the appropriate programmes to address shortcomings in school financial management practises.

The study on school financial management is still a new study and not many references can be obtained regarding school financial management in Malaysia. The findings of this study could be used as a tool to assist prospective principals in recognizing the practices of accountability and transparency in the efficient and effective management of school finances, taking appropriate steps to rectify weaknesses and problems faced by schools in managing school finances. This study is also expected to provide information to the Finance Division, Ministry of Education Malaysia (MOE) and the State Education Department related to practices related to accountability and transparency in school financial management and school accounts. Finally, this study is expected to encourage various interested parties to continue further research in the aspects of accountability and transparency of school financial management.

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