

Relationship Between Principals' Competencies in Financial Reporting and Performance of Financial Management Roles in Public Secondary Schools in Kajiado County, Kenya

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ABSTRACT: The objective of this study was to investigate the relationship between the principals' financial reporting competencies and effective performance of selected financial management roles in public secondary schools in Kajiado County, Kenya. The study was underpinned by Scientific Management Theory (SMT) and systems theory. The study adopted the quantitative methodology using correlational research design and qualitative methodology. Data from principals' and bursars was collected through questionnaires and semi-structured interviews. The study used a multistage sampling technique to select a sample of 115 public secondary school principals, 111 school bursars and three school auditors. There was descriptive and inferential data analysis. Qualitative data that was collected from the school's auditor's interview schedule was analysed using deductive investigation. The study established a positive and statistically significant relationship between principals' financial reporting competencies and their performance of selected financial management roles ($r=0.885^*$; $p<0.05$) at alpha 0.05 level. The study findings were that the majority of principals did not have the core financial reporting competencies to ensure reports are free from errors, report on budget implementation status, and generate standard financial reports. This study concludes that some principals were ineffective in performance of financial reporting. This study recommends that principals be trained, mentored and coached on the identified competency and skills gaps.

Keywords: financial reporting, financial reporting competencies, performance of financial reporting, financial management competencies, financial reporting roles

ABSTRAK: Tujuan dari penelitian ini adalah untuk menyelidiki hubungan antara kompetensi pelaporan keuangan kepala sekolah dan kinerja efektif dalam menjalankan peran manajemen keuangan tertentu di sekolah menengah negeri di Kabupaten Kajiado, Kenya. Penelitian ini didasarkan pada Teori Manajemen Ilmiah (Scientific Management Theory) dan Teori Sistem (Systems Theory). Penelitian ini menggunakan metodologi kuantitatif dengan desain penelitian korelasional serta metodologi kualitatif. Data dikumpulkan dari kepala sekolah dan bendahara sekolah melalui kuesioner dan wawancara semi-terstruktur. Teknik pengambilan sampel bertahap digunakan untuk memilih sampel yang terdiri dari 115 kepala sekolah menengah negeri, 111 bendahara sekolah, dan tiga auditor sekolah. Analisis data dilakukan secara deskriptif dan inferensial. Data kualitatif yang dikumpulkan dari jadwal wawancara auditor sekolah dianalisis menggunakan pendekatan deduktif. Hasil

penelitian menunjukkan adanya hubungan positif dan signifikan secara statistik antara kompetensi pelaporan keuangan kepala sekolah dan pelaksanaan peran manajemen keuangan tertentu ($r=0.885^*$; $p<0.05$) pada tingkat signifikansi alpha 0.05. Temuan penelitian menunjukkan bahwa sebagian besar kepala sekolah tidak memiliki kompetensi inti pelaporan keuangan untuk memastikan laporan bebas dari kesalahan, melaporkan status pelaksanaan anggaran, dan menghasilkan laporan keuangan yang sesuai standar. Penelitian ini menyimpulkan bahwa beberapa kepala sekolah tidak efektif dalam pelaksanaan pelaporan keuangan. Oleh karena itu, penelitian ini merekomendasikan agar kepala sekolah diberikan pelatihan, pendampingan, dan pembinaan terkait kesenjangan kompetensi dan keterampilan yang telah diidentifikasi.

Kata kunci: pelaporan keuangan, kompetensi pelaporan keuangan, kinerja pelaporan keuangan, kompetensi manajemen keuangan, peran pelaporan keuangan.

INTRODUCTION

Effective performance of financial reporting forms part of the financial management foundations of a school that underpin provision and improvement of quality education services. This study sought to investigate the problem of principals' effectiveness in performance of selected financial management roles in public secondary schools in relation to their competencies.

There have been numerous complaints and discontent with the principals' management of the schools' finances (County Education Board [CEB], 2022). The majority of principals are unable to follow public financial reporting guidelines (Ministry of Education [MoE], 2017). Some education stakeholders have raised concerns that despite the government's allocation of Ksh 22 244 per learner in a public secondary school for operations and tuition vote head per year, there are still inadequate instructional resources (Kosgei, 2018). Additionally, public secondary school principals have often been accused of misappropriation of finances allocated for the provision of instructional materials (Kenya Institute of Curriculum Development [KICD], 2018). Moreover, various education stakeholders in Kajiado County, Kenya have raised issues about the performance of financial management functions by some principals (CEB, 2022). Besides, compliance levels with financial reporting and accounting regulations by most principals and Board of Management (BoM) were reported to be weak (Mulatya, 2022). The directorate of schools' audit report (CEB, 2022) indicated that some schools in Kajiado County submitted their books of accounts to the county schools' auditor late while some of the financial records were poorly prepared and reported, with many principals lacking requisite financial management skills and financial reporting competencies.

Principals apply various provisions of financial management laws, regulations, manuals and circulars in the course of performance of financial management roles. These include the Public Finance Management (PFM) Act 2015 (Republic of Kenya, 2012a) that provides for a review of governance systems to achieve accountability and transparency in financial and assets management of public entities. In addition, the Public Audit Act 2015 provides a road map for prudent financial management in basic education learning schools in Kenya. Other legal provisions that guide performance of financial management in public secondary schools include Teachers Service Commission (TSC) Act 2012;

Public Procurement and Asset Disposal Act (PPADA) 2015 and its regulations the Public Procurement and Asset Disposal Regulations (PPADR) 2020, Public Officer Ethics Act 2003, The Anti-Corruption and Economic Crimes Act 2003, a handbook on financial management for schools and colleges and ministerial circulars on financial management issued to public secondary school principals from time to time.

Continued principals' ineffective performance of financial reporting roles could lead the affected schools to suffer financial loss. There was scanty studies on the relationship between principals competencies in financial reporting and performance of financial management roles. Consequently, the objective of this study was to investigate the relationship between the principals' financial reporting competencies and effective performance of selected financial management roles in public secondary schools and fill the gap. The study sought to find out whether the problem of principals' ineffectiveness in execution of financial management roles was related to their competencies in financial reporting and make recommendations and suggestions to resolve the problem.

Theoretical Framework

This research is anchored on two theories: the scientific management theory (SMT) propounded by Fredrick Taylor in 1911 (Hair et al., 2020) and the systems theory Systems theory was first propounded by Ludwig Von Bertalanfy in 1950 (Wang, 2014). Taylor developed fixed procedures to maximise productivity and efficiency by studying tasks and incentives.

First, principals as managers should eliminate non-specific guidelines on how to carry out tasks and replace them with precise and scientific methods for each job. Second, as propounded by Taylor, principals as managers could use similar principles to properly train workers on the jobs they will hold in the organisation after recruiting them. Third, principals should ensure cooperation among staff and management to ensure that work is done according to plan and developed methods (Cohen et al, 2018). Last, principals as managers should provide appropriate guidance on suitable sharing of responsibilities and division of labour between workers and managers. That is, the managers are responsible for planning the work and workers should follow the plan in completing the work.

Saunders, Lewis, and Thornhill (2022) explain that in the systems approach, organisations are seen as open social systems that must interact with their environment. Systems theory is adopted in this study to mitigate the noted weaknesses of SMT. The weakness of SMT is that it can only be implemented successfully by principals through the cooperation of bursars, accounts clerks, BoM members and other stakeholders involved in financial management. Systems theory is relevant in this study because schools are viewed as open systems, continually interacting with their environment. As open systems, schools have exchanges with their external environment through information and people. In this study, systems theory is important in examining how financial management and actions influence activities within the school and how this translates into improved internal processes. The application of systems theory

facilitates financial management stakeholders to know how various departments as sub-systems work together and affect one another.

Financial Reporting in Public Secondary Schools

Glover (2018) defined financial reporting as disclosure of financial facts about an organisation. This could include statistical or regulatory financial reports. He further referred to standardised financial practices that present school stakeholders with accurate representation of the school's finances that may include revenue, cash flow, capital, expenses, and savings. Gray et al. (2021) explained that financial reports are in-depth official fiscal records and information that provide information on the financial status of an organisation. Financial reporting can also be described as the process of presenting the school management and stakeholders with relevant financial information that is accurate and timely (Robina et al., 2018).

International Public Sector Accounting Standards Board (IPSASB) in consultation with the Ministry of Education (MoE) and the National Treasury have developed a financial reporting template to assist public secondary principals to adhere to prescribed reporting standards, namely the International Public Sector Accounting Standards (IPSAS) to enhance the preparation of the reports in schools (MoE, 2017). Implementation of IPSAS is geared towards improved financial service delivery by promoting fiscal discipline, accountability, equity, transparency, and efficient use of public financial resources. Mungai et al. (2021) explained that the adoption of IPSAS incorporates a series of financial accounting and management reporting activities that include financial planning regime and extensive assets management. This requires schools to annually prepare audited accrual-based financial and non-financial performance statements. Mungai et al. (2021) established that before the adoption, implementation, and use of IPSAS in public secondary schools in Kenya, these practices and requirements had largely been unknown.

Financial Reporting Objectives in Public Secondary Schools

One vital financial management role for a principal is financial reporting (Republic of Kenya, 2013). This implies that the principal should be competent in financial reporting. Financial reporting discloses financial information indicating the financial health of a school during a specific period using financial statements (Amos & Koda, 2018); Nderitu and Koori (2018). Reporting can be used by the BoM to make informed financial decisions about the school at present and in the future and provide invaluable information to the government, BoM, parents, creditors, and donors.

Decision-makers use financial reports to make financial assumptions about schools. Glover (2018) noted that inaccurate financial reporting could result in the loss of funding and government grants. This poses difficulties in making sound financial decisions. Generally, financial reports give information on the school cash flow, financial operation, and financial position. The school BoM

may review these reports to decide financial allocation of resources (Rupia & Chai, 2022).

Financial reports provide valuable information for decision-making on school financial processes. Nguyen and Truong (2017) averred that the financial information in the reports should be user-friendly, simple, and comprehensible to all members of the BoM especially those without a background in finance, business, accounting, or economics. The main emphasis of a financial report is revenue, expenses, assets and other financial metrics (Nguyen & Truong, 2017).

Yizengaw and Agegnehu (2021) explained that financial reports help in risk management, thereby assisting the BoM and school auditors to determine materiality, audit scope and detection of errors in financial records. Nderitu et al. (2018) emphasised that financial reports enable school auditors to give audit reports and opinion using available data in financial statements. First, they enable them to disclose whether the audit report meets the criterion for an unqualified audit opinion, which implies that financial statements are fairly and appropriately presented. Second, a qualified audit opinion suggests that the financial information is fairly presented except for the stated areas. Third, there is a disclaimer report, which infers the inability of the auditors to complete an audit report due to non-availability of specific financial records or uncooperative management. Finally, there is an adverse audit report which is an auditor's professional opinion that indicates that the prepared school financial statements are misrepresented, misstated, and do not give a true and fair financial position and performance of the school.

Principals' Competence to Produce Budget Reports

The principal needs skills and competencies to produce budget reports. Each departmental head in the school is responsible for their own budget. Palepu et al. (2020) opined that heads of department need support from finance teams to track their budget requirements compared to planned budgets. The principal and school financial management teams need skills and competencies to track departmental actual against budgets, capture commentaries from the heads of departments and communicate the budget status to the BoM. Abang'a (2017) elucidated that financial managers can track budget implementation and reports monthly. Budget status reports may give the finance team access to necessary financial information and data needed to report on the financial state of the school (Quak, 2020).

Principals' Competence to Produce Management Reports

The competence of principals in carrying out financial reporting is critical to successful financial operations. A school's financial reporting system presents financial activities, processes the information into financial reports and communicates the findings to the school board of management. Rupia and Chai (2022) suggested that public secondary school principals should have competencies and skills to prepare and present financial reports in each meeting of the BoM. These reports should be discussed in advance by the finance,

procurement and general-purpose sub-committee of the BoM and a summary report tabled for discussion at the subsequent full BoM meeting. Roje and Redmayne (2021) recommended that all financial reports should be issued to each BoM member during the meeting. They should include bank balances, bank reconciliation statements, receipts and payments or income and expenditure accounts (Wasiche et al., 2018).

Shkurina (2018) argued that the balance sheets containing school creditors, a list of accruals, pre-payment and capital income and expenditure accounts should be tabled to the school management. Project management reports should be prepared and submitted if there are capital and infrastructure development projects like new constructions, extensions, new projects or major refurbishments and renovations in progress within the school. Rupavijetra et al. (2019) concluded that principals should be able to prepare and submit an annual report to various stakeholders showing income and expenditure for each capital project.

Principals need negotiation and analytical skills during financial report presentations (Abang'a, 2017). This skill is necessary for principals because they present and defend infrastructure development and design strategic financial reports and initiatives to improve financial as well as operational performance of the school.

Public secondary school principals should be competent in financial reporting. This competence is vital for appropriate decision-making and promotes effectiveness and efficiency in service delivery and achievement of the schools' objectives. Ge et al. (2021) concluded that timely and effective financial reporting enable schools to improve their decision-making, efficiency and effectiveness in the use of financial resources. This increases confidence and the quality of management decisions and improves responsiveness to financial challenges.

Amos and Koda (2018) contended that principals should be able to develop robust financial reporting systems. This is important to provide the BoM and staff in accounts department with appropriate, timely and accurate financial data. Roje and Redmayne (2021) argued that analysed financial reports distributed at management meetings would generally be summarised on numerous aspects of the schools' financial operations. High level summary reports can be presented as required to the BoM. The principal can consider the format and content that is user-friendly during the preparation of management reports. Gray et al. (2021) recognised the importance of giving preferences to formats preferred by report-users. This can be presented in graphs rather than in a tabular form for the BoM members to understand.

Principals should have the necessary skills and competencies to ensure that financial reports are free from material misstatement, error or bias. According to Nderitu et al. (2018), this can be achieved if a financial report can be checked for accuracy before it is released. The principals' roles in financial reporting include timely completion and distribution of financial reports, implementation of financial reporting mechanisms and adapting them

accordingly. This includes reviewing the format of financial reports from relevant government departments while adopting some elements of the reports (Rupia & Chai, 2022). This enhances the value of BoM reporting, as well as seeking feedback on the changes to financial reporting formats.

Principals should be competent in preparing and producing regular or ad hoc standard reports to the BoM in response to specific requirements. They should readily prepare standard financial report formats that provide the BoM with data for daily activities at school. Gerit and Abdol (2020) maintained that this may include reports on key financial performance indicators, the level of implementation of established guidelines, regulations and operations or level of service delivery. School principals should, therefore, have skills and competencies that can enable them produce school infrastructure project reports, project timeline reviews, project variation, budget and actual cost and estimated project time to completion (Miriti & Wangui, 2014).

Deis and Shroff (2020) maintained that reports may be prepared according to revenue and expense line items, programme, category, asset class or project and schedules of assets maintenance. These financial reports may also include estimates of remaining useful lives of assets, schedule of liabilities and their reports on payment due dates.

Mohamad and Ibrahim (2017) argued that standard reports may vary depending on the type of financial data and timing. Some necessary financial reports can be developed and acted upon monthly or when deemed appropriate. Public secondary school principals should note that legislation may require a minimum of quarterly reporting.

Principals need presentation skills and competencies to disseminate financial reports. Financial reports can be presented to BoM in user-friendly formats and in timeframes that enable effective decision-making. Shkurina (2018) argued that performance reporting of high-risks projects should be done more regularly than those that are of low risks. A simplified financial reporting system should be incorporated by the principal to draw the attention of the entire BoM to urgent and problematic areas that require immediate remedial action.

Principals' Competence to Produce Annual Reports

Public secondary school principals should be competent in preparing and producing annual financial reports. Financial reports are vital documents that provide financial data to various stakeholders on financial indicators, achievements, and the schools performance (Glover, 2018). The annual financial reports provide explanations on the school's outlook and are used by the public, the BoM, County Education Boards, parents, MoE, TSC and school auditors (CEB, 2022; CEB, 2019).

Each principal and BoM prepare and submits annual reports on governance to the Director-General of Education through their CEBs. The school accounts should be audited and reported on in accordance with the Public Audit Act 2003. The principal as the BoM secretary is responsible for daily management of financial matters of the school and is required to present any accounts of such

expenditure to the BoM. Within a period of four months from the end of each financial year, the BoM of each public secondary school is required to submit its annual reports to the Auditor-General or auditor appointed under Basic Education Act 2013 (Government of Kenya, 2013). These include accounts of the school with a statement of income and expenditure during the year and a balance sheet of the school on the last day of the year.

Other Financial Reporting Competencies Required of Principals

Principals need collaborative skills to get more input and involvement from the finance committee of the BoM and other departments. Financial reporting requires the principals to collaborate with other stakeholders such as parents, to incorporate their views, reminders, and tasks, and keep all stakeholders working towards important deadlines and achieve school objectives (CEB, 2022).

Principals need skills and competence to integrate Information Communication Technology (ICT) in the preparation of financial management reports. This increases accuracy and shortens the time for processing financial data. Nguyen and Truong (2017) emphasised that ICT integration in financial reporting can further help financial managers to create unique ad hoc reports that fit their needs. Information technology can combine text, charts, and data into reports. The adoption of ICT in generation and dissemination of financial reports could afford principals the opportunity to distribute them to recipients, even via email. Rupia and Chai (2022) stressed that technology allows for the entire financial reporting process to be tracked to identify probable risks, mitigate non-compliance, reduce costs of audit, improve accuracy and efficiency in carrying out financial transactions at school.

Public secondary schools need qualitative and quantitative analysis tools and skills to analyse financial reports. The school's financial and operational activities are evaluated to monitor its progress towards achieving its financial objectives and map out its financial future. According to Abdala et al. (2019), principals can use financial and economic trends to review past financial performance, try to forecast opportunities and anticipate the challenges while predicting the future of their schools. School financial reports are numeric-oriented and require the principals' communication skills at the same time. The principal must have communication skills and competencies to clearly articulate specific financial concepts to the BoM members and other school stakeholders (Godida, 2018).

Bachmid (2016) concluded that financial managers must possess the necessary skills and competencies to interpret financial reports such as cash flow statements, financial and income statements and balance sheets. This competence not only helps the principal to understand the meaning and implications of each financial statement, but also to know the overall financial position of their school.

International Perspective on Performance of Financial Reporting Function

Roje and Redmayne (2021) defined financial reporting as production of financial accounts through a process that discloses the school's fiscal position to the management, stakeholders, and government. The financial reporting system uses user-friendly formats to present fiscal information to relevant stakeholders for decision-making. Financial reporting includes internal reports, BoM, and creditors' reports.

Financial reports may be used by the school principal to improve debt management. Debt can lead to litigation against the school by creditors and can cripple the operations and progress of a school. Rupia and Chai (2022) indicated that there are different types of financial reports. These could be classified according to purpose or software. Most of the financial reports can help financial managers to track current assets and liabilities on the balance sheets, measure liquidity and carry out management of debt. In addition, management can develop financial reports to use in trend identification (Deis & Shroff, 2020). These could be past and present trends. These trends can empower principals to tackle any potential financial management weaknesses. Principals can share financial information with major stakeholders to help them understand emerging financial trends in the school. Berhanu (2018) concluded that this makes principals adjust and improve performance.

Financial reports may offer principals an opportunity for real-time tracking of financial activities. Financial reports help principals gain access to centralised and real-time insights into financial activities in the school. Nguyen and Truong (2017) emphasised that financial reports may give schools an opportunity to manage liabilities which is a critical part of its financial health. Financial reports could enable principals to manage expectations of suppliers and consequently improve vendor relationships (Dubey et al., 2018).

Financial reporting can help principals in financial communication and help stakeholders to access financial data for their schools. Glover (2018) posited that financial managers should make analysed financial reports accessible or optimised to many devices. Shkurina (2018) underscored that principals can quickly respond to financial challenges as they improve internal communication across departments and stakeholders by having unfettered access to important financial data information and insights in the school.

Bilkisu (2018) stressed that financial reports being primary sources of information can help principals in internal decision-making. Such reports can be used by management as foundational tools for informed financial decision-making (Deis & Shroff, 2020). It is critical for such financial reports to be accurate otherwise if management reports and subsequent decisions are grounded on inaccurate financial reports then it may lead to financial ruin of the school.

The principal should use financial reports for improved internal vision. Rupia and Chai (2022) outlined that analysed financial reports are a means of sharing critical financial information by the organisation's management. These should be accessible, accurate and consistent. If the school's financial information is not coherent, then resultant decisions may not be reliable. Financial analysis and reporting help the principal and BoM respond to various important financial

aspects of the school (Shkurina, 2018). This gives principals and other stakeholders a comprehensive and accurate picture of the strategic and operational financial metrics that can facilitate informed decision-making.

Financial reports are important to the principal for resource mobilization and performance of school audits. Analysed financial reports are important for fund-raising through a coordinated, more accurate strategy and managing funds compliantly (Deis & Shroff, 2020). These can assist principals in coordinated sourcing of funds from government and non-state actors. Financial reporting and analysis are very important components to the schools' success in the current competitive digital world. In addition, it can facilitate mandatory audits (Robert et al., 2021). School auditors audit financial statements and records of all public secondary schools in the country and express their opinions. These reports give auditors vital accurate and concise financial data that can facilitate public secondary schools to be compliant with the guidelines and legal requirements.

Financial reports are critical for accurate projections and predictive strategies (Deis & Shroff, 2020). Financial management reporting tools may provide complete and insightful financial performance and processes. Amos and Koda (2018) explained that real-time, predictive and historical financial data offers a snapshot of information that can help school principals and other users improve accuracy in forecasts resulting from previous or emerging trends. Through concrete visual projections, principals can develop interventions that are beneficial to the financial situation while mitigating possible financial risks (Dubey et al., 2018). A principal can analyse financial reports and crucial financial performance metrics and use them to rationalise financial processes.

Lowering of financial risks and prevention of fraudulent activities in the school by principals can be supported by accurate and timely preparation and presentation of financial reports. In-depth data and predictive capabilities offered by financial reports can be used to significantly mitigate financial risks (Glover, 2018). Using the right combination of financial reports and data, the principal can identify negative trends unfold intuitively or potential drop in financial performance. This helps them to take critical preventive actions to address problems that could be potentially devastating to the school. Equipped with these interactive financial reports, Key Performance Indicators (KPIs), dynamics and visual data, principals can mitigate financial risks and protect the school from financial inefficiencies and make better financial management decisions.

Gray et al. (2021) elucidated that apart from reducing financial risks across board using information from financial reports, fraudulent financial activities can be prevented. Through regular financial reporting, carrying out best practice benchmarks and financial analysis, principals can identify any irregularities and immediately carry out investigations (Amos & Koda, 2018). This enables the principal to identify deep-rooted challenges, tackle the issues and further reduce financial losses of the school.

Accurate financial reporting is fundamental for strategic decision-making by the principal. Ge et al. (2021) suggested that unlike accounting teams who primarily oversee record-keeping and closing the books, financial managers are

tasked with analysis, examination, and evaluation on the entirety of financial activities and chart out a school's financial future. Deis and Shroff (2020) emphasised that financial reporting is critical because such reports offer financial guidance to the management and other stakeholders. Acharya and Ryan (2016) concluded that creating more accurate and meaningful financial infrastructure for financial reporting and analysis allows school managers to make better and faster decisions, optimise future financial results and effectively manage financial resources.

Local Perspective on Performance of Financial Reporting Function

Abang'a (2017) and the Republic of Kenya (2017) identified important financial reporting tools for performance of financial reporting as financial statements, income statements, balance sheets and statements of cash flows. These statements may include communication regarding termly revenue, expenses, liabilities and related information. These can be made by the principal through termly and annual reports to the BoM, parents, vendors, creditors, MoE, Teachers Service Commission (TSC) and school auditors. Shkurina (2018) asserted that accounting officers have the duty to ensure collection, processing, interpretation and reporting of complete and comprehensive financial information. Furthermore, principals should ensure that financial monitoring is carried out during the implementation of financial procedures.

Public secondary school principals should make sure through financial reporting that the school expenditure is lawful, authorised and audited. Buchichi et al. (2018) noted that it is imperative that financial reports are accurate, comprehensive, current and fully disclosed. Financial reports should be objective, concise and timely (Midialo, 2017). When financial deadlines are not met fines or penalties could be imposed, inefficiencies could result, prospective projects or clients could be lost, and other operational processes could be impacted negatively.

Timeliness is vital to the overall success of the school's efforts to do more with less and create operational efficiency and savings. Principals should obtain due dates and the required deadlines, especially the non-negotiable deadlines for such statutory deductions such as National Social Security Fund (NSSF) and National Hospital Insurance Fund (NHIF). Mulatya (2022) explained that principals could build in adequate lead times in preparation of financial reports to make sure the products, work or reports are complete, accurate and are reviewed before submission.

Financial reporting may help the principal in progress and compliance reporting. Muthanga and Odipo (2014) advanced that financial information may be prepared by using accurate and robust fiscal reporting software. Adoption and use of these digital analytical tools not only improve principals' financial reporting efficacy over time but also improve accuracy and robustness of compliance of their schools to the Basic Education Act 2013, International Public Sector Accounting Standard (IPSAS), Public Finance Management (PFM) Act, 2012 and Public Audit Act 2015 requirements and best practice (Wango & Gatere,

2016). Financial reports may help principals in cash flow management. The financial health of a school is dependent on its cash flow. Using a combination of detailed financial metrics and Key Performance Indicators (KPIs) through financial reporting makes it possible for principals to understand cash flow in relation to the projected revenue, expenses and liabilities of the school. Chowdhury (2021) emphasised that financial reporting can help principals in monitoring monetary movements in the school.

It is clear from the literature review that there exist a gap on studies on the relationship between the principals' financial reporting competencies and effective performance of selected financial management roles in public secondary schools in Kenya that this study sought to fill.

METHODOLOGY

This study adopted quantitative and qualitative methodologies as explained in the ensuing sections. The use of both quantitative and qualitative methodologies was to facilitate methodological triangulation. Quantitative research is based on the measurement of quantity or amount (Wallen & Fraenkel, 2019). Here a process is expressed or described in terms of one or more quantities. Zhu Xiangyu (2021) explains that quantitative research methods can be used to observe events that affect a particular group of individuals, which is the sample population. In this type of research, diverse numerical data is collected through various methods and then statistically analysed to aggregate the data, compare it or show relationships among the data. Bingham and Witkowsky (2022) summarised that quantitative research methods broadly include questionnaires, structured observations, and experiments.

Qualitative methodology was used to facilitate methodological, site and data analysis triangulation. Qualitative research is concerned with qualitative phenomena (Silverman, 2023). It is non-numerical, descriptive, applies inductive reasoning and uses words. Vargas-Hernández (2020) explains that qualitative research involves collecting and analysing non-numerical data to understand concepts, opinions, or experiences. It can be used to gather in-depth insights into a problem or generate new ideas for research. Cohen et al. (2018) emphasised that qualitative research methods allow in-depth and further probing and questioning of respondents based on their responses. The interviewer or researcher tries to understand respondents' motivations and feelings. This includes understanding how respondents make decisions and derive conclusions. Bingham and Witkowsky (2022) stressed that qualitative research methods are designed to reveal the behaviour and perceptions of a target respondents with reference to a particular topic. In-depth interviews were used.

Research Design

Research design is a strategy to collect, organise and analyse data in order to combine effectiveness in procedures of research (Gall et al., 2017). Barton and Hyhoe (2023) opined that how the problem is conceptualised and advanced determines the choice of a study design. This study adopted a correlational

research design. This involved measuring the principals' fiscal competencies in financial reporting and their effectiveness in performing financial management functions and evaluating their strength and the direction of the relationship.

The goal in this type of research is to determine the existence of a systematic relationship between the variables under study (Bingham & Witkowsky, 2022). This involved measurement of the independent and dependent variables and evaluation of their correlation without manipulation of the variables (Barton & Hyhoe, 2023). Respondents in this study were required to give direct responses. The design was appropriate since it accorded the researcher the opportunity to conduct an in-depth study of selected financial management competencies and performance of selected roles with minimal effort, time, and financial resources.

Research Population

Esser and Vliegthart (2017) defined a target population as a sum of people to whom the research aims to generalise the findings of the study. These are individuals with similar characteristics in given research. They are participants with specific and relevant qualities of interests. The study targeted all public secondary school principals, their bursars and school auditors who were involved in the performance of selected financial management roles.

This study targeted principals because they perform financial reporting functions, all of which could be affected by their competencies in the respective financial management practices. County school auditors were targeted since they supervised performance of financial management roles by principals in Kajiado County. The inclusion of school bursars as respondents was to facilitate data triangulation. The study's accessible population was all the 160 principals carrying out administrative duties in public secondary schools in Kajiado County (TSC records, January 2023) and their 160 bursars (CEB records, January 2023). These were informants who could be accessed by the researcher, were on duty, willing and available to participate in the study.

Sampling Procedure and sample size

Silverman (2023) defines sampling as a process of selecting a limited number of research participants to represent the targeted group. Kajiado County was purposively sampled from the 47 Counties in Kenya. This was done because of homogeneity of performance of financial management function in Kenya which was not as effective as required as exemplified in the background of the study. Ketokivi (2019) explains that purposive sampling is a time-effective and cost-effective sampling method.

A survey was used to identify school auditors and bursars who perform supervisory roles to the principals and school bursars. All school bursars from participating schools were included as respondents. This research adopted multi-stage sampling to identify principals and bursars who were performing financial management roles in Kajiado County. Various sampling techniques were adopted at various stages for sampling principals and bursar respondents. Principals were

stratified into male and female. Further, schools were stratified into girls, boys and mixed boarding, mixed day and finally mixed day and boarding schools. The study adopted proportionate sampling to establish proportionate samples of principals for each data stratum.

A simple random sample was adopted, which is established from the study's population so that a similar size statistic has an equal chance of being selected (Schuberth et al., 2020). This sampling method was adopted to find informants from the proportionate samples of principals. The accessible population of this study was 160 principals and an equivalent number of bursars. From Krejcie and Morgan's table of sample size, 113 principals and bursars were sampled and surveyed respectively from a population of all the 160 principals and 160 bursars.

Research Instruments

A research study requires a research instrument to collect data. The type of data to be captured determines the tool to be adopted by the researcher (Wallen & Fraenkel, 2019). Primary data was obtained through the administration of questionnaires filled by principals and bursars as important informants. An interview schedule was used to gather data from school auditors. Secondary data was sourced through review of publications, journals, books, internal records and websites among others.

Validity of Research Instruments

The process of instrument validation evaluates the ability of the data collection tool to rate what it ought to measure (De Vellis, 2016). The investigator in this study sought to establish content, internal, external, face and construct validity of the questionnaires and interview schedules. These data capture instruments were constructed based on the research objectives to establish content validity. The variables of interest in the study, namely, principals' fiscal competencies and effective performance of selected financial management roles were operationalised to establish construct validity.

External validity is established by making careful attempts to ensure a representative sample. Hair et al. (2016) argued that "external validity explains the extent to which the findings of one study can be generalised to other research circumstances". Target population was clearly defined to further realise external validity. To address internal validity, randomisation in selection of respondents was adopted to ensure respondents were as representative of the target population as possible. Content validity was achieved by submitting questionnaires and interview schedules to the supervisor who was a senior academic who was experienced in research. He carried out a critical evaluation of the items in the instruments to establish content validity. To improve content validity and improve quality, the researcher removed all vague items in the questionnaires and included only relevant items after the pilot study. Face validity was enhanced by improving on the general layout and formatting of the data collection tools to make them user-friendly.

Data triangulation is an approach to establish validity by getting convergence of data from various sources of data (Silverman, 2023). To achieve this, the researcher issued questionnaires with the same items to principals and school bursars for data triangulation. In addition, primary data was collected from county school auditors based at the county education office in Kajiado. The objective was to curb self-rating bias by principals. Site triangulation was adopted in this study. To achieve this, principals, and bursars from various schools within Kajiado County were used as respondents. Furthermore, this study adopted methodological triangulation. Here, the researcher uses more than one method of collecting or analysing data (Silverman, 2023). In this study the methods of data capture tools were principals and school bursars' questionnaires, and school auditors' interview schedule. Correspondingly, data analysis was done using several analysis methods.

To facilitate theoretical triangulation, the study adopted scientific management theory as propounded by Fredrick Tylor, and systems theory as advanced by Ludwig Von Bertalanfy. Hair et al. (2021) explained that theory triangulation involves the use of various theoretical frameworks in a research study instead of approaching the study from just one theoretical perspective. In this study, there was testing of competing hypotheses as one of the ways of performing theory triangulation.

Reliability of Research Instrument

Reliability is explained as the research data collection instrument's extent of consistency in measuring a given concept (Gall et al., 2017). Reliability measures variances in the respondents' scores (De Vellis, 2016). Reliability establishes whether the data collection tool will give similar results if it is applied to research subjects in comparable conditions (Gall et al., 2017). To achieve reliability, public secondary school principals and bursars were sampled as respondents. Their general reactions and responses were sought, examined, and later used during a pilot study and pre-testing of data collection instruments. To achieve this, piloting of data collection tools was done and after two weeks they were applied to the same informants in the pilot schools to establish if similar results would be found

RESULTS AND DISCUSSION

Data Analysis on Principals' Competencies in Financial Reporting

Data analysis to address the objective of the study was presented in this section. The results are presented and discussed concurrently from each research item from the questionnaire. The objective of this study was to examine the relationship between principals' competencies in financial reporting and effective performance of selected financial management roles in public secondary schools in Kajiado County. To facilitate descriptive analysis percentages were computed. The results are presented in Tables 1 and 2.

Table 1. Principals' Competencies in Financial Reporting (According to Principals)

| Statement | Principal (N= 106) | | | |
|--------------------------------------------------------------------------------------------------------------------------------------------|--------------------|-----|-----|-----|
| | SD | D | A | SA |
| I have the necessary financial reporting competencies to regularly ensure that reports are free from errors, material misstatement or bias | 17% | 29% | 28% | 25% |
| I have the necessary financial reporting competencies to promptly seek feedback from management on changes to report formats | 20% | 20% | 39% | 22% |
| I have the necessary financial reporting competencies to promptly report to BoM on budget status | 14% | 32% | 26% | 27% |
| I have the necessary financial reporting competencies to regularly generate standard financial reports | 19% | 25% | 29% | 26% |
| I have the necessary financial reporting competencies to promptly prepare infrastructure projects reports | 15% | 31% | 23% | 31% |
| I have the necessary financial reporting competencies to regularly report to BoM on school financial performance | 12% | 26% | 27% | 34% |
| I have the necessary financial reporting competencies to regularly prepare reports of creditors | 14% | 29% | 35% | 22% |
| I have the necessary financial reporting competencies to regularly share fees balances with BoM | 18% | 29% | 25% | 27% |
| I have the necessary financial reporting competencies to regularly prepare cash flow reports | 22% | 24% | 29% | 25% |
| I have the necessary financial reporting competencies to promptly prepare schedules of creditors for consideration in the BoM meetings | 16% | 28% | 31% | 25% |

Table 2. Principals' Competencies in Financial Reporting (According to Bursars)

| My principal has the Necessary Financial Reporting Competencies to: - | Bursars (N=100) | | | |
|------------------------------------------------------------------------------------|-----------------|-----|-----|-----|
| | SD | D | A | SA |
| Regularly ensures that reports are free from bias, errors or material misstatement | 20% | 25% | 31% | 24% |
| Promptly seeks feedback from management on changes on report formats | 18% | 24% | 41% | 17% |
| Promptly reports to BoM on budget status | 16% | 27% | 33% | 24% |
| Regularly generates standard financial reports | 18% | 25% | 38% | 19% |
| Promptly prepares infrastructure projects reports | 16% | 29% | 30% | 25% |
| Regularly reports to BoM on school financial performance | 15% | 31% | 24% | 30% |
| Regularly prepares reports of creditors | 18% | 30% | 29% | 23% |
| Regularly shares fees balances with Bom | 14% | 33% | 28% | 25% |
| Regularly prepares cash flow reports | 14% | 33% | 33% | 20% |
| Promptly prepares schedules of creditors for consideration in the BoM meetings | 14% | 26% | 38% | 22% |

The study established that a total of 46% and 45% of principals and bursars respectively revealed that principals did not have the necessary financial reporting competencies to regularly ensure that reports are free from errors, material misstatement or bias. This finding is like Abang'a (2017) who explained that accurate, real-time, predictive and historical financial data offers a snapshot of information of the schools and other users. These findings imply that accurate financial reports are important to principals for accurate projections and predictive strategies.

In addition, it was found that in total, 40% of principals and 42% bursar respondents affirmed that principals did not have the necessary financial

reporting competencies to promptly seek feedback on changes to report formats. These findings are like Ololube (2016) who established that principals who exercise extreme financial restraint and seek feedback, give and use school funds wisely could inevitably be able to manage the school's finances and use them effectively. This indicated that when some principals have paucity in financial reporting competencies, financial performance in their schools could be hampered. Furthermore, 46% of principals and 43% bursar respondents contended that principals did not have the necessary financial reporting competencies to promptly report to BoM on budget status. This finding is supported by Nderitu et al. (2018) which suggested that financial managers must develop the necessary skills to give timely reports for efficient application and use funds to meet school goals and objectives. Through regular and prompt financial reporting, carrying out and implementing best practice benchmarks and financial analysis, principals can identify any financial irregularities and immediately carry out remedial action.

Moreover, 44% of principals and 43% of bursars reported that principals lacked the necessary fiscal reporting competencies to regularly generate standard fiscal reports. This finding was consistent with that of Phylisters et al. (2018) who found that principals lacked managerial competencies and skills to generate and interpret financial reports. This could lead to mismanagement and inefficient financial resource use.

In this study, it was established that altogether, 46% and 45% of the principals and bursars respectively affirmed that principals did not have the necessary financial reporting competencies to promptly prepare infrastructure projects reports as well as to regularly report to BoM on school financial performance as was observed by a total of 38% of principals and 46% of bursar respondents. The responsibility for organising and managing financial resources rests with the heads of the schools. The results are consistent with those of Rupia and Chai (2022) who found that despite the bank statements and other bank records being common sources of financial management information for most public secondary schools, they were not regularly prepared and updated and were not a secure means of keeping an eye on public funds.

The current study revealed that 43% and 48% of principals and bursars respectively indicated that principals did not have the necessary financial reporting competencies to regularly prepare reports of creditors. This finding is consistent with Deis and Shroff's (2020) recommendations that management leadership must be capable of creating financial reports that accurately reflect the school's financial position.

This view was supported by a cumulative of 47% of the sampled participants who held that principals did not have the necessary financial reporting competencies to regularly share fees balances with the BoM. This finding is consistent with that of Nguyen and Truong (2017), who revealed that school financial managers were keeping inadequate records and reports of financial nature sometimes causing mismanagement of funds and had failed to allocate cash to various vote heads. This implies that in most public secondary

schools in Kajiado County, the concept of debtors' report documentation and sharing remains a major challenge.

The study further revealed that 46% and 47% of principals and bursars respectively stated that principals did not have necessary financial reporting competencies to regularly prepare cash flow reports. This finding corresponds to Abang'a's (2017) finding that school managers have the fundamental responsibility to create credible cash flow reports and creditor schedules that would help to make critical financial decisions. The absence of regularly prepared cash flow reports could lead to inaccurate decisions by principals.

Furthermore, 44% of the principals and 40% of the bursars asserted that principals did not have the necessary financial reporting competencies to promptly prepare schedules of creditors for consideration in the BoM meetings. These results align with the perspective of Yizengaw and Agegnehu (2021), which highlighted the necessity of bookkeeping and its outputs, such as an enterprise's annual report, credit retirement plans as a foundation for various financial decisions and undertakings. The implication was that while principals presented their annual reports and financial statements, they were required to adhere to certain guidelines and forms which some were not doing effectively.

Data analysis on Performance of Financial Reporting Function

Descriptive statistics were used to analyse performance of financial reporting functions. In this section, Percentages was used to measure the variable. A 4-point Likert rating scale was employed to identify the level of effectiveness. Tables 3 and 4 present this analysis.

Table 3. Performance of Financial Reporting Function according to Principals

| Kindly rate your effectiveness in performance of the following financial reporting roles | Principal (N= 106) | | | |
|-------------------------------------------------------------------------------------------------|--------------------|-----|-----|-----|
| | NE | LE | E | VE |
| Statement: Regularly ensure that reports are free from errors, material misstatement or bias | 17% | 26% | 34% | 23% |
| Promptly seek feedback from management on changes to report formats | 17% | 39% | 25% | 20% |
| Promptly report to BoM on budget status | 24% | 23% | 31% | 23% |
| Regularly generate standard reports | 14% | 39% | 26% | 21% |
| Promptly prepare infrastructure projects reports | 21% | 23% | 40% | 17% |
| Promptly prepare reports on infrastructure projects | 8% | 41% | 28% | 23% |
| Regularly report to BoM on school financial performance | 19% | 21% | 38% | 23% |
| Regularly share fees balances with BoM | 17% | 28% | 28% | 26% |
| Regularly prepare cash flow reports | 17% | 32% | 32% | 19% |
| Promptly prepare schedules of creditors for consideration in the BoM meetings | 15% | 35% | 32% | 18% |

Table 4. Performance of Financial Reporting Function according to Bursar

| Kindly rate your principal's effectiveness in the performance of the following financial reporting roles | Bursars (N=100) | | | |
|----------------------------------------------------------------------------------------------------------|-----------------|-----|-----|-----|
| | NE | LE | E | VE |
| Statement: Regularly ensures that reports are free from errors, material misstatement or bias | 23% | 25% | 30% | 22% |

| | | | | |
|--------------------------------------------------------------------------------|-----|-----|-----|-----|
| Promptly seeks feedback from management on changes to report formats | 24% | 30% | 32% | 14% |
| Promptly reports to BoM on budget status | 27% | 22% | 25% | 26% |
| Regularly generate standard reports | 16% | 34% | 32% | 18% |
| Promptly prepares infrastructure projects reports | 28% | 27% | 26% | 19% |
| Promptly prepares reports on infrastructure projects | 20% | 40% | 18% | 22% |
| Regularly reports to BoM on school financial performance | 25% | 23% | 29% | 22% |
| Regularly shares fees balances with BoM | 18% | 34% | 26% | 22% |
| Regularly prepares cash flow reports | 21% | 23% | 37% | 19% |
| Promptly prepares schedules of creditors for consideration in the BoM meetings | 17% | 36% | 26% | 21% |

A total of 43% and 48% of principals and bursars respectively averred that principals were not effective in regularly ensuring that reports are free from errors, material misstatement or bias. Furthermore, 56% of principals and 54% of bursars said their principals were ineffective in giving prompt feedback to the BoM on changes to report formats. This research confirms the observations made by Glover (2018), who stated that accurate, full, current and complete financial information is essential in the process of financial reporting.

In this research, 47% of principals and 49% of bursars held that principals were not effectively giving reports to the BoM on budget status. These findings are similar to Ololube (2016) who established that budget implementation has faced a myriad of challenges that include status reports on implementation, fluctuations of prices of commodities and outright lack of budget monitoring. The finding implied that principals and the BoM would not be able to make informed decisions regarding challenges faced during budget implementation.

Similarly, in total, 44% of principals and 55% of bursars stated that principals were ineffective in prompt preparation of infrastructure projects reports that were also submitted late. This finding corroborates Deis and Shroff (2020) observation that managers were either unable to produce reliable projects reports or produced incomplete and unreliable projects reports.

Moreover, 53% of principals and 50% of bursars stated that principals were ineffective regarding regular generation of standard reports. This finding is in line with that of Nwune et al. (2016) who observed that when deadlines are missed because of errors in financial reports, inefficiencies may arise, fines or penalties may be applied, potential projects or clients may be lost, and other financial operational processes may suffer delay.

The study found that 40% of principals and 48% of bursars indicated that principals did not effectively and regularly report to the BoM on school financial performance. These results align with Yizengaw and Agegnehu (2021) contention that it is the duty of the principal to regularly report to the BoM on the schools' financial performance, yet some principals were reported to be doing it ineffectively.

Further still, 45% of principals and 52% of bursars stated that principals were ineffective in regularly sharing fees balances with the BoM. The results are consistent with Rupia and Chai (2022) who stated that the principals' position is

crucial since they advise BoM and other stakeholders financially based on financial projections.

A total of 49% and 44% of principals and bursars respectively asserted that principals were ineffective in regular preparation of cash flow reports. This outcome is akin to Nderitu et al.'s (2018) viewpoint that accurate financial reporting and analysis could assist management in guiding its operations toward greater financial success. This implies that creating more accurate and meaningful financial reports for financial reporting and analysis allow principals to make better and faster decisions, optimise future financial results and effectively manage financial resources in their schools. Additionally, 50% of principals and 53% of bursars held that principals were ineffective in prompt preparation of creditors' schedules for consideration in the BoM meetings.

School auditors were also asked to rate principals' performance in generation, discussion, sharing with the BoM and parents and implementation of financial reports. The auditors emphasised that:

Majority of principals can be rated to be good in the areas relating to report generation, discussion, and implementation of recommendations in those financial reports (School Auditor [SA], 1:5).

However, SA, 3:5 pointed out that:

Some issues need more attention which includes timely report generation and financial report sharing with stakeholders that include the MoE, the BoM and the PA.

In addition:

Secondary school principals have average performance in budget control, in detection of errors in budgets and in segregation of incompatible role. (SA, 3:6).

Some school principals score below average when it comes to monitoring expenditure against budgeted amounts. (SA, 1:6).

Some heads of schools score below average in the areas involving regular holding of finance committee meeting. (SA, 2:6).

This viewpoint was consistent with Glover (2018) description of the need for effectiveness in financial analysis and reporting. This is to ensure that such reports and financial data are precise, coherent, and available for management to communicate to relevant stakeholders to achieve efficient management of school creditors.

Hypothesis Testing

The null hypothesis tested in this section was H_{01} : The hypothesis stated that “there is no statistically significant relationship between principals’ competencies in financial reporting and effective performance of selected financial management roles in public secondary schools in Kajiado County.” This study’s judgement to either reject or fail to reject the null hypothesis was set at 0.05 alpha levels; that is reject H_0 : if $p < 0.05$, otherwise fail to reject the H_0 : if $p > 0.05$. To test this hypothesis, a correlation test between principals’ competencies in financial reporting and effective performance of selected financial management roles in Kajiado County was done. Table 5 presents correlation tests result.

Table 5. Relationship between Principals’ Competencies in Financial Reporting and Effective Performance of Selected Financial Management Practices

| | | Principals’ Performance of Financial management practices |
|----------------------------------|-----------------------|-----------------------------------------------------------|
| Financial reporting competencies | Pearson Correlation r | .880** |
| | Sig. (2-tailed) | .000 |
| | N | 106 |

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

A Pearson product moment correlation coefficient test was done. The test yielded $r=0.880^*$; $p < 0.05$) at alpha 0.05 level as indicated in Table 5. Consequently, the fourth and final null hypothesis was rejected since the p value (0.000) was less than 0.05 alpha levels. It was, therefore, decided that there was a positive and statistically significant relationship between the principals’ financial reporting competencies and their performance of financial management roles in Kajiado County. This finding was in concurrence with Ge et al. (2021) and Gray et al. (2021) who concluded that finance management staff must have advanced skills in developing and deploying important financial reporting tools such as income statement, balance sheets, financial statements, and statement of cash flows. These statements may include regular communication regarding revenue, expenses, and liabilities.

Findings of the Study

The major finding of this study indicated a positive and statistically significant relationship between principals’ competence in financial reporting and their performance of selected financial management roles. Furthermore, this study established that some principals do not have the necessary financial reporting competencies to regularly ensure that reports are free from errors, material misstatement or bias. In addition, it was found that some principals affirmed not having the necessary financial reporting competencies to seek timely feedback on changes to financial reporting formats. Furthermore, the findings showed that some principals do not have the necessary financial reporting competencies to timely report to the BoM on budget status. Correspondingly, a significant number of principals do not have the necessary financial reporting competencies to regularly generate standard financial reports.

This study also found that some principals did not have the necessary financial reporting competencies to speedily prepare infrastructure projects reports as well as regularly report to BoM on school financial performance. The current study showed that the majority of principals lack the necessary financial reporting competencies to regularly prepare reports of creditors and payment due dates. Additionally, the findings indicate that some principals lack critical financial reporting competencies to regularly share fees balances with the BoM. Similarly, this study revealed that several principals do not have the necessary financial reporting competencies to regularly prepare cash flow reports. Moreover, the study established that a few principals lack the necessary financial reporting competencies to prepare schedules of creditors for consideration in the BoM meetings.

According to this study, numerous principals are not effective in regularly preparing reports that are free from material misstatements, errors, or bias. Some of the respondents in this study said various principals were ineffective in timely presenting budget status reports to the BoM. Similarly, the study revealed that a significant number of principals are ineffective in timely preparation and submission of infrastructure projects reports. Moreover, the study established that a majority of the respondents held that some principals are ineffective in regularly generating standard reports. In addition, the study established that some principals did not effectively and regularly report to the BoM on school financial performance. Moreover, a significant number of respondents in this research said some principals are ineffective in regularly sharing of fees balances with the BoM. Equally, respondents indicated that some principals are ineffective in regularly preparing cash flow reports. Additionally, a majority of the respondents said some principals were ineffective in timely preparation of creditors' schedules for consideration in the BoM meetings and financial data are precise, coherent and publicly available for management to communicate to relevant stakeholders to achieve efficient management of school creditors.

CONCLUSIONS

The major conclusion was that there was a positive and statistically significant relationship between principals' competence in financial reporting and effective performance of selected financial management roles. Moreover, this study concluded that some principals did not have the necessary financial reporting competencies to regularly ensure that reports are free from material misstatement errors or bias, seek timely feedback on changes to report formats, report timeously to the BoM on the budget status and regularly generate standard financial reports.

This study also concluded that several principals did not have the necessary financial reporting competencies to prepare infrastructure projects reports timeously or report regularly on school financial performance, prepare reports of creditors and payment due dates and to share fees balances with the BoM. In the same vein, a number of principals did not have the necessary financial reporting competencies to prepare cash flow reports regularly and

prepare schedules of creditors timeously for consideration in the BoM meetings. In addition, the study concluded that a significant number of principals were not effective in regularly ensuring that reports are free from material misstatement, errors or bias giving timely reports to the BoM on budget status; timely preparation and submission of infrastructure projects reports with a majority of principals being ineffective in regularly generating standard financial reports. In addition, the study concluded that various principals did not effectively or regularly report on school financial performance, did not share fees balances, prepare cash flow reports, and prepare creditors' schedules timeously for consideration in the BoM meetings.

Recommendations of the Study

This study recommends that training, coaching, and mentoring of principals should be done to help them acquire financial reporting competencies that would enable them to prepare reports that are free from material misstatement, errors or bias; seek feedback on changes to report formats; and report to the BoM on budget status through generation of standard financial reports. Principals can also be encouraged to improve on preparation of infrastructure projects reports, reports to the BoM on school financial performance and reports on creditors and payment due dates as they share fees balances with the BoM. Further, this study recommends that principals prepare, secure, and disseminate financial management records to all stakeholders in a timely and user-friendly format. Principals should have a coordinated and full implementation of financial management legal instruments that include but are not limited to, the Constitution, the Basic Education Act 2013, the PFM Act 2012, the PPAD Act 2015, the TSC Act, 2012 and the Public Audit Act, date and other guidelines and regulations.

A system of reward and recognition akin to the existing Principal of the Year Award (POYA) should be put in place by Ministry of Education, Teachers Service Commission (TSC) and Kenya Secondary Schools Heads Association (KESSHA) to recognize and reward principals who do well in performance of financial management. The MoE through the Directorate of Schools Audit Services (DSAS) and the TSC should institute proper monitoring and evaluation mechanisms to support principals to comply with various financial management requirements. Equally, stringent policy and administrative actions and sanctions by the MoE and the TSC should be instituted against principals who do not comply with the requirements of budgeting.

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