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Relationship between Principals' Competencies in Internal Financial Control and Performance of Financial Management Roles in Public Secondary Schools in Kenya

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Abstract: *This study investigated the relationship between the principals' internal financial control competencies and effective performance of selected financial management roles in public secondary schools in Kajiado County, Kenya. The study was underpinned by the agency theory. The study adopted the quantitative methodology using correlational research design and qualitative methodology to using a case study. Data from principals' and bursars was collected through questionnaires, while semi-structured interviews were used for school auditors. The study used a multistage sampling technique to select a sample of 115 public secondary school principals, 111 school bursars and three school auditors. The study established a positive and statistically significant relationship between principals' internal financial control competencies and their performance of selected financial management roles ($r=0.885^{*;}$ $p<0.05$)) at alpha 0.05 level. The findings and conclusions of this study were that most principals did not have the necessary internal financial control competencies to detect errors in the budgets, approve financial transactions, authorise payments, develop passwords in financial management ICT systems and develop detective controls. Most principals were also ineffective in carrying out periodic financial reconciliations, adhering to budget plans, and approving financial transactions. This study recommends that principals be trained, mentored, and coached on the identified competency and skills gaps.*

Keywords: **i**nternal financial control, internal financial control competencies, performance of internal financial control, financial management competencies, internal financial control roles

INTRODUCTION

Effective performance of Internal financial control in financial management forms part of the foundations of a school that underpins provision and improvement of quality education services. Internal financial control supports school stewardship and financial accountability to school stakeholders. In Kenya, the Basic Education Act 2013 sets out a legal framework for financial management in basic education schools (Republic of Kenya, 2013). Management of financial resources through internal financial control is a critical management and governance issue in public secondary schools (County Education Board [CEB], 2019, 2022).

In a study assessing financial management practices of secondary schools in Abia State, Nigeria, Okeze and Ngwake (2018) reported that some principals did not follow the prescribed procurement regulations and processes in the acquisition of required teaching and learning resources. The Republic of Kenya (2017) and MoE (2017) indicated that some public secondary school principals' performance of financial management roles was ineffective. It was further reported that many stakeholders were dissatisfied with the financial management performance of some principals.

In a study that investigated factors that influenced principals' financial management capacity in public secondary schools in Kaloleni and Rabai sub-counties, Kenya, Mgendi et al. (2017) noted that the principals' performance of fiscal management roles in secondary schools was ineffective. This ineffectiveness in performance of financial management functions is prevalent in many counties across the country (Wango & Gatere, 2016).

Moreover, various education stakeholders in Kajiado County have raised issues about the performance of financial management functions by some principals (CEB, 2022). Besides, compliance levels with budgeting, procurement, internal financial control, 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 internal financial control competencies.

Objective of the Study

This study sought to establish the relationship between the principal's fiscal competencies in internal financial control and the effective performance of financial management roles in public secondary schools in Kajiado County, Kenya.

Problem Statement

There have been numerous complaints and discontent with the principals' management of the schools' finances resulting in student violence, student unrest, parent demonstrations and criminal prosecution of some principals (CEB, 2022). Most principals are unable to follow public financial accounting 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).

Continued principals' ineffective performance of internal financial control roles could lead the affected schools in Kajiado County, to continue suffering from financial loss that could lead to financial management inefficiency. Consequently, this research sought to find out whether the problem of principals' ineffectiveness in execution of financial management roles was related to their competencies in internal financial control and make recommendations and suggestions to resolve the problem of principals' ineffectiveness in performance of financial management.

LITERATURE REVIEW

Biegelman and Bartow (2022) define internal financial control as the financial plan and systems organisation and procedures applied by schools to ensure that financial resources used are consistent with laws, regulations and policies; that school finances are guarded against loss, waste and misuse; and reliable financial data is provided, maintained, and disclosed to management through financial reporting.

In a public secondary school setup, internal financial control is concerned with the principal's financial leadership and responsibility for financial resources used to accomplish the school's mission and vision. Wango and Gatere (2016) concluded that internal financial control ensures achievement of the school's broad objectives and operations.

Importance of Properly Constructed Internal Financial Controls

A principal in Kenya is an accounting officer in a public secondary school. Principals are answerable to the BoM, the MoE and the TSC (Republic of Kenya, 2013, 2012b). Consequently, principals are required to have requisite administrative and technical skills and competencies to develop properly constructed internal financial controls.

Ge et al. (2021) asserted that properly constructed internal financial controls may help schools improve operational efficiency. Full access to financial data and internal financial control systems can help principals and school teams optimise financial resource allocations, cash flow, strategic collection of fees and financial resourcing. Properly constructed internal financial control provides powerful financial support for the achievement of the overall operational efficiency of the school's programme and activities (Phylisters et al., 2018). Spending within the budget and on-target by school departments that follow internal financial control procedures makes it easier for principals to hit set performance goals, reduce wastage, inefficiencies, embezzlement and avoid fraud and guard against rogue spending. Kashona (2019) opined that properly constructed internal financial controls can simplify fiscal management. Internal financial internal control in the short term improves financial performance, provides long-term assurance, and increases the school's financial resilience and agility.

According to Palepu et al. (2020), internal financial control could assist school managers in improving accountability. This provides financial managers with clear financial procedures and guidance and defines the stakeholders' roles and responsibilities from senior management downwards (Mungai et al., 2021). Documented internal financial controls may help principals to ensure that all staff are aware of their obligations and responsibilities, eliminate confusion and miscommunication, and improve the school's stakeholders' engagement levels. A good internal financial control system addresses transparency, compliance, accountability, assessment of risks and management supported by continuous improvement systems (Midialo, 2017).

Principals' Competencies in Internal Financial Control

With the right competencies in internal financial control, principals can establish internal financial control policies, procedures, and activities that can guide financial management in their schools. Benkovic (2018) indicated that an effective internal financial control system should include preventive and detective financial control procedures. Quak (2020) summarised that other financial control considerations by public secondary school principals include regular financial communication, financial policies and procedures and reminders to members of staff through emails, staff meetings and other communication channels.

Principals require skills and competencies to regularly evaluate financial risks and internal financial control systems required for protection of assets and records in their schools (Midialo, 2017). They need financial skills to document and plan a review of financial risks management processes. Such competencies include the ability to carry out annual reviews of all financial security activities, financial reconciliation processes, and separation of duties. Republic of Kenya (2017) requires that the BoM through its secretary who is the principal must ensure that other members of staff are conscious of the school financial policies.

Alia and Iwuoha (2014) and Muthanga and Odipo (2014) suggested that principals require competencies and skills to handle financial risks in their schools. Financial risks may also deter operational effectiveness and efficiency of the schools (Robert et al., 2021). The conditions that increase financial risks in schools include non-segregation of duties; failure to review documents before approval, non-verification of financial transactions upon entry into the financial system and untimely and irregular reconciliations (Alia & Iwuoha, 2014). Opiyo (2023) established that financial activities that increase risks in schools may also include incompetence or a lack of follow-up when financial transactions are flagged off as unreasonable or questionable; inadequate control over cash; and weak controls in procurement of goods, works and services and insufficient skills and competencies on financial procedures and policies.

Fraud, waste and abuse are very costly to schools (Berhanu, 2018). This can happen if the principal is not competent in establishing robust internal financial control measures for the school. These inappropriate financial activities erode the school stakeholders' confidence and its ability to manage financial resources effectively and efficiently. School principals should be skilled and competent in ensuring that the electronic financial system has secure and sufficient software and hardware capabilities to protect financial data. Rebs et al. (2018) recommended that the deployed financial system should be easily accessible to facilitate decision-making processes, and the principal must secure digitised financial system and data. Hanif et al (2018) emphasised that digital financial records require secure access and retrieval capabilities.

Principals require financial preventive internal financial control identification skills and competencies to improve financial processes. Documentation and authorisation practices are some of the preventive financial control processes in public secondary schools' financial management. Nyakarimi et al. (2020) averred that preventive fiscal internal control activities can avert the occurrence of undesirable financial events. Mohamad and Ibrahim (2017) explained that detective internal financial control activities spot undesirable incidents after the events. The best immediate detective internal financial control is reconciliation.

Principals should have the requisite competencies and skills to carry out segregation of duties. Functional financial responsibilities should be done by diverse work units or various individuals within the same unit (Buchichi et al., 2018). Similarly, public secondary school principals require adequate documentation skills and competencies to facilitate fiscal management. Comprehensive and adequate fiscal management of documents and records may help principals increase accuracy of financial statements (Kanyanzii et al., 2019).

Principals should have skills and competencies to ensure that there is proper authorisation and approval of financial transactions. Authorisation and approval are important internal financial control measures that financial managers can institute (Musyoki, 2023). Principals should prepare documents and communication that require approval and assign a responsible person to avert financial risks.

School assets are economic resources that are valuable in the short and long term. Benkovic (2018) identified cash, equipment, land, buildings, office supplies, merchandise, furniture and sensitive or confidential data as some examples of school assets. Principals should be competent and skilled in instituting protective measures and safeguards to ensure that there is proper maintenance of school assets. Physical precautions are the most important type of protective measure through which the principals can secure assets (Opiyo, 2023).

Principals in public secondary schools should have skills, competencies and capabilities to ensure that automated or mechanical internal financial control activities such as the use of a cash safe, the use of employee identity cards, fences, cash registers, fireproof file cabinets and locks are put in place. Electronic internal financial controls relate to access privileges or established backup and recovery procedures which may be used to protect the school's assets (Musyoki, 2023).

Performance of Internal Financial Control Functions

According to Argyropoulou (2019), principals in Greek state schools are responsible for development and maintenance of an internal financial control frameworks, which ensure efficient, accountable and effective achievement of its objectives. Benkoviv (2018) argued that finance managers in Serbia public schools use financial risk management methods to identify and assess financial risks and use cost benefit analysis in developing internal financial controls. There should be efficiency and effectiveness in the principal's performance of the internal financial control function.

Hanoon et al. (2021) emphasised that financial risk management can be executed through development of an effective financial system and a framework of internal control. This internal control system would give management responsibility to ensure that financial internal controls are established, documented, used, maintained, and are complied with (Lai et al., 2020).

School principals should uphold governance principles of accountability. Benkovic (2018) explained that financial managers are responsible for their decisions and actions in relation to financial matters. Ojekudo (2019) emphasised that principals should be transparent and have open disclosure of financial information. In addition, they should practise financial integrity. Radzi et al. (2018) asserted that principals in Malaysian schools continuously evaluate and revise internal financial controls functions under their purview. This is to ensure complete, accurate, and timely preparation of financial activities, reports, and other relevant databases. Principals implement segregation of duties to mitigate financial risks.

A school principal in Kenya is responsible to the BoM for establishment and application of appropriate internal financial control systems to achieve integrity and accountability (Republic of Kenya, 2014). Public secondary school principals are tasked with the responsibility of ensuring that books of accounts follow financial best practice and guidelines, ensure that annual budgets are prepared, and the expenditure does not exceed income unless with the approval of the BoM (Republic of Kenya, 2017). They should ensure regular monitoring of school income and expenditure in comparison to actual income and budget estimates.

Kanyanzii et al. (2019) established that financial actions should be authorised by the principal as an authorised officer and ratified by the BoM. One of the principals' daily financial responsibilities is managing bank accounts opened and operated in the name of the school. Principals appraise cash-flow scenarios, examine financial data, forecast projected income and expenditure, and oversee contract or vendor management (Mulatya, 2022). They further enforce contract compliance policies and develop, implement, and secure school financial management systems. Musyoki (2023) explained that this may include adoption, deployment and use of Information Communication Technology (ICT) infrastructure such as statistical modelling software and spreadsheets to ensure finance staff in the school have the right competencies and skills.

Principals are responsible for asset management in public schools (Republic of Kenya, 2017). Asset management ensures school assets are safeguarded from unauthorised disposal or use and for detection, prevention and correction of occurrence of irregularities in asset use. The principal should ensure there is regular reconciliation of bank statements with the school's general ledger and prepare comprehensive annual reports to comply with PFM Act 2012, International Public Sector Accounting Standards (IPSAS) requirements and the Basic Education Act 2013.

Theoretical Underpining

This research is anchored on agency theory propounded by Ross and Mitnick in 1973 (Mitnick, 2024). Agency theory is also often referred to as the "agency dilemma" or the "agency problem". The agency theory explores the distinctive relationship between a principal and their agent. Mitnick (2024) contended that throughout the relationship, there are several actions and decisions that are made by the agent on behalf of the principal. In the current study, the principal is the Board of Management (BoM), the Ministry of Education (MoE) and Teachers Service Commission (TSC), and the agent is the school principal. The same actions and decisions generate disagreements and conflict between the two parties. Succinctly, agency theory targets two significant problems that might occur in agency interactions (Zhu Xiangyu, 2021).

First, the agency issue arises when the goals or preferences of the owner and the manager clash. As such, the principal cannot tell if the agents acted in their best interests. Second, the principal and the agent may have different ideas about risks. A problem with risk-sharing can cause them to have different preferences for specific actions that show how they feel about risks.

Some of the explanations of the main causes of agency problems as discussed by Felin and Foss (2023) are discussed as follows. The first aspect is a conflict of interest between the principal and the agent. Second, the agent may make decisions on behalf of the principal that are not in the best interest of each associated party. Third, the agent may act independently from the principal to obtain some sort of previously agreed incentives or bonuses. Fourth, there could be confidentiality breaches regarding personal and financial information of the principal, which may cause a conflict. Fifth, insider trading with the information provided by the principal may cause conflict and lastly, if the principal acts against the recommendations of the agent.

Reducing agency conflicts and application of the theory in performance of financial management by principals

The following actions and principles are suggested to be followed by both the principal (the BoM, MoE and TSC) and agent (school principals) to reduce the likelihood of emergence of conflict in agency theory (Zhu Xiangyu, 2021).

First, the transparency between the agent and the principal is aimed at reducing the potential influx of agency problems. For this to be achieved, it is crucial for both the principal and the agent to be completely transparent with one another (Felin & Foss, 2023). The school principal as an agent, and the BoM, TSC and MoE as the principal should be transparent with each other about financial dealings. Decisions and transactions that should be implemented must be agreed upon by each party and must be reasonably fair.

Second, imposing restrictions or abolishing negative restrictions is a good way to significantly reduce the effect of agency loss. Mitnick (2024) concluded that setting specific restrictions on factors such as agency power allows the principal to feel more confident in their agent. Conversely, abolishing negative restrictions is beneficial because it instills trust within the agent and allows them to make decisions freely on behalf of the principal (Wang, 2014). The MoE could impose restrictions or abolish negative restrictions on school principals on how certain financial actions can be carried out. This may be in the form of certain approvals and verification before payments are made.

Third, introducing and eradicating incentives and bonuses respectively lessens the chances of a relationship that consists of conflicts and disagreements. Introducing bonuses is a good way to motivate an agent and could allow them to make decisions in the best interest of the principal to achieve their desired incentives. Contrarily, bonuses may motivate the agent to make decisions just for financial gain, disregarding the best interests of the principal to only achieve the incentive (Mitnick, 2024). The BoM, TSC and MoE as the principal should create incentives for the principals who are their agents to encourage them to comply with financial legal requirements. Principals should be motivated to willingly comply with the requirements of the Public Finance Management (PFM) Act 2012, the Basic Education Act 2013, Public Procurement and Asset Disposal Act (PPADA) 2015 and the Public Audit Act 2015.

Fourth, the principal can take strategic steps to limit the damage caused by the agent's self-interested behaviour (Laher & Proffitt, 2020). Common approaches that can be used in financial management to minimise conflict include defining job expectations of school principals and writing contracts in a way that encourages the desired behaviour while limiting any divergent and costly behaviours. Others may include performance incentives, including rewards to school principals for good performance and penalties for poor performance.

Felin and Foss (2023) concluded that the principal may wish to hire a third party to monitor or at minimum, obtain a sampling of the agent's actions such as hiring auditors. Laher and Proffitt (2020) reckoned that as long as the cost of hiring the monitor remains lower than the additional benefit the principal gains by scrutinising his agent's behaviour, the principal will find it in his interest to hire a monitor. The MoE as a principal hires school auditors and deploys education officials to monitor the school principals' work to improve their performance and minimise misappropriation and financial misconduct.

Agency theory entails several specific and testable empirical hypotheses (Mitnick, 2024). For example, it has been used to explain why stockholders are willing to accept managerial behaviour that does not maximise the value of the firm. The theory provides insight into the reasons why school principals as financial managers voluntarily produce audited financial reports on an annual basis. Laher and Proffitt (2020) explained that the theory further provides a framework for understanding and managing relationships between principals (shareholders) and agents (managers) in organisations. In this study, the theory can be used to explain the relationship between school principals as agents and their principals (the BoM, MoE and TSC).

In addition, the theory plays an important role in explaining the behaviour of school principals and the expectations of the BoM, MoE and TSC. This study identified performance of financial management as a goal conflict issue (an agency issue) which needs to be addressed by the agent through acquisition and implementation of various competencies in internal financial control as they perform their respective financial management roles.

RESEARCH 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 target respondents with reference to a particular topic. In-depth interviews were conducted.

Research Design

Research design is a strategy to collect, organise and analyse data to combine effectiveness in research procedures (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 budgeting and their effectiveness in performing financial management functions and evaluating their strength and 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 gave 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 Vliegenthart (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 the research given. They are participants with specific and relevant qualities of interest. 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 budgeting, procurement, internal financial control and 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 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 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 out by principals and bursars as important informants. An interview schedule was used to gather data from school auditors. Secondary data was sourced through reviews 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 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 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 the general layout and formatting of the data collection tools so as 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, school bursars' questionnaires, and school auditors' interview schedule. Similarly, 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. Data Analysis

Results, Data Analysis and Discussions on Principals' Competencies in Internal Financial Control

Data analysis that addresses the objective of the study is presented in this section. The objective was to establish the relationship between the principals' competencies in internal financial control and effective performance of selected financial management roles in public secondary schools in Kajiado County. Descriptive analysis of the data is done by calculating percentages as reflected in Tables 1 and 2.

Table 1: Principals' Competencies in Internal Financial Control According to Principal

	Principal (N= 106)			
Statement	**SD**	**D**	**A**	**SA**
I have the necessary financial competencies to promptly detect errors in budgets	25%	21%	28%	26%
I have the necessary financial competencies to regularly adhere to budget plans	23%	26%	31%	20%
I have the necessary financial competencies to regularly approve financial transactions	22%	25%	20%	34%
I have the necessary financial competencies to regularly authorise payments	25%	18%	23%	34%
I have the necessary financial competencies to regularly segregate incompatible financial management duties	15%	31%	31%	23%

I have the necessary financial competencies to regularly develop passwords to stop unauthorised access to financial management ICT systems	24%	23%	29%	25%
I have the necessary financial competencies to regularly develop detective controls to prevent funds loss	24%	26%	25%	25%
I have the necessary financial competencies to regularly monitor actual expenditures against budgets	23%	24%	27%	26%
I have the necessary financial competencies to regularly secure school assets	16%	25%	31%	27%
I have the necessary financial competencies to regularly do periodic financial reconciliations	23%	21%	29%	27%

Table 2: Principals' Competencies in internal financial control according to Bursars

	Bursars (N=100)			
My principal has the necessary competencies to carry out the following internal financial controls: -	**SD**	**D**	**A**	**SA**
Promptly detect errors in budgets	22%	21%	31%	26%
Regularly adhere to budget plans	19%	27%	35%	19%
Regularly approve financial transactions	17%	22%	28%	33%
Regularly authorise payments	12%	28%	21%	39%
Regularly segregate incompatible financial management duties	13%	26%	45%	16%
Regularly develop passwords to stop unauthorised access to financial management ICT systems	17%	34%	28%	21%
Regularly develop detective controls to prevent funds loss	23%	22%	30%	25%
Regularly monitor actual expenditures against budgets	18%	30%	27%	25%
Regularly secure school assets	19%	24%	30%	27%
Regularly do periodic financial reconciliations	23%	27%	23%	27%

According to the study, a total of 46% and 43% of principals and bursars respectively affirmed that principals did not have the necessary financial competencies to quickly detect errors in budgets. This corroborates an earlier finding by Midialo (2017) that financial activities that increase risks in public secondary schools include errors in the budget, incompetence or no follow-ups when financial transactions are flagged off as unreasonable or questionable. The implication of this finding is that if left unattended, errors in the budget may cause strategic financial risks which can stop departments in the school from achieving their set objectives.

School auditors were asked about the necessary internal financial control competencies required of principals. One auditor averred that:

Most important internal financial control mechanisms to be put in place by principals include preventive and detective controls. These are skills that are largely absent from our principal. Regarding preventive controls, it encompasses skills in budget planning, control, monitoring, and compliance monitoring. Regarding detective control skills, principals must have skills related to risk identification and management" (Schools Auditor [SA], 2:4).

In addition, a combined 49% of principals and 46% of bursars said that principals did not have the necessary financial competencies to regularly adhere to budget plans. This result supports Alia and Iwuoha (2014) and Ann (2018) who hypothesised that for principals to manage financial risks in their schools, they must possess certain financial management abilities and skills. The finding suggests that a school department may not accomplish its objectives because of strategic financial risks caused by deviations from the budget.

It was established by a sum of 47% and 39% of principals and bursars respectively that principals lacked the necessary financial competencies to regularly approve financial transactions. Similar findings were put forward by a total of 43% of principals and 40% of bursars who indicated that principals lacked the necessary financial competencies to regularly authorise payments. These findings are consistent with those of Ghorman and Amakyi (2016), who concluded that financial managers have an obligation to ensure that transactions are approved and executed by employees working within the scope of the authority granted to them by management. This suggests that principals lacked detective controls, yet such financial operational expertise is critical.

In this study, it was observed that altogether, 46% and 39% of principals and bursars respectively specified that principals did not have the necessary financial competencies to regularly segregate incompatible financial management duties. This finding is like Glover (2018) which established that preventive fiscal internal control measures should be implemented to avoid fraud and errors in their schools. Segregation of duties is geared towards reducing chances of employees committing and concealing financial errors or engaging in fraudulent financial activities.

In addition, cumulatively, 47% of principals and 51% of bursar respondents affirmed that principals did not have the necessary financial competencies to regularly develop passwords to stop unauthorised access to financial management ICT systems. The findings are consistent with those of Biegelman (2022), who highlighted the need for meticulous documentation and authorisation procedures as preventive financial management control measures. The adoption of level-access passwords to stop unauthorised entry to financial systems is one of the concrete preventive controls. Regarding ICT adoption in internal financial control, SA, 2:5 reiterated that:

ICT adoption in schools enhances incorporation with other sections of the management, and this can help in risk reduction and management. Furthermore, ICT is known to promote competitive advantage of the organisation.

The study established that a total of 50% and 45% of principals and bursars maintained that principals did not have the necessary financial competencies to regularly develop detective controls to prevent funds loss. This finding is congruent to Mungai et al.'s (2021) finding that detective controls required of finance managers include regular cash counts; systematic and periodic bank reconciliations, review of payroll reports (payroll statement) and comparison of financial transaction reports to source documents.

In total, some 47% of principals and 48% of bursars stated that some principals lacked the necessary financial competencies to regularly monitor actual expenditures against budgets. This outcome is consistent with Musyoki's (2023) conclusion that budget and expenditure monitoring gives financial managers precise financial guidelines and processes that enable them to implement financial internal control measures. This implies that regular monitoring of the actual expenditure against the budget may increase efficiency, speed, and accuracy of implementation of the school budget, thereby preventing budget variation.

The results showed that 58% and 57% of principals and bursars reported that principals had the necessary financial competencies to regularly secure school assets. In addition, a combined 56% of principals and 50% of bursars indicated that principals have the necessary financial competencies to regularly do periodic financial reconciliations. This result was in line with that of Nyakarimi et al. (2020), who stressed the need for restricted access to assets and crucial documents. This suggests that when assets are not secured, any tampering with them could affect performance in the school.

Results, Data Analysis and Discussions on Performance of Internal Financial Control Function

Descriptive statistics were used to analyse the performance of internal financial control functions. In this section, evaluation of the variable was done descriptively by employing percentages. The 4-point Likert scale was used. The results are presented in Tables 3 and 4.

Table 3: Performance of Internal Financial Control Function According to Principals

Kindly rate your effectiveness in performance of the following internal financial control roles	**Principal (N= 106)**			
Statement:	**NE**	**LE**	**E**	**VE**
Promptly detect errors in budgets	20%	25%	30%	25%
Regularly adhere to budget plans	18%	33%	33%	16%
Regularly approve financial transactions	18%	23%	25%	34%
Regularly authorise payments	19%	30%	20%	31%
Regularly segregate incompatible financial management duties	18%	27%	36%	19%
Regularly develop passwords to stop unauthorised access to financial ICT systems	18%	30%	27%	25%

Regularly develop detective controls to prevent funds loss	21%	24%	32%	24%
Regularly monitor actual expenditures against budgets	11%	40%	26%	23%
Regularly secure school assets	21%	24%	31%	25%
Regularly do periodic financial reconciliations	12%	35%	27%	25%

Table 4: Performance of Internal Financial Control Function According to Bursars

Kindly rate your principal's effectiveness in the performance of the following internal financial control roles	**Bursars (N=100)**			
Statement:	**NE**	**LE**	**E**	**VE**
Promptly detects errors in budgets	24%	25%	27%	24%
Regularly adheres to budget plans	15%	29%	39%	17%
Regularly approves financial transactions	20%	27%	23%	30%
Regularly authorises payments	23%	28%	21%	28%
Regularly segregates incompatible financial management duties	22%	33%	32%	13%
Regularly develops passwords to stop unauthorised access to financial management ICT systems	19%	31%	31%	19%
Regularly develops detective controls to prevent funds loss	20%	27%	34%	19%
Regularly monitors actual expenditures against budgets	15%	29%	30%	26%
Regularly secures school assets	24%	25%	25%	26%
Regularly does periodic financial reconciliations	16%	31%	29%	24%

The study established that 45% and 49% of principals and bursars held that principals were ineffective in promptly detecting errors in budgets. Similarly, Biro (2017) established that effective and timely detection of errors in the budget enables financial managers to develop and adopt corrective measures to avert challenges of implementation of the budget.

In addition, it was pointed out that:

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

However, a total of 51% of principals and 44% of bursars stated that regular adherence to budget plans by principals was observed to be ineffective. The finding is consistent with Boma (2018) who established that effectiveness of financial internal control is essential to the achievement of the school's goals. This demonstrates how administrators' inability to quickly identify and fix budgetary problems may impair internal control of operations.

The study found that, cumulatively, 41% of principals and 47% bursars maintained that principals were ineffective in regularly approving financial transactions. In addition, 49% and 51% vowed that regular authorisation of payments was ineffective. This study supports the finding of Biro (2017) that effective approval and confirmation of a transaction by a designated official. This suggests that the financial performance of the school could be compromised in the absence of regular and proper approval and authorisation.

One important internal control technique meant to reduce the likelihood of mistakes or fraud is separation of roles. It was noted that up to a total of 45% and 55% of principals and bursars respectively observed that principals did not regularly segregate incompatible financial management duties. Additionally, 47% of principals and bursars said that principals ineffectively carried out periodic financial reconciliations. The finding was in concurrence with Alia and Iwuoha (2014) who stressed that financial managers oversee creation and maintenance of regular, efficient and periodic reconciliations for successful accomplishment of school goals. This suggested that when financial reconciliations are unclear, internal control mechanisms may be compromised. It also implies that periodic financial reconciliation that seeks to eliminate errors and unintended omissions were not carried out with the likelihood of loss of funds.

Furthermore, 45% of principals and 47% of bursars indicated that principals did not regularly and effectively develop detective controls to prevent funds loss. These findings are consistent with Buchichi et al. (2018) who concluded that detective controls are crucial in financial management because they show that instituted preventive controls are having the desired outcome. Detective controls required of principals in public secondary schools include regular cash counts; systematic and periodic bank reconciliations of all school accounts; review of payroll reports (payroll statement); and comparison of school financial transactions reports to source documents.

Furthermore, a total of 48% of the principals and 50% of the bursars stated that principals did not regularly develop passwords to stop unauthorised access to financial management ICT systems. In this regard, Chowdhury (2021) stressed the need for authorised people to conduct extensive reviews of financial procedures, transactions, and reports or to assign tasks to competent people.

The auditors interviewed specified the benefits of ICT adoption in performance of internal controls by saying that:

ICT adoption has a lot of benefits in procurement functions. It increases reliability, quantity and quality of output, timely reporting, and enhances accuracy (SA, 1:5).

ICT adoption creates an electronic storage system to protect schools' financial records (SA, 3:5).

It allows for restricted access by using passwords to financial management systems. This facilitates electronic sharing of financial information (SA, 2:5).

Altogether, 51% of principals and 44% of bursars indicated that principals inefficiently monitored actual expenditures against budgets. This finding corroborated Berhanu's (2018) assertion that establishing attainable and unambiguous goals through budgetary control promotes accountability within the organisation

Similarly, it was pointed out that:

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

In addition, 45% of principals and 49% of bursars asserted that principals did not regularly secure school assets. This finding is in accord with Benkovic (2018) who emphasised that there should be limited access to assets and important financial records. The finding proves that physical control of assets and records can help in protection of the school's assets.

Hypothesis Testing

The null hypothesis tested was H_{01}: The hypothesis stated that "there is no statistically significant relationship between principals' competencies in internal financial control and effective performance of selected financial management roles in public secondary schools in Kajiado County, Kenya". 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 H0: if $p>0.05$.

To facilitate testing the hypothesis, a correlation test between principals' competencies in internal financial control and effective performance of selected financial management roles in Kajiado County was conducted. The correlation test results are presented in Table 5.

Table 5: Relationship between Principals' Competencies in Internal Financial Control and Effective Performance of Selected Financial Management Roles

		Principals' performance of financial management roles
Internal financial control competencies	Pearson Correlation r	.885**
	Sig. (2-tailed)	.000
	N	106

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

Pearson product moment correlation coefficient test yielded a result of ($r=0.885^{*;}$ $p<0.05$)) at alpha 0.05 level as presented in Table 5. Consequently, the null hypothesis was rejected since the p value (0.000) is less than 0.05 alpha levels. Therefore, a decision was made that there is a positive and statistically significant relationship between principals' internal financial control competencies and their performance of financial management roles in Kajiado County. This corroborates Hanoon et al.'s (2021) finding that the benefits that accrue through implementation of internal controls are immense.

FINDINGS OF THE STUDY

The objective of this study was to determine the relationship between principals' competencies in internal financial control and effective performance of selected financial management roles in public secondary schools in Kajiado County. Correspondingly, the study established a positive and statistically significant relationship between principals' internal financial control competencies and their performance in selected financial management roles. This finding is corroborated by Hanoon et al.'s (2021) findings which showed that the benefits that accrued through implementation of internal controls include reduced wastage, improvement in financial performance, and overall organisation performance.

According to the study, most principals did not have the necessary financial competencies to timely detect errors in their budgets. Similarly, a study by Midialo (2017) noted that financial activities that increased risks include errors in the budget, incompetence or no follow-ups when financial transactions are flagged as unreasonable or questionable. Moreover, a significant number of respondents held that some principals do not have the necessary financial competencies to regularly adhere to budget plans. This finding supports that of Alia and Iwuoha (2014) and Muthanga and Odipo (2014) who hypothesised that for principals to manage financial risks in their schools, they must have certain financial management abilities and skills.

It was established that various principals do not have the necessary financial competence to regularly approve financial transactions, with some lacking the necessary financial competence to regularly authorise payments. These findings are consistent with those of Ghorman and Amakyi (2016), who concluded that financial managers have an obligation to facilitate approval and execution of transactions by employees working within the scope of the granted authority. This study established that some principals do not have the necessary financial competencies to regularly segregate incompatible financial management duties. This finding is like that of Glover (2018), who established that preventive fiscal internal control measures should be implemented by school managers to avoid fraud and error in their finances. In addition, a significant number of the respondents affirmed that some principals do not have the necessary financial competencies to regularly develop passwords to stop unauthorised access to financial management ICT systems. The present findings are consistent with those of Biegelman (2022), who highlighted the need for meticulous documentation and authorisation procedures as preventive control measures in the financial management

The study established that a proportion of principals do not have the necessary financial competencies to regularly develop detective controls to prevent loss of funds. This is congruent to Mungai et al.'s (2021) finding that detective controls required of finance managers include regular cash counts; systematic and periodic bank reconciliations of all accounts, review of payroll reports (payroll statement) and comparison of financial transactions reports to source documents.

Most respondents affirmed that some principals lack the necessary financial competencies to regularly monitor actual expenditures against budgets. This outcome is consistent with the conclusions drawn by Musyoki (2023) that monitoring the budget and expenditure gives financial managers precise financial guidelines and processes that enable them implement financial internal control measures.

The results showed that some of the principals do not have the necessary financial competencies to regularly secure school assets. In addition, a significant proportion of respondents indicated that several principals did not have the necessary financial competencies to regularly do periodic financial reconciliations. This result is in line with that of Nyakarimi et al. (2020), who stressed the need for restricted access to assets and crucial documents. The findings from this study show that some principals do not regularly carry out periodic financial reconciliations in their schools. These results are like Opiyo (2023), who established that some managers in enterprises lose funds through theft and fraud because of late or lack of regular bank reconciliations. Other findings were that some principals are ineffective in carrying out periodic financial reconciliations. These results are like Alia and Iwuoha (2014), who maintained that financial managers oversee creating and maintaining regular, efficient and periodic reconciliations for successful accomplishment of school goals.

This study established that some principals affirmed that they are ineffective in detecting errors in budgets in a timely manner. This finding is akin to Biro (2017), who established that effective and timely detection of errors in the budget enables financial managers to develop and adopt corrective measures to avert challenges of implementation of the budget. Similarly, most principals affirmed that principals are ineffective in adhering to budget plans. The finding is consistent with Boma (2018) who identified that effectiveness of financial internal control is critical to achieving the school's goal.

This study established that a significant number of principals are ineffective in regularly approving financial transactions. Furthermore, a significant number avowed that they are ineffective in regular authorisation of payments.This study supports the finding of Biro (2017) who pointed out that effective approval and confirmation by the designated official is required for financial decisions.

Implication to Practice

Principals can be further trained, mentored and coached to develop them to be able to detect errors in budgets; adhere to budget plans; approve financial transactions and to authorise payments regularly. Equally principals can be trained and coached on how to segregate incompatible financial management duties, develop passwords to stop unauthorised access to financial management ICT systems and develop detective controls to prevent funds loss. Necessary financial competencies that can be acquired through training, mentoring and coaching may include monitoring actual expenditures against budgets, securing school assets, and doing periodic financial reconciliations. Financial risk detection and prevention systems should be developed and deployed by all principals to mitigate financial exposure in all aspects of financial management in schools. These actions could improve their performance in internal financial control in their schools.

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.

CONCLUSIONS OF THE STUDY

The objective of this study was to determine the relationship between principals' competencies in financial internal control and effective performance of selected financial management roles in public secondary schools in Kajiado County. Correspondingly, a conclusion was made that there was a positive and statistically significant relationship between principals' internal financial control competencies and effective performance of selected financial management roles. It was further concluded that several principals did not have the necessary financial competencies to timeously detect errors in budgets, regularly adhere to budget plans, regularly approve financial transactions, and regularly authorise payments.

Additionally, this study concluded that some principals did not have the necessary financial competencies to regularly segregate incompatible financial management duties, regularly develop passwords to stop unauthorised access to financial management ICT systems and regularly develop detective controls to prevent funds loss. Similarly, it was concluded that various principles lack the necessary financial competencies to regularly monitor actual expenditures against budgets, regularly secure school assets, and do periodic financial reconciliations.

It was also concluded that numerous principals were ineffective in regularly doing periodic financial reconciliations in their schools, detecting errors in budgets in a timely manner, with a majority of them being ineffective in adhering to budget plans. A significant number of them were ineffective in regularly approving financial transactions while others were ineffective in carrying out periodic financial reconciliations.

Future Research

The other aspects of financial management not addressed by this study that affects principals' effectiveness in the performance of selected financial management roles in Kajiado County could be investigated. More research on the principals' effectiveness in performing financial management roles needs to be done across the country since this study had limitations of time, financial resources and scope. Studies could be done either in primary or junior schools.

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