

Financial Management of School Heads in Selected Public Elementary Schools in DepEd Region III, Philippines

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Abstract: *This study investigated the financial management of public elementary school heads in Region III in terms of budgeting, accounting, procurement, and asset management. Likewise, it looked into the best practices and problems encountered of school heads in their financial management. As an output of the study, an action plan is proposed. The researcher employed the descriptive-qualitative method of research and involved the participation of seven (7) provinces with twenty (20) Schools Division Offices with their 105 teachers, 105 school heads and 105 district supervisors as research-respondents. The researcher constructed the test which was validated via content validation of the experts which included the researcher's adviser, statistician, Deped officials such as Public Schools District Supervisor, fellow Principals, Senior Education Program Specialists and Division Accountant. Weighted mean was used in describing the financial management of school heads as to budgeting, accounting, procurement and asset management. The Statistical Programming for the Social Sciences (SPSS) software was used to treat the data gathered. Findings of this study revealed that the indicators under accounting and budgeting are categorized as best practices of the school heads in their financial management. These are some of the following: 1) collaboration with grade level chairpersons or school focal persons for budgetary planning; (b) keeping all financial records in safe place. Moreover, delayed release of school monthly cash advances, fund insufficiency, lack of adequate experiences and trainings, numerous bookkeeping tasks, unorganized recordkeeping, frequent changing of policies, absence of permanently stationed bookkeeper, and adherence to complex laws and policies are identified as the most common challenges encountered by the school heads in their financial management. The school heads are advised then to make sure that all stakeholder sectors are represented during any budget allocation activities. They should further familiarize themselves of the simplified fund management systems by reviewing different mechanisms, procedures and standards for the utilization, monitoring and recording of school funds. The data on the problems encountered by the school heads in their financial management provided the basis in proposing an action plan which may be used in improving their level of implementation and in providing a key to more development programs for school heads in the entire region.*

Keywords—financial management, school heads, public elementary schools, descriptive study

1. INTRODUCTION

In any organization, it is very important that the financial management of its leader is properly and prudently observed considering that this may lead to further success. A study defined financial management as dealing with the sources of funds, their efficient use of and minimization of cost or losses for the greater profitability [1]. This productivity is generally intended for business in ministerial departments and post primary institutions. Similarly, it is for the enhanced welfare of students and both the teaching and non-teaching staff.

2. RELATED WORKS

In a context, a study determined financial management as careful allocation and utilization of scarce by financial managers to minimize waste and maximize accountability [2]. These definitions connote then that the financial management undertaken by school heads which is to prepare, procure, expend and make accurate account of funds provided for the organizational program implementation, and their capabilities as financial managers, are considerably significant and indispensable.

Moreover, the school head's efficient and effective management of financial or material resources is considered one significant factor in the attainment of institutional objectives. On the other hand, inappropriate and inconsistent exercise of financial management may cause failure in terms of financial difficulties and mismanagement of resources. In the end, an excellent and improved performance is the ultimate aim of every organization as they align well their financial management systems by wisely observing applicable and advantageous practices.

In the school setting, the financial management of school heads prevail when they have basic knowledge and clear understanding of the basic processes involved in managing school's account, the budgeting process and the systems and controls that are necessary to ensure that the school's finances are not misappropriated, (Clarke, 2008). School financial management involves the planning and implementation of a financial plan, accounting, reporting and the safeguarding of assets from loss, damage and fraud. Basically, the level of school heads' financial management can usually be determined through their formal education, on-the-job training and experiences. Sometimes, their personal or individual characteristics are also considered respectively.

The Philippines' overall policy in regard to this aspect is the empowerment of school heads to manage the school's personnel, fiscal (or financial) and material resources as stipulated in Letter E, Paragraph 7, Chapter 1 of Republic Act 9155. The said law also known as the "Governance of Basic Education Act of 2001" emphasizes that school heads are given authority, accountability and most specially responsibility over fiscal or financial resources. Likewise, this decree highlights that the management of such resources should always be consistent with the national educational policies, plans and standards. Furthermore, this principle initially proves that the school head's capability in executing financial management activities will be very necessary in determining the success of the institution in terms of their human, material and fiscal or financial resources. Section 10 of Republic Act 9155 similarly puts emphasis on the provision of appropriations, intended for the regional and field (composing the elementary and secondary schools) and the schools division offices that are to be allocated directly and released immediately by the Department of Budget and Management (DBM) to the said offices. As repeatedly pointed out in Republic Act 9155, all school heads in the Department of Education (DepEd) are already bestowed with defined authority coupled with great responsibility and accountability to manage their resources based on the needs and requirements of the school community.

Considering that all public schools in the country have been entrusted with monetary provisions by the government, this has created demands for public accountability and better management responsibility from stakeholders. The present and common problems both the public elementary and secondary schools encounter nowadays are mostly identified to be related with financial and material resources management. This considerably demands that school heads should develop their management skills for them to be able to uphold and perform their complex duties, responsibilities and other related functions designated by higher authorities. Specifically, they have to possess other management competencies which include communication, delegation, teambuilding, project thinking coordination, directing, innovation, budget analysis and monitoring of expenditures, - (Maturi, 2013). Still further, school heads are expected to possess technical knowledge and skills in the management of the school's resources to be able for him to meet objectives as required by the institution.

DepEd Order No. 60 s. 2016 gives emphasis on the implementation of the utilization of the Financial Management Operation Manual (FMOM) for all financial transactions at all levels - central, regional, division and school of the Department of Education. This understandably means that DepEd is seriously recognizing the importance of continuous professional development of its financial management staff as agents of transformation and reformation. The aforementioned agency truly desires to improve the school heads' financial management practices in some particular aspects.

For the school heads to perform professionally and competently their roles and responsibilities as specified in DepEd Order No. 32, s. 2010 or the National Adoption and Implementation of the National Competency-Based Standards for School Heads or NCBSSH (domain 6, strand 6), they will need the proper education, experience, training, skills and ethical qualities. Some of the competencies a school fiscal manager should develop in himself are the following: a) preparation of financial management plans; b) generation and mobilization of financial resources in accordance with DepEd policies, and accounting and auditing rules and regulations; c) organization of procurement committee; d) adherence to official procurement processes; e) maintenance and replacement of school assets and disposition of non-reusable properties; and f) preparation of financial reports and submission of such to higher education authorities and other education partners.. The aforesaid Order identifies and specifies the professional capabilities including the fiscal or financial management activities a school head should undertake which is part of transformational and situational leadership of school heads [3][4].

Moreover, the local and national government have been providing the basic financial requirements needed by every school in our country. The Department of Education is allotting Maintenance and Other Operating Expenses (MOOE) funds for their primary necessities such as electricity, water, internet, training expenses, office/school supplies, graduation rites, janitorial, minor repair of facilities and other operational expenses (DepEd Order No. 008, s. 2019). Other sources of school funds comprise the following: Special Education Fund (SEF), School-Based Feeding Program (SBFP) funds, Parents Teachers Association's (PTA) authorized contributions, canteen funds and other monetary donations or contributions from different external stakeholders such as Alumni Associations, Local Government Units (LGUs) and Non-Government Organizations (NGOs).

Certainly, the DepEd's goal of providing sufficient and excellent basic needs and services to all schools cannot be achieved if still there are inconsistencies in the observance of financial management activities among school heads. As observed, some school heads in DepEd Region III-Central Luzon do not properly prepare the necessary documents to qualify their liquidation reports. Other violations committed are as simple as not submitting the required documents on time or complying with what is prescribed by institutional laws. Some also committed misappropriation or intentional illegal use of funds due to various personal reasons and other inappropriate causes. Unauthorized disbursement is also one of the common offenses committed by most accountable officers according to one Division Accountant in the said Region.

Moreover, these school heads have received initial consequences for their wrongdoings. To mention some of these penalties are compulsory refund of the cash advance

received by the accountable officer or school head, suspension of salary and from performing or practicing official functions as school administrator, being transferred to another school, disallowances, and being filed with administrative cases relative to such concern.

According to a Commission on Audit (COA) Personnel (government cluster) assigned in one Schools Division Office (SDO) in Region III, their office have proven that there is really a need to review and enhance the financial management of schools as well as evaluate the performance of financial managers themselves. The researcher, as a school principal, further believes that the cases of ineffectiveness and inefficiencies in undertaking financial management have hindered the respective institutions of school heads from rendering excellent, prompt and prudent services to internal stakeholders or immediate clientele, the teachers, learners and their parents. The absence of relevant trainings or enhancement programs for the school heads in their financial management indicates that there is really a need to upgrade their implementation and observance of their financial management operations.

Furthermore, to manage diverse financial resources in school is as simple as handling your own finances, properties or assets. If a school administrator has enough capability on budgeting, accounting, procurement and asset management, he is not easily tempted or cannot simply commit erroneous spending. The school head will not go far beyond the financial allotment which is consistent with the approved School Operating Budget (SOB), Annual Procurement Plan (APP), Monthly Disbursement Program (MDP), Project Procurement Management Plan (PPMP) and other financial management plans. If a school head is properly directed and guided by existing rules and regulations, guidelines and policies involving financial management and has appropriate stewardship and ethical leadership orientation, he or she can minimize or manage the number of challenges usually experienced in the field. Some problems and other sources of conflict and misunderstanding in the organization will eventually be controlled.

A competent and an ethically-oriented school financial manager can effectively and efficiently implement his or her financial management activities such as budgeting, accounting, procurement and asset management and will definitely offer a more systematic and strategic way of attaining institutional goals and objectives. This is one factor which may help build a sound school-based financial management system in the country's educational institutions.

Further, the researcher conducted this study to determine the financial management of school heads as 21st century leaders and direct implementers of the different school programs, projects and relevant activities. The results and findings of this study have enlightened the researcher to give relevant recommendations and eventually directed him craft a proposed action plan which is expected from school institutions in Region III.

3. STATEMENT OF THE PROBLEM

This study determined the financial management of public elementary school heads in DepEd- Region III-Central Luzon. Specifically, it aimed to answer the following questions:

1. How may the financial management of school heads be described in terms of:

1.1 budgeting;

1.2 accounting;

1.3 procurement; and

1.4 asset management?

2. What are the best practices of school heads in their financial management?

3. What are the problems encountered by the school heads in their financial management?

4. What action plan could be proposed to address school financial management problems?

5. What is the implication of this study to educational management?

4. METHODOLOGY

To realize the main objective of this study, the researcher made use of the descriptive-qualitative method of research which determined the financial management of the school heads and their best practices in their respective schools. The descriptive method, according to Aggarwal (2008), is devoted to the gathering of information about prevailing conditions or situations for the purpose of description and interpretation. It is not simply amassing and tabulating facts but includes proper analyses, interpretation, comparison, identification of trends and relationships.

Moreover, the first two questions were answered using the descriptive method of research. The data on financial management and best practices of school heads were statistically treated, analysed and interpreted. The researcher categorized and described how the school heads frequently practiced their financial management. The researcher compared the school heads' observance of their financial management with that of the teachers and the supervisors' assessment. In addition, the researcher used such method to identify which among the indicators were classified as best practices of the school heads. The indicators with higher mean than the overall grand mean were classified as the school heads' financial management best practices.

The researcher also used the qualitative method to answer the question on the school heads' problems in their financial management. According to Hammarberg (2016), qualitative method is used to answer questions about experience, meaning and perspective, most often from the standpoint of

the participant. Usually, the data are not amenable to counting or measuring. Examples of qualitative research technique are “small-group discussions” for investigating beliefs, attitudes and concepts of normative behavior; “semi-structured interviews”, to seek views on a focused topic or, with key informants, for background information or an institutional perspective; or an “in-depth interviews” to understand a condition, experience, or event from a personal perspective.

Further, the researcher considered the qualitative method appropriate in answering the question that pertains to the problems encountered by the school heads in their financial management. The researcher used an interview guide question to gather data needed in this study. Also, the researcher personally inquired from his fellow school heads and their immediate superiors some interventions they employed to address related problems. The researcher then revealed in this study some of the results of the interventions initially undertaken by the school heads to resolve such challenges. The researcher further made an analysis of the causes of the problems they encountered in the field and proposed possible strategic ways and means to address such challenges.

In answering the research problem previously mentioned, the researcher used a researcher-made survey questionnaire or checklist (see Appendix H). The indicators employed were based on the following: 1) DepEd Order No. 32, s. 2010-National Competency Based Standards for School Heads (NCBSSH); 2) DepEd Order No. 60, s 2016, Implementation of the Financial Management Operations Manual (FMOM) and Orientation of DepEd Financial Management Staff at the Regional, Division and School Levels; and 3) DepEd Order No. 8, s. 2019 Revised Implementing Guidelines on the Direct Release, Use, Monitoring and Reporting of Maintenance and other Operating Expenses, Allocation of Schools, Including Other Funds Managed by the Schools. Each indicator or item was translated into a statement describing the school heads’ financial management activities.

The first part is a five-point rating scale which determined the school heads’ observation on their financial management in the four (4) major areas that are listed as follows: budgeting with sixteen (16) indicators, accounting with twelve (12) indicators, procurement with twelve (12) indicators and asset management with ten (10) indicators. The second part provided information on the challenges encountered by the school heads relative to their financial management. It contained interview guide questions that required the respondents to reveal problems which they experienced most frequently in their financial management.

The research questionnaire was formally submitted to the expert authorities for validation and approval. It was reviewed by the adviser and validated by some DepEd authorities such as Public Schools District Supervisors, School Principals, Senior Education Program Specialist and Division Accountant. After the review and validation of the

said questionnaire, a dry run was administered to eighteen (18) teachers, ten (10) school heads and ten (10) public schools district supervisors that were not included in the actual respondents. Subsequently, the questionnaire was retrieved by the researcher. The initial data gathered were tabulated and analysed by the researcher through the assistance of the statistician for further validity and reliability testing.

There are seven (7) provinces in Region III-Central Luzon. Relatively, the researcher requested the participation of 105 school-respondents from the different provinces in the said region. Specifically, these are Aurora (5), Bataan (10), Bulacan (10), Nueva Ecija (15), Pampanga (15), Tarlac (40) and Zambales (10). The researcher also requested the cooperation of 105 teacher-respondents, 105 school head-respondents and 105 district supervisor-respondents to contribute necessary information in regard to the school heads’ financial management. The researcher used convenience sampling to determine the number of respondents of the study. Convenience sampling is a non-probability sampling technique where subjects are chosen because of their accessibility and proximity to the researcher.

For ethical considerations, some DepEd officials were informed as regards the conduct of this study. The Regional Director of Region III and the Superintendents of each of the Schools Division Offices were given request letters to formally notify them about the researcher’s intention of conducting said study (see Appendices B, C and D). The district supervisors and school heads in each of the schools were also provided with letters requesting them to serve specifically as research respondents (see Appendices E and F). They were asked to respond whether or not they will be willing to participate in the study.

Before the survey questionnaires were finally distributed to the research respondents, brief orientations were undertaken to clarify the motives and objectives of this study. They were assured that the data or information they shared would be treated with utmost respect and confidentiality. The respondents were not required to indicate their names and also the schools or school districts where they are assigned. Furthermore, the authors whose works were used in this study were appropriately acknowledged and cited.

In this study, the researcher used the quantitative statistical measures in the computation, analysis, and interpretation of research data, results and findings. The following discussions gave us an overview of how the specific questions of the study were addressed.

Weighted mean was used in describing the level practice of financial management of school heads as to budgeting, accounting, procurement and asset management. Composite mean was used to determine the mean description of the triangulation responses of teachers, school heads and district supervisors. Moreover, the validity and reliability school heads’ responses with regard to their financial management

were confirmed through the teachers and the district supervisors' responses. The validation process was done by getting the financial management mean practice of the school heads and verifying their responses with that of the teachers and the district supervisors' assessments.

5. RESULTS

The results were presented based from sequence and order of the questions raised:

Problem 1: How may the financial management of school heads be described?

The school heads most often practiced the succeeding financial management indicators: 1) collaboration with Grade Level Chairpersons or School Focal Persons for budgetary plans; 2) preparation and submission of PoWs to the Division Engineer for further assessment, verification and approval of projects; 3) organizing all financial records by keeping them in safe place; 4) declaring some sources of school funding which include school MOOE allocation and SBFP funds through SRCs and AARs; 5) preparation of supporting documents such as POs, and PRs for the procurement of items, school supplies and other materials; and 6) managing a process for the registration, maintenance and replacement of school assets and disposition of non-reusable properties.

Problem 2: What are the best practices of school heads in their financial management?

Results of this study revealed the best practices of the school heads in their financial management. The table below displays the summary of the best practices of the school heads which are highlighted by the four major areas of financial management. These are budgeting, accounting, procurement, and asset management. The grand mean of their financial management, represented by the four components, descriptive ratings and their rank can also be gleaned in the same table. Basically, best practices pertain to the procedures that have been shown by research and experience to produce optimal results and that is established or proposed as a standard suitable for widespread adoption (<http://www.Merriam-Webster.com/dictionary/best%20practice>). Contextually, these financial management best practices refer to the activities which were regularly observed by the school heads. These are the indicators that have higher mean than the overall grand mean.

Problem 3: What are the problems encountered by the school heads in their financial management?

Findings of this research identified some of the financial management indicators which were least often practiced by the school heads in their financial management. The least often practiced indicators were not considered problems or challenges among school heads believing that they were still observed. The indicators were supposed to be some of the activities that were not given much attention but were never neglected by the school heads. Some of these indicators were still practiced at a certain level as described through their

weighted mean. The least often observed indicators then were regarded as the financial management activities that need to be undertaken more often and their efficiency in practicing such should always be taken into consideration by the school heads.

Furthermore, the researcher was able to determine the problems which the school heads have revealed through their actual responses in the interview guide questions. Their responses were consolidated and considered as bases in identifying the concrete difficulties they usually encountered in school. Only the three topmost commonly experienced problems in each area were selected to represent the challenges they came across in their financial management. The possible reasons which may have caused the occurrence of the difficulties, the actual interventions that were assumed to address the identified problems and the partial outcomes of the solution employed were included and discussed substantially by the researcher. Moreover, some legal references which enlightened and directed the researcher to validate some of the findings of this study were also included in the discussion to support his claims.

6. DISCUSSION

Anchored on the quotation "Knowing is not enough; we must apply. Willing is not enough; we must do" this study implies the truth that to be able for the school heads to efficiently perform their functions as financial managers or administrators of fiscal resources, they need to have deeper knowledge of the programs and activities they implement in school. However, having an understanding of the facts is not enough. School heads must also have the skill, commitment and diligence to execute certain essential practices specifically in their financial management. This simply means that school heads should not only possess academic and technical competence but also passion and courage in order for them to effectively and excellently implement school programs, projects and activities.

This study on financial management of school heads recognizes the need for school heads to promote consistency and judiciousness in the fulfilment of related practices. Further, it is obligatory for the school heads who need technical and necessary assistance that they be given opportunities to attain particular professional development.

In this study, findings showed that some school heads are not very well-furnished and dedicated to the basic laws and policies governing their financial management though it is expected that all public officials and employees should perform their mandates with utmost decency and accountability. In addition, the accountability to properly manage public resources rests directly to them as school fiscal managers. Hence, it is recommended further that school heads should undergo re-orientation and other relevant development activities to be able to deepen more both their

professional and ethical fitness in undertaking their financial management activities.

Moreover, some school heads also encountered problems corresponding to their task on budgeting, accounting, procurement and asset management. The problems they encountered have somehow limited them to perform well and achieve better results. Thus, it would be very difficult for the school head to implement well and achieve standard outcomes if they are being hindered by these financial management challenges. The entire school organization will experience disappointment if the problems will continue to affect its financial management. This study further implies some measures to counter such limitations. In addition to re-orientation and enhancement programs, consistent monitoring and strategic rewarding system should also be instituted to further inspire and stimulate school heads to improve the conduct of their financial management.

Finally, out of the data collected and the results of the analysis conducted, a proposed action plan was crafted. This research output is offered to educational institution authorities to purposely assist the school heads minimize and address problems pertaining to their financial management. This will be submitted to concerned officials for further review and approval. The recommendations contained within the proposed action plan are anticipated to improve our school heads' financial management. If all public elementary schools in the country will proficiently, productively and prudently utilize their financial resources, all their programs, projects and activities will consequently be accomplished effectively and efficiently. This outcome or indicator would eventually result to high performance among internal stakeholders (both teachers and learners) and the school-community in general.

7. CONCLUSIONS

The school heads least often practiced the following indicators: 1) collaboration with SGCs, identification of the needs of the school based on the conducted priority improvement analysis/evaluation, and strict conformity to the mechanisms, procedures and standards set by DepEd; 2) ensuring that all school accounts conform to the standards of DepEd and other funding agencies; 3) appropriate utilization of funds for all approved programs, projects and activities, as required and authorized by DepEd officials; 4) monitoring of procurement activities and milestones for proper reporting to relevant agencies and end-users when required; 5) facilitating the generation and mobilization of financial resources in accordance with existing laws; 6) managing school resources in accordance with DepEd policies, accounting and auditing rules and other pertinent guidelines; and 7) conducting an inventory taking of all the assets of the school regularly and consistently.

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With regards to the problems encountered by the school heads in their financial management, these are the dominant challenges as revealed in this study: delayed release of school monthly cash advances, insufficient funds, lack of adequate experience or trainings, numerous bookkeeping tasks, absence of permanently stationed bookkeeper, preparations of required documents and adherence to complex laws and policies.

8. RECOMMENDATIONS

School heads should find all means to conduct further collaboration with SGCs considering their mandate and the principle that everyone in the community must be encouraged to participate or be involved in the budgeting process. The school heads can accomplish this through establishing linkages with external stakeholders. They should make sure that all stakeholder sectors are represented during any budget allocation activities. They should facilitate creative, innovative and strategic ways to generate funds which sustain school operations and program implementations.

Additionally, school heads should familiarize themselves of the simplified fund management systems by reviewing different mechanisms, procedures and standards for the utilization, monitoring and recording of school funds which are based on existing financial management laws and policies of DepEd and other concerned government agencies. A re-orientation/training activities should be conducted purposely to upgrade school heads' knowledge, skills and capabilities in managing school financial and other resources and to equip them with relevant principles and standards that will enable them perform their functions ethically, judiciously and proficiently.

Future researchers are motivated to conduct parallel study to help the school heads improve their financial management activities, assess their financial management capabilities and deepen understanding of all school stakeholders in upgrading the financial management of their own schools.

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