

Financial Management Challenges and Best Practices of School Heads of Public High Schools

Russel Fitz P. Wadasen

Graduate Student, College of Teacher Education - Advanced Studies, Benguet State University

Abstract

This paper is an examination of the various financial management practices of school heads in public schools with a focus on the challenges experienced and best practices implemented by school heads in relation to school financial management. The study made use of literature review to answer its objectives. From the study, it was shown that school heads experience challenges in financial management which include lack of training, weak financial management skills, lack and/or delay of funds, absence of financial support staff, poor collaborative planning, numerous bookkeeping tasks, unorganized record keeping, frequent changing of policies, absence of permanently stationed bookkeeper, and adherence to complex laws and policies. Despite these challenges, school heads have reported best practices which include collaboration with school focal person for budgetary planning and the keeping of financial record in a safe place. Some of the recommendation to address the challenges faced by the school heads include the hiring of school heads competent in financial management, continuing education and upskilling of school heads on financial management, empowering school heads on funds acquisition, assigning bookkeepers to all schools, maximizing School Governance Councils, documenting and sharing of best practices, and the conduct of further research in relation to school financial management.

Keywords: Public Schools, School Heads, School Financial Management, Challenges, Best Practices

1. Introduction

Financial management is the application of general managerial principles to the area of financial decision-making. As organizational leaders, school heads have decisions to make when it comes to the utilization of funds directed to public schools (Atieno, 2012). This is also mentioned as part of their responsibility as mentioned in Republic Act 9155 or the Governance of Education Act of 2001. These decisions, according to Brigham and Houston (2012), have financial implications on the financial management of school heads who play the most crucial role in ensuring the effectiveness and performance of schools considering the daily operations of the school (Ballada & Ballada, 2012).

School financial management involves the planning and implementation of a financial plan, accounting, reporting, and the safeguarding of assets from loss, damage, and fraud. In order to perform such tasks efficiently and effectively, it is important that school heads have professional capabilities which may include fiscal or financial management skills. As Espiritu (2020) puts it, the school head's efficient and effective management of financial or material resources is considered one significant factor in the attainment of institutional objectives. Indeed, a competent and ethically oriented school financial

manager can effectively and efficiently implement 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.

Finally, the Department of Education's goal of providing sufficient and excellent basic needs and services to all schools cannot be realized if there are inconsistencies in the observance of financial management activities among school heads. Thus, financial management skills among school heads are a pre-requisite for successful school management (Lindsay, Kofie, & Mbepera, 2017).

With the foregoing, it is the goal of this paper to investigate the financial management practices of school heads in public schools in relation to school management. More specifically, this paper aims to identify and describe the challenges experienced and best practices by school heads in relation to school financial management.

It is important to investigate the financial management challenges of public-school heads as finance is also a part of their managerial functions. As school leaders, it is the duty of school heads to ensure that the finances of the school are in order. It is a part of their task to make sure that resources are made available to address school needs and to ensure that important projects, especially in identified priority areas are well-funded. School heads also have the duty to ensure that the public funds released to their school are well allocated and well spent. Knowing the challenges experienced by school heads, as well as their best practices, will contribute greatly to the improvement of financial management practices in schools. It may also serve as basis in the formulation of policy, as well as in the design of professional development activities for school heads.

2. School Financial Management

Generally, financial management is the application of general managerial principles to the area of financial decision-making. According to Ogbunnaya (2012), financial management is dealing with the sources of funds, their efficient use and minimization of cost or losses for the greater profitability. Financial management can further be viewed as the careful allocation and utilization of scarce resources by financial managers to minimize waste and maximize accountability (Nwafukwa & Sunday, 2015).

According to Espiritu (2020), school financial management involves the planning and implementation of a financial plan, accounting, reporting and the safeguarding of assets from loss, damage, and fraud. Espinosa (2018) further notes that the concept of financial management in schools describes the process of ensuring that school leaders plan, organize, delegate, and control the funds of the school to achieve its goals. Research have shown that, like any other institutions, educational institutions require proper management of financial resources for survival. Financial management is also vital for the promotion of education quality and for meeting school vision and mission (Okeze & Ngwakwe, 2018; Mosha, 2018), with Ajaegbo (2009) stressing that financial management is a key factor in knowing how the school is effectively managed or if it is able to realize its objectives. Often, the success or failure of any educational institution in terms of quality education provision rests highly on the effective management of financial resources leading to sustainable development.

In the Philippines, the government provides for the budgetary needs of the Philippine public schools. Resources are provided from national-level resources, as well as resources raised and managed by Local Government Units (LGUs) nationwide. National resources are allocated to DepEd via the annual General Appropriations Act (GAA). The Department of Budget and Management (DBM) subsequently adjusts the final appropriation to conform with changes in the country's macro-fiscal environment and based on previous years' capacity to spend resources, and the resources are allotted to DepEd. Meanwhile, LGU resources for education come from funds appropriated from the national treasury (general fund) and the Special Education Fund (SEF), a special taxing authority on real property (de la Fuente, n.d.).

The Department of Education, being the main authority in Philippine basic education, follows a financial management structure that covers all of its offices which includes the central, regional, division, and school level. Although the Secretary of Education exercises overall supervision and control over the entire department, authority, responsibility, and accountability are inherent in the key positions created to discharge specific duties and tasks related to financial management. As such, delegation of financial signing authority down to the lowest unit of the organization is properly laid down in DepEd Order no. 67, s. 2016, notwithstanding the primary authority of the secretary overall financial transactions (Divedor, 2017).

Financial management in schools often presents the broader frame of management which is inclusive of all stakeholders. This inclusiveness is enshrined in Republic Act 9155 or the Governance of Basic Education Act of 2001 where the concept of shared governance is described. According to this law, shared governance, as a principle, recognizes that every unit in the education bureaucracy has a particular role, task, and responsibility inherent in the office and of which it is principally accountable for outcomes. As such, the same law provides that democratic consultation shall be observed in the decision-making process involving shared goals at appropriate levels.

The same principle is presented in the concept of School-Based Management (SBM) where significant decision-making authority from the DepEd Central Office is transferred to individual schools. With SBM, schools have a greater control over the education process specifically on decisions about budget, personnel, and the curriculum. SBM asserts that resources are collectively and judiciously mobilized and managed with transparency, effectiveness, and efficiency.

As such, the Department of Education sets forth the role of the school head relevant to financial management in the school context. As per Republic Act No. 9155, the school head shall be both an instructional leader and administrative manager where part of his/her responsibility is the administration and management of all personnel, and the physical and fiscal resources of the school.

3. School Heads as Financial Managers

In the Philippines, the Department of Education recognizes the school heads as key leaders in the country's educational system and as indispensable assets in achieving the government's aim to provide quality basic education. School heads are responsible for the administrative and instructional supervision of a school or cluster of schools. As such, school heads have the authority, responsibility, and

accountability for taking care of people in schools (people effectiveness) while maximizing organizational performance and health (school effectiveness) by setting the direction of schools, managing their systems and processes, promoting quality teaching and learning, nurturing themselves and others, and engaging stakeholders in initiatives toward the improvement of school communities.

Undoubtedly, school heads play substantial roles in improving the quality of education. To make this happen, they take on various roles which include being financial managers in their respective schools. According to Shkurina (2018), the vital role of school heads as financial managers has changed significantly from the earlier time to the modern era as a result of multiple factors such as political, demographic, and scientific revolutions with increased school heads responsibilities, the demand for high quality and an improved education system for resolving global demand of human capital to manage development programs. Nevertheless, it remains that it is in the best interest of the schools and its students that its school leader has a clear understanding of his or her role in the management of finances and the implementation of financial policy.

While Republic Act 9155 describes school heads as administrative managers of schools, the role of school heads as financial managers is further described in Domain 2 of the Philippine Professional Standards for School Heads (PPSSH). Domain 2 is about managing school operations and resources where school heads are expected to understand and implement laws, policies, guidelines, and issuances that relate to the management of human, financial, and material resources. They are also expected to establish a culture of transparency and accountability in the continuous delivery of basic education services, and their commitment is also expected in ensuring efficiency, effectiveness, and fairness in discharging functions towards maximizing organizational health.

Strand 2.2 of Domain 2 describes the competencies expected of a school head in relation to financial management. While career stage 1 school heads are expected to demonstrate knowledge and understanding of policies, guidelines, and issuances in managing finances such as allocation, procurement, disbursement, and liquidation aligned with the school plan, career stage 2 school heads are expected to actually manage finances adhering to relevant policies, guidelines, and issuances in allocation, procurement, disbursement, and liquidation aligned with the school plan. As school heads grow in their career, the expectations for their capacities as financial managers also increases. As such, career stage 3 school heads are expected to exhibit efficient and effective practices in the management of finances with consistent adherence to relevant policies, guidelines, and issuances in allocation, procurement, disbursement, and liquidation aligned with the school plan. Finally, career stage 4 school heads are expected to create and implement a checking mechanism to sustain efficient and effective management of finances while adhering consistently to policies, guidelines and issuances in allocation, procurement, disbursement, and liquidation aligned with the school plan (Department of Education, 2020).

According to Vanco Education (2021), school principals have four primary duties under school finance management. These duties include creating a budget for their school, managing teacher salaries, overseeing fundraising activities, and keeping accurate accounting. Shkurina (2018) further notes that the duties of the school principal also include understanding the financial limitations and flexibility of

the school; setting goals and formulating the right financial management strategies; regularly approving and revising school budgets; and reviewing and analyzing income and expenditures on a regular basis, ensuring that resource allocation follows the school development plan. Added to these, the school head must also understand that the school income must be handled in accordance with relevant requirements, regulations, and rules, and ensuring that other financial management bodies follow those guidelines. The school head must also establish procedures for handling income and expenditure, procurement, and quotation as well as rules on acceptance of advantages, and other financial management criteria and procedures, ensuring that all procedures are carried out according to the relevant laws and regulations to avoid conflict of interest and the misuse of resources. Finally, the role of the school head also includes organizing controls of budgets, including accounting and reporting systems that will monitor finances; hiring an accountant as an auditor for regular school account tracking and evaluations; and reporting the use of school funds to the relevant parties.

With the foregoing, it can be said that the efficiency of the school heads in financial management is essential and should be given attention. School heads must therefore develop good financial management skills in order to effectively address current school needs as well as emerging opportunities and challenges.

4. School Heads' Financial Management Skills Fundamentals

As discussed above, school heads are expected to be financial managers as well. Thus, they are expected to possess financial skills that are necessary to address the competencies that are expected of them. One skill that school heads need to possess is the ability to secure financial resources for school plan and development (Amos, Eprahem, & Bhoke-Africanus, 2021). As financial managers, they should be able to identify various sources of funds for daily financing academic and other extra-curricular activities. Okumbe (2007) asserts that the ability to generate adequate financial resources is the most important condition for the effective implementation of curriculum and quality delivery of education.

In the Philippines, the local and national government have been providing the basic financial requirements needed by public schools in the 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). However, there is a consensus that the MOOE resources are inadequate to meet school operational needs. In some localities, this shortfall is at least partially addressed by LGU resources. However, the capacity of LGUs to provide additional resources can vary significantly depending on their ability to generate revenues (de la Fuente, n.d.).

School heads must therefore act as leaders with financial resources mobilization skills. Amos and Koda (2018) suggest that school heads must have the mandate and be able to generate funds by using the non-budgetary sources of funds instead of focusing on the government and students' fees as the only sources of income for school developments. They further suggest that schools can generate adequate financial resources through established and consolidated school-based income generating projects such as lending school facilities, animal husbandry, canteen services, and others. With the leadership of the school head,

schools can also generate additional funds from other income-generating projects by mobilizing funds from educational interested groups, for example, parents, and communities through fundraising activities. Even more, they can receive assistance from social cooperation funds and other grants (Chonjo, 2018; Paul, 2018).

In relation with the foregoing, school heads must also possess good communication and networking skills in order to communicate effectively with stakeholders and to guarantee community engagement which may also help in ensuring that the financial needs of the school are addressed. This skill is important because the other possible sources of school funds like the 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) involve a strong and healthy relationship with multiple stakeholders.

School heads must also have good accounting management skills. Effective accounting management requires school heads to possess some theoretical knowledge in the field of accounting as this knowledge will help them in framing the actual situation to be faced in the financial administration of the school. Moreover, such skill is helpful in the preparation of supporting documents in relation to how funding is acquired and spent (Galigao et al, 2019). Such skill also allows the identification of financial challenges ahead of time which help ensures that such challenges are resolved promptly.

In relation with accounting skills, school heads must also have the capacity to monitor and evaluate the school budget since regular monitoring and evaluation of financial resources facilitate smooth and proper school financial reports. School heads should be competent in the school budget preparation and execution in order to link the school improvement plans and the school budget. Budget preparation skills help equip school heads with competence in procurement practices based on sound financial principles and guidelines. Together with preparation skills, school heads must also become effective in the monitoring and evaluation of the school budget as this is necessary in managing the scarce available resources of the school and ensuring that school priorities are addressed (Amos, Eprahem, & Bhoke-Africanus, 2021).

In the process of financial management, school heads need auditing skills to help them detect financial errors and fraud, understand the sources of school financial gains or losses, and be able to state the financial position of the school. As internal auditors, heads of schools are responsible for checking income and expenditure account and verify the school financial statements for the quality provision of education outcomes (Amos, Eprahem, & Bhoke-Africanus, 2021; Lee & Azham, 2008; Kumar, 2017). Effective financial management requires a strongly linked planning, budgeting, and procurement processes in an organization. Understanding the basic principles and standards, as well as the policies and guidelines under each of the systems, facilitates the implementation of the procedures to be undertaken.

Finally, Maturi (2013) claims that school leaders must possess other management competencies which include communication, delegation, teambuilding, project thinking coordination, directing, innovation,

budget analysis, and monitoring of expenditures. As Clarke (2008) puts it, the financial management of school heads prevail when they have the knowledge and understanding of the basic processes involved in managing the school accounts, the budgeting process and the systems and controls that are necessary to ensure that the school's monies are not misappropriated. Indeed, 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 (Espiritu, 2021).

5. Challenges Encountered by School Heads in School Financial Management

The objective of financial management in the public sector, according to Van Wyk (2004), is to support management in the allocation of limited resources with the purpose of ensuring economy, efficiency, and effectiveness in the delivery of outputs required to achieve desired outcomes that will serve the needs of the school community. To reach this objective, school heads take on the role of the school's financial manager. However, it was found that majority of school heads face challenges in relation to school financial management where many of them struggle with how to manage school funds (Biro, 2017; Shkurina, 2018).

One of the challenges encountered by school heads in relation to financial management is the scarcity of financial resources. Although there was an increase in the total expenditures of the Philippines for education in the recent years, the Philippine's public spending per student in the primary and secondary education levels lag behind its regional and aspirational peers (Abigo, 2021). Contributing to the scarcity is the delay in the release of school monthly cash advances as well as fund insufficiency. The delay in government funds is a common issue that forces schools to use another source of funding, such as funds generated by the Parents and Teachers Association (PTA) (Espiritu, 2020; Galigao et al, 2019), as well as funds from Income Generating Projects. Aside from these, shortages of school funds also happen in some secondary schools due to the small number of students enrolled in the school, the delay of funds from educational supporters, and fee avoidance (Chrisantous, 2013). As the primary accounting officers in their schools, school heads have the responsibility of ensuring the availability of funds to enhance better learning and teaching, as well as to generate funds internally, and ensure that funds provided by stakeholders are properly managed (Thenga, 2012; Ngubane & Xana, 2010).

School heads struggle how to allocate scarce financial resources due to the growing demands of quality education. They become victims of multiple financial decisions, which demand them effective personnel management with proper remuneration, establishing incentives for teaching staff, hiring of teaching and administrative staff, supervising, and evaluating teachers. Other responsibilities require school heads to accomplish pedagogical demands, for example setting classroom hours by subject, providing adequate teaching, and learning resources, maintaining school infrastructures, meeting the financial costs of school, budgeting, and evaluation of the entire school administrative activities (Osorio, Fasih & Patrinos, 2009; Edmund & Lyamtane, 2018).

Managing scarce resources becomes more challenging when the financial manager has weak financial management skills. According to Galigao et al (2019), one of the weaknesses faced by the school heads in financial management is that they don't know how to administer accounting issues in schools. Some

educational administrators and planners are not conversant with finance terminologies, concepts, and principles in order to practice as chief executive of institutions or organizations (Boma, 2018). Espiritu (2020) also found out that school heads have problems corresponding to their tasks on budgeting, accounting, procurement, and asset management. Moreover, school heads also face challenges in monitoring and auditing of school finances. The lack of strong financial skills perpetuates problems in the school financial reporting and financial decision-making. Improper monitoring and auditing leads to the mismanagement of financial information and resources, and improper interpretations of financial books and reports, which in turn, provides an unrealistic school financial position. The challenge on monitoring and auditing of school finance stems from the appointment of unqualified clerks and the weak financial management skills of the school head (Ogbonnaya, Salawu & Ajadi, 2017; Robina, Bernard & Jack, 2018).

Weak financial management skills stem from the appointment system of school managers which is not based on financial management training and expertise. Moreover, appointed school heads lack training on financial management. Some school heads are not very well-furnished and dedicated to the basic laws and policies governing financial management. There is also a lack of interest on the side of the school heads in relation to the management of the accounts and finances of the school. These issues lead to a trial-and-error system of financial management and over reliance to the school's finance staff in dealing with the school's financial issues (Espiritu, 2020; Galigao et al, 2019).

However, some schools do not have any financial staff. The absence of professional accountants/bursars or even auditors in the operations of most schools match the inadequacies in school financing accounting, budgeting, and auditing in many secondary schools (Magak, 2013; Berhanu, 2018; Nyakanyanga, 2019). The lack of professional accountants or knowledgeable bursars contribute to the difficulties experienced by school heads in financial management as it creates difficulties for schools in the preparation and compilation of accurate accounting records and reports, identification of operational errors, or even in the collection of school fees dues from parents (Edmund & Lyamtane, 2018).

Financial planning also becomes a challenge as some school heads fail to plan available resources in managing the school accounts proficiently. Poor planning leads to poor execution which may lead to accounting and auditing problems later on. Such will cause the school head to lose confidence in making financial management decisions in the long run and may even become less engaged in the school's financial management. Barasa (2009) highlights the need for head teachers to integrate efficient financial resources management in their respective tasks as its absence may impede the realization of the tasks of schools. Accordingly, Cole & Kelly (2011) stated that the very essence of the control function of management lies in measuring the performance in consideration of set standards and objectives and by allowing the use of corrective actions in the operations.

Aside from these, Espiritu (2020) also found that aside from the delayed release of school monthly cash advances, fund insufficiency, and lack of adequate experiences and trainings, there are also other challenges encountered by school heads in relation to financial management. These include numerous bookkeeping tasks, unorganized record keeping, frequent changing of policies, absence of permanently stationed bookkeeper, and adherence to complex laws and policies. Specifically, poor records

management leads to difficulties in administering, developing, and supervising education systems. Record keeping is a vital financial management responsibility because of the indispensable role of records and information in the operational activities of the school system (Nyakanyanga, 2019)

The challenges faced by the school heads as financial managers impacts their overall management of the school. As Nyanyanga (2019) put it, the challenges resulting from poor management of school funds are leading to increased fragmentation within the schools' structure, culture, systems, strategies, and people. As such, effective financial management in schools is essential to improving the quality of education. This therefore demands that essential leadership values and traits be inculcated among the custodians of school funds.

6. Best Practices of School Heads in School Financial Management

As school leaders, school heads have developed practices in relation to school financial management that have contributed to a more effective and efficient management of their financial resources. These best practices are deemed to be procedures that have been shown by research and experience to produce optimal results and that they are established or proposed as a standard suitable for widespread adoption.

In the study conducted by Espiritu (2020), it was found that one of the best practices of school heads in relation to school financial management includes collaborating with grade level chairpersons or school focal persons for budgetary planning. The involvement of school focal persons and other staff members in budgetary planning is important because they work with the school's resources on a regular basis. As such, they can provide feedback and other insights in relation to school needs as well as resource allocation. Aside from collaborating with other school personnel, it is also important to engage other stakeholders in the development of the budgetary plan. Other stakeholders such as the students and parents can help school heads determine priority areas that needs improvement. Still, other stakeholders such as those representing the other sectors of the community can provide insights or alternatives in relation to the best use of resources from their perspective. External stakeholder opinions and insights are especially valuable in the early stages of planning where they add insight to understanding the operating environment, as well as to a vision of the organization's future. In the Philippines' Department of Education, stakeholder involvement in strategic planning in the school level is seen in the creation of School Planning Team (SPT) and School Governance Council (SGC) where internal and external stakeholders participate in the formulation of the School Improvement Plan. When parents and other community members advocate for the kinds of systemic changes that can help sustain improved outcomes (e.g., policies, goals, dedicated funding), schools and districts are more likely to focus on these changes and thereby be able to sustain recent improvements (Paine & McCann, 2009).

Another best practice identified in the study of Espiritu (2020) is the keeping of financial record in a safe place. Financial records are important because they are needed to prepare accurate financial and audit statements. These records provide a way of describing and verifying the financial status of the school. As such, it is important to ensure that these documents are properly stored and are readily available. The adoption of DepEd's School-Based Management (SBM) helps ensure that documents, such as budgetary plans, financial statements, and other related documents are properly curated. Schools must have systems and processes for managing electronic and hardcopy records to ensure the authenticity, security,

reliability, and accessibility of these records. All records must be stored in safe and secure locations to ensure their integrity and accessibility. This also is aligned with the National Archives Act of 2007 where it ensures that an inventory of all records must be done in all agencies.

In 2018, the Department of Education reaped distinctions at the 2017 Good Practice Award (GPA) of the National Economic Development Authority (NEDA) where its Financial Management Operations Manual (FMOM) was recognized for Category B or Strategies in Resolving Current Issues in Project Management. According to the Department of Education, the adoption and utilization of the FMOM, which was issued as a policy through DepEd Order No. 60, series of 2016 for financial transactions at all levels of the Department, ensures standard and uniform application of rules and processes in financial management operations, as prescribed by government regulations for budget, accounting, procurement, and asset management. While the FMOM was rolled out to DepEd's regional and division offices under the LEAPS project, DepEd expanded the training down to school-level and trained over 135,000 personnel on this financial reform initiative. Although this is not a school-level best practice implemented by school heads, the presence of the FMOM and the fervent desire of the DepEd to provide continuous professional development of its financial management staff reaffirms the role of school heads as agents of change and financial reform.

7. Financial Theories at Play

Based on the observations made on the earlier parts of the paper, it can be assumed that there are multiple financial theories at play which may be used to understand the role of the school heads in relation to financial management. These theories include the Budget Theory, Agency Theory, and Theory of Financial Control.

According to Adams (1985), the budget theory deals with the academic study of political and social motivations behind government and civil society budgeting. Schick (1973) further describes the focus of the budget theory where there should be wide participation of the public in budgeting, and the budgets ought to reflect the average person. In the context of the school, the school budget is basically an instrument of educational planning and an instrument of control. The budget reflects the organizational pattern of the school by breaking down the elements of a total plan into divisional, departmental, and/or unit components, allowing costs to be estimated more easily and readily. Also, it forces administrators and staff to plan together what needs to be done, who will do it, and how much it will cost (Pasadena ISD, n.d.). In a wider sense, the Budget Theory tells us that internal and external stakeholders, like teachers, learners, parents, and government and sectoral representatives, should be involved in the school's budgeting process, which is a part of its financial management. It follows that the financial activities of the school should reflect the actual needs of the learners in the context of the school community. As Espinosa (2018) put it, it should not be so ambitious that some parents will find it hard to contribute towards catering for the activities and expenses spelt out in the budget. Appreciating the budget theory may help resolve the challenges encountered by school heads, where their lack of financial skills might be augmented by the participation of the various stakeholders in the financial planning activities through the school head's leadership and management.

Another possible theory at play is the Agency Theory which was proposed by Jensen and Meckling in 1976. This is a principle that is used to explain and resolve issues in the relationship between business principals and their agents. An agency, in broad terms, is any relationship between two parties in which one, the agent, represents the other, the principal, in day-to-day transactions. The principal or principals have hired the agent to perform a service on their behalf (Kopp, 2021). According to this theory, conflict arises between the principal and the agent which stems from the conflicting interest between the two parties. The agent strives to maximize reward for their effort, or if the reward is given, minimize the effort. On the other hand, the principal wants to reduce the costs of hiring the agent, or to maximize the output of the principal.

In the context of financial management in secondary schools, Espinosa (2018) identifies the government, parents, and other financiers as the principals while the school head and the bursar are the agents. In such cases, the differences among these parties lead to agency problems. For example, if the school priority does not match with national government priority, then a conflict arises. Say, the school has arising challenges in handling learners with special educational needs and wants to spend part of its allocation for programs related to it; however, the national government did not identify this situation as a priority need. Then most likely, conflict, which could be in the form of lack of funding, arises. Agency also exists when the school heads hire accountants, bursars, bookkeepers, or auditors. In doing so, these hired individuals represent the school head in the day-to-day financial activities of the school. A conflict could also arise when the school head and the hired personnel do not agree on some financial matters. For example, the school head may want to allocate certain amount of funds for specific projects which the hired personnel may not agree with as this could be against accounting rules, or it may not be in the school budget. This kind of problem might arise when the school head has weak accounting knowledge and lacks training in financial management. As such, the agency theory may also be a useful tool in understanding how relations within the school and its community could be improved in order to improve the financial health of the school, as well as the financial management skills of the school head.

Finally, the theory of financial control advanced by Ostman in 2007 could also be used to study the role of the school heads in terms of financial management. The theory of financial control considers the personal functions of humans, both present and future, as its fundamental reference point. It highlights the significance of the current as well as feasible functions of financial tools. It further points out that organization's internal and external financial factors including payments, financial instruments, accounting, control models, economic calculations, and related considerations need to be looked into at all phases and levels (Espinosa, 2018). According to the approach, insights into control problems for every organization and system can be gained by analyzing relationships between global value chains and a hierarchy of one or several organizations (Ostman, 2009).

The theory of financial control may also be used to study the relationship of the school with its sources of funds, such as the Department of Education in its different levels (division, region, and central offices), as well as those other sources of funding such as the School Parents and Teachers Association and other Non-Government Organizations. These relationships viewed in the lens of financial control may help shed light in understanding and resolving the challenges experienced by school heads, especially in relation to the lack and/or delay of funds.

In the school level, financial control may be construed as the analysis of the school's actual results, approached from different perspectives at different times, compared to its short-, medium-, and long-term objectives and plans. These analyses require control and adjustment processes to ensure that school improvement plans, including budgetary plans, are being followed and that they can be amended in the event of anomalies, irregularities, or unforeseen changes. As such, school heads must have good financial planning and management skills. They must also be able to build good, productive, and lasting relationships with all stakeholders as the school's relationship with its stakeholders, which are also a part of the global value chain, will help improve its financial health. Through financial control, anomalies are detected, and different operational scenarios are established.

8. Conclusion

In conclusion, school heads play a critical role as financial managers within the educational system, and their decisions and actions have a profound impact on both the financial stability of their schools and the overall quality of education they provide. To effectively fulfill this role, school heads require a diverse skill set, encompassing financial resource mobilization, communication, networking, accounting management, auditing, and various management competencies.

However, they face significant challenges, including limited training, weak financial management skills, funding delays, and the absence of dedicated financial support staff. These obstacles often manifest as poor financial planning, disorganized record-keeping, and compliance issues with complex laws and policies. Despite these challenges, school heads have identified best practices that enhance financial management effectiveness, such as collaborating with grade level chairpersons, safeguarding financial records, and following the guidelines outlined in the DepEd's Financial Management Operations Manual.

Furthermore, the application of financial theories, including budget theory, agency theory, and financial control theory, can help shed light on the roles and challenges faced by school heads in managing school finances. These theoretical frameworks provide valuable insights into the complexities of financial management within the education sector. Understanding these financial theories and applying best practices can help school heads navigate the complex landscape of school financial management and improve the financial health of their institutions, ultimately contributing to the quality of education provided to students.

In essence, while school heads encounter formidable challenges in their financial management roles, they also demonstrate resilience by implementing best practices and drawing upon established financial theories to navigate these complexities and ultimately ensure the efficient allocation of resources for quality education.

9. Recommendation

As a recommendation, competence in financial management may be considered in selecting school heads. Aspiring school heads may therefore prepare by ensuring that they are exposed to financial management principles even prior to appointment. School heads, on the other hand, may also actively

seek professional development in relation to financial management. 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.

To support these, the Department of Education may also create opportunities for professional development on financial management for aspiring school heads through seminars, trainings, and workshops, with the aim of preparing potential school heads as potential school financial managers. Trainings, workshops, seminars, and short courses may be offered as well to school heads to address their lack of trainings and weak financial management skills. Scholarships for further studies may also be provided. Continuing education for school heads on policies, procedures, rules, and other financial management programs of the Department of Education should also be institutionalized.

To make professional development activities more effective, an initial assessment of the needs of the school heads may also be considered. Doing such may help identify the specific needs and skills that school heads may want and/or need to develop and improve. At the same time, it may also ensure that systemic problems are identified and raised for appropriate intervention and actions. This will also help align the expectation and realities of the school heads in relation to their roles as school financial managers.

To address the lack of funds or its delay, school heads may also be empowered to take proactive measures in the school level, taking into consideration the relevant guidelines, rules, and laws on such matter. It is recommended that strong and sustainable partnerships be pursued with the school's community. The Department of Education may also consider creating a system of support for schools with delayed funds to help ensure their financial position. Simplifying procedures is also suggested.

Assigning bookkeepers to all schools may also help address the challenges faced by school heads. Bookkeepers may help improve the financial records management of the school. They may also provide additional insight to school heads which may be useful in collaborative financial planning, and to the process of financial management, as a whole. This will also help lighten the numerous bookkeeping tasks that school heads need to do; thus, allowing them to focus on decision making and other management tasks. However, the role of the bookkeeper should be fully defined, and the school head should be made aware of this definition to avoid overlapping of duties and over-reliance to the bookkeeper.

School heads should also take advantage of the presence of School Governance Councils to help improve financial planning, as well as collaboration among stakeholders. SGCs can serve as a productive partner of the school head in managing the finances of the school as well as engaging other external stakeholders for support. They may also be able to provide insights in decision making, as well as help in supplementing the limited funds of the school. Moreover, in order to enhance effective participation in decision making, school heads should develop a financial management committee for creating autonomy in financial decision making and support school heads in financial management.

Additionally, they should establish a special procurement team to ensure collective decision making in financial management, which is vital for the provision of quality education

Finally, schools and school heads may document their best practices for other schools to benchmark from. As such, the Department of Education is encouraged to come up with a venue for sharing of best practices among school heads in relation to financial management. Continuous monitoring and assessment may also help school heads continuously hone their best practices to make them exemplary activities that are worth emulating. Research and other development activities are also highly suggested to validate the concepts presented in this paper, as well as provide other potential means of addressing arising issues and challenges in relation to the role of school heads as financial managers and on school financial management, in general.

10. References:

1. Ajaegbo, N. A. (2009b). The implementation of universal basic education: matters arising. In N. Ada, B. U. Mmaduewesi, & C. I. Ihebereme (eds). Emergent issues in universal basic education Lagos: West and Solomon Publishing Coy Ltd. [7].
2. Amos, A., Eprahem, G., Bhoke-Africanus, A. (2021). Effectiveness of school heads' financial management skills in provision of quality education in secondary school. International Journal of Education and Research. Vol 9. No. 3.
3. Amos, O. & Koda, G. M. (2018). Contribution of school-based income-generating activities in quality education provision in secondary schools managed by the Catholic Diocese of Moshi, Tanzania. European Centre for Research Training and Development UK (www.eajournals.org). British Journal of Education, 6(4), 49-69
4. Atieno, E. (2012). Challenges faced by newly appointed principals in the management of public secondary schools in Bondo district, Kenya: an analytical study. Retrieved from: www.intersjournals.org/.../challenges-face-by-newly-appointed-princippdf
5. Ballada, W. and Ballada, S. (2012). Basic Accounting Made Easy: 17th Edition. Philippines. Made Easy Books.
6. Boma, P.B. (2018). Financial management and practices for principals on quality service delivery in secondary schools in Rivers State. International Journal of Innovative Finance and Economics Research. Retrieved from: <https://seahipaj.org/journals-ci/june-2018/IJIFER/full/IJIFER-J-6-2018.pdf>
7. Chaka, T. (2008). School Governance: Issues in Education Policy Series. Braamfontein: Center for Education Policy Development.
8. Chonjo, P. N. (2018). The quality of education in Tanzanian primary schools: An assessment of Physical facilities and teaching learning materials. (journals.udsm.ac.tz.). Utafiti Journal, 1(1).
9. Clarke, A. (2008). Handbook of school management. Macmillan.
10. de la Fuente, J. K. (n.d.). Overview of education budget in the Philippines. Retrieved from <https://www.teacherph.com/education-budget-financing-philippines/>
11. Department of Education. (2020). Deped order no. 24, series 2020. Department of Education. Pasig City.
12. Dewiyanti, S. (2021). Agency theory in management accounting. Binus University. Retrieved from: <https://accounting.binus.ac.id/2021/11/15/agency-theory-in-management-accounting/>

13. Divedor, C.P. (2017). DepEd Financial Management Objective and Framework. Retrieved from <https://slideplayer.com/slide/14283283/>
14. Edmund, S., & Lyamtane, R. D. E. (2018). Effectiveness of the Heads of Schools in Managing Financial Resources in Public Secondary Schools in Moshi Municipality. *International Journal of Scientific Research and Management*, 6(05) <https://doi.org/10.18535/ijfmr/v6i5.el01>
15. Espinosa, F.M. (2018). Financial management practices of school heads: teachers' perspectives. *Skyline Business Journal*. Volume XIII. Issue 1.
16. Espiritu, R. A. (2020). Financial management of school heads in selected public elementary schools in DepEd Region III, Philippines. *International Journal of Academic Multidisciplinary Research (IJAMR)*. Vol 4. Issue 11. Pp 66-72
17. Galigao, R.P., Lacandula, I.M., Pilapil, F.A., Queniahah, M.C.A. (2019). Linking the level of school financial management among school heads: a case study in Mandaue district, Cebu, Philippines. *International Journal of Engineering Research and Technology*.
18. Kopp, C.M. (2021). Agency theory: definition, examples of relationships, and disputes. Investopedia. Retrieved from: <https://www.investopedia.com/terms/a/agencytheory.asp>
19. Kumar, P.M. S. (2017). Academic and quality assurance in higher education. *International Journal of Management, Technology and Sciences*, 2(2), 61-68.
20. Lee, T. & Azham, M. A. (2008). The evolution of auditing: An analysis of the historical development. *Journal of Modern Accounting and Auditing*, 4 (12).
21. Lindsay, B., Kofie, S., & Mbepera, J. G. (2017). Administrative matters for African educational leaders: Illustrations from women secondary school administrators in Tanzania and Ghana. *The Wiley international handbook of educational leadership*, 271.
22. Mosha, H. (2018). The state and quality of education in Tanzania: A reflection. *Papers in Education and Development*. University of Dar es Salaam Journals (31).
23. Nwafukwa and Sunday (2015). Financial Management Skills Required of Principals for the Implementation of the Universal Basic Education Programme in Junior Secondary Schools in Ebonyi State of Nigeria, *IJELD*, 3 (5), 31-37.
24. Nyakanyanga, W. (2019). Financial Management Challenges. Center for Organization Leadership and Development. Retrieved from: <https://centreold.com/blog/FinancialManagementChallenges>
25. Ogbonnaya, N.L., Salawu, I.O. & Ajadi, T.O. (2017). EDU 834: Budgeting and Financial Management in Education. National Open University of Nigeria.
26. Ogbunnaya, N.O. (2012). Foundations of Education Frame. Nsukka. Human Publishers.
27. Okeze, W. O., & Ngwakwe, E. J. (2018). Assessment of Financial Management Practices of Secondary Schools in Abia State. *Environmental Education*, 3(1).
28. Okumbe, J. A. (2007). Educational Management: Theory and Practice. Nairobi University Press.
29. Osorio, F.B., Fasih, T. & Patrinos, H.A. (2009). Decentralized decision-making in schools: the theory and evidence on school-based management. The World Bank, Washington, D.C. Ngubane, D. & Xana, M. (2010). Financial accountability at schools: challenges and implication. *Journal of education*, 50(140)
30. Paine, S. and McCann, R. (2009). Engaging stakeholders. Retrieved from <https://www2.ed.gov/programs/readingfirst/support/stakeholderlores.pdf>

31. Pasadena ISD. (n.d.). Theory of Budgets. Retrieved from: https://www1.pasadenaisd.org/departments/departments_a-b/business_financial_services/budget/budget_preparation_guidelines/theory_of_budgets
32. Paul, P. A. (2018). Public private partnership in Tanzania: a framework for improving the Quality of primary education: a case of selected primary schools in Kilimanjaro region, Tanzania (Doctoral dissertation, Sokoine University of Agriculture).
33. Robina, W.N., Bernard, M. & Jack, A. (2018). Financial management challenges facing newly appointed head teachers in public day secondary schools in Siaya Sub County, Kenya. Jaramogi Oginga Odinga University of Science and Technology. International Journal of Novel Research in Education and Learning.
34. Shkurina, E. (2018). Financial Management Functions of the School Principal. Retrieved from <https://blog.youragora.com/financial-responsibilities-of-school-principals-explained>
35. Thenga M. (2012). Managing School Funds In Selected Secondary Schools In Gauteng Province.
36. Van Wyk, H.A. (2004). Perspectives of effective financial management in the public sector. Journal of Public Administration. <https://hdl.handle.net/10520/EJC51333>
37. Vanco Education. (2021) School Finance Management: Your Guide to K-12 Finances. Retrieved from <https://www.vancopayments.com/education/blog/school-finance-management>