ISSN 2349-7807

International Journal of Recent Research in Commerce Economics and Management (IJRRCEM)
Vol. 4, Issue 4, pp: (1-12), Month: October - December 2017, Available at: www.paperpublications.org

EFFECT OF CASH MANAGEMENT PRACTICES ON PERFORMANCE OF PUBLIC SECONDARY SCHOOLS IN KISII COUNTY

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Abstract: **Secondary schools undertake several activities which involve procurement, payment and even collection of school fees. The main objective of the study was to assess the effect of cash management practices on financial performance of public secondary schools in Kisii County. The specific objectives of the study were to determine the effect of cash budgeting on financial performance of public secondary schools in Kisii County, to establish the effects of Internal Control System on financial performance of public secondary schools in Kisii County and to find out the effect of auditing of cash on financial performance of public secondary schools in Kisii County. The study was undertaken in Kisii County, Nyanza Region in Kenya. The study established a positive influence of cash budgeting, internal control and auditing on financial performance of public secondary schools. The study recommended that schools should be encouraged to develop cash budgeting, internal control systems and auditing so as to improve their financial performance. The study would be helpful to relevant policy makers in advising proprietors of public schools on having proper management practices in their institutions.**

Keywords: **Cash, Budgeting, Control, auditing, schools, performance.**

1. INTRODUCTION

Cash management as the series of processes that have been adopted by a firm with an intention to obtain the maximum benefit from its flow of cash funds. The main reason why a firm undertakes cash management is to have enough cash available as and when it is needed (Barret, 1999). Cash management techniques comprise the real measures undertaken by a firm so as to reach its goals of cash management which are to not only maximize liquidity and control cash flows, but also to increase the value of funds while reducing the costs of funds (Caviezel, 2007). For this reason therefore, it is prudent for an organization to embrace good cash management techniques which can enable it to improve its performance. This can be achieved through a number of ways. First, increasing the firm's sales which is achieved by speeding collection on sales made on credit so as to reduce chances of realizing bad debt. Secondly, the firm should increase employee turnover by ensuring that there is enough and readily available finances to meet their wage requirements. This is achieved through having short term investments which will increase cash inflow. Thirdly, a firm should control to the minimum the cash which exits the business in form of payment. Next, the firm should solicit cash from financial institutions so as to top up any cash shortage that it is facing. Lastly, the firm should try to increase its asset base using the cash which is realized from short term investment, credit sales collections (Ondiek, Deya, & Busaka, 2013).

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Moyer, Maguigan and Kretlow (2001) present the following as the main reasons why a firm should undertake proper cash management: First, it assists in preparation of financial statement plan which it can use in case it wants to apply for bank loans; secondly, it reduces cash shortage problem, thirdly, it helps firms to keep track of its cash resources which are used in inventories and accounts receivable, fourthly, it enables a firm to operate only a minimum of cash resources owing to the fact that it is hard to access capital and when accessed, it mostly comes at a high cost.

Studies have indicated that the growing developments in the business world have a great influence in a firm's process of managing cash (Kesseven, 2006). A study by Lienert (2009) identified four main objectives for undertaking cash management, namely; to ensure that there is always adequate cash to cater for expenditures when they are due, to borrow cash only when there is dire need to do so and to minimize government borrowing costs, to maximize returns on idle cash and to manage risks, by investing temporary surpluses in activities that yield positive returns, against adequate collateral.

A study by the Wyre River Group (2005) realized that schools in the USA needed working capital mainly to finance their routine operating costs like paying for athletic and academic programs, offsetting teacher and administrator salaries and benefits, paying for repair and maintenance, printing, copying and office supplies, among other expenditures. Ondieki (2015) discovered that public schools in New Zealand and Zambia mostly relied on the funds from the government and that their budgets were mainly done and controlled by the school Principals in conjunction with the BOM. In Nigeria, Abioro (2013) stated that major factors which influence the efficient and effective cash management system among manufacturing firms are the amount of cash that a firm's holds as cash balance, the short term sources of finance it prefers using when the need arises, the approach used by the firm to collect and disburse funds, the strategy used by the firm to make its cash forecasting and investment attitude towards idle fund form the. The study further showed that efficiency of cash management policies are positively correlated with the overall business performance and that an increase in the level of cash flow leads to an increase in the profitability of the company.

In Ghana, Attom (2014) lamented that, majority of business owners have no knowledge about cash control procedures and, even where such cash control and management procedures do exist, they are poorly implemented due to laxity and complacency within such firms. The research observed that poor cash management procedures among the enterprises in Ghana had led to the exposure of these enterprises to misuse of cash as a resource and financial impropriety, and this resulted in leading to slow growth of the enterprises. Mohamed and omar (2016) investigated the effects of cash management on financial performance of private secondary schools and found out that cash management drivers had a significant influence on the financial performance of Private Schools in Somalia. Specifically, the study observed a positive correlation between cash collection and cash management, and financial performance among the Private schools in Mogadishu, Somalia.

Government policy determines how cash is managed in the schools. This is more pronounced especially among schools funded by the government (Simiyu, 2014). A report by the Ministry of Education (MoE, 2007) stated that private secondary schools demonstrate better financial mismanagement because of sound accountability system. This is a contrast public schools which exhibit lack of professionalism in some areas of management of schools' finances. The results of Maronga, Weda and Kengere (2013) discovered that most public secondary schools in Sameta Division, Kenya, adhere to the recommended and acceptable financial management practices as per the Government Financial Regulations. Nyanyuki et al. (2011) observed that most public secondary schools in Kisii Central District maintained most of the accounting books which were often updated and that, Financial reports were generally effective in respect to accuracy, timelessness and decision making in such schools. Simiyu (2014) on the factors affecting cash management in public secondary schools, found out that the competence of the BOG greatly influences the management of cash in public secondary schools. The study further observed that, those BOM who have undergone some training or have undergone formal schooling are likely to be more responsible and informed about their roles in the management of schools. Mito and Simatwa (2012) in their study on the challenges faced by newly appointed principals in the management of public secondary schools cited poor budgeting is one of the major reasons that derail effective management of schools due to overspending or under spending which can lead to misappropriation and mismanagement of school funds. Chetambe and Sakwa (2013) studied the effects of financial training on financial performance of schools in Kenya, and the findings of the study revealed that in-service financial training had little influence on financial performance of public schools, and recommended that the government should offer training to the secondary school administrators on financial management skills and that the government should formulate policies and legislation to guide management of finances in schools.

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2. STATEMENT OF THE PROBLEM

There are numerous secondary schools which are in operation within Kisii County. These schools undertake several activities which involve procurement, payment and even collection of cash in form of school fees, hence the need to have continuous availability of cash. However, it has been observed that in many occasions, schools do not have cash to pay bills at the time it is needed. This has led to delayed payment. It has been observed that majority administrators of public secondary schools have little knowledge on financial management skills and weak information systems despite the efforts the government has put in place to offer in-service training to them. This poor cash management skills has forced most of the schools close earlier than the stipulated closing dates due to lack of funds to buy food for students besides them operating on large debts and workers' wage bill arrears among other unsettled bills (Mohamed & Omar, 2016). All these problems have been attributed to inadequate cash management practices among the school administrators. Cash management is necessary because there are mismatches between the timing of payments and the availability of cash. A study by Attom (2014) noted that cash shortage is a chronic challenge to most firms, since cash management has not been taken seriously. Poor cash management practices among the public schools have led to slow growth of the institutions. A study by Maronga, Weda and Kengere (2013) cited poor cash management as one of the main reasons for poor performance among academic institutions in Kenya. Lobel (2013) also found out that poor accounts preparation and poor cash management procedure were some of the major challenges facing organizations leading to close up of the institutions. The poor management of cash has led to delayed payment, corruption so as to get the bills processed and paid, poor service delivery at high school due to delayed supply of teaching and learning materials. Worse still, this has led to some of the teachers employed by the Board of Management (BOM) to quit teaching in search of greener pastures due to non payment. It is for this reason that the study sought to assess cash management practices on financial performance of public secondary schoo in Kisii County. The main objective of the study was to assess the effect of cash management practices on performance of public secondary schools in Kisii County. The specific objectives of the study were to determine the effect of cash budgeting on performance of public secondary schools in Kisii County, to establish the effects of ICS on performance of public secondary schools in Kisii County and to find out the effect of auditing of cash on performance of public secondary schools in Kisii County.

3. LITERATURE REVIEW

3.1 Budgetary Control:

Lucey (2003) cited in Kpedor (2012) define a budget as a qualitative statement which is prepared to include planned revenue, expenses, assets, liabilities and cash-flows over a specific period of time. According to the study, a budget serves several purposes in the sense that it provides a focus for the organization; helps the coordination of activities and facilitates control of the firm. According to Kpedor (2012), the following types of budget are common: Cash Budget, which is a detailed estimate of expected cash receipts and payments for a future accounting period; the Master Budget which is a detailed set of budgets involving all phases of a firm's operations for a given period of time; the Operation budget which detail show operations will be carried out in order for the organization to produce goods and services. Another type of budget is the Financial Budget: This shows the various sources from which an organization expects to receive funds during the budget period. The Sales Budget as a type of budget shows the quantities of each goods and/or services that the organization expects to sale and the projected selling price. The study further documents that, most people do not participate in budget building or review, a situation which is not healthy for a very realistic budget and that, in rare cases do the project managers receive monthly performance report, and most of the deviation in the performance in respect of meal cost and the number of employees for a project are misplaced in the budget.

The findings of Qi (2010) on the impact of the budgeting process on performance in small and medium-sized firms in china, realized that, frequent formal budgeting planning leads to higher growth of sales revenues in SMEs and that clear and difficult budget goals improve budgetary performance of SMEs. The study also revealed that, higher level of budgetary sophistication is detrimental to the organization in the sense that it leads to a reduced profit growth of SMEs, while more formal budgetary control leads to a higher growth of profit in SMEs. Njeru et al. (2015) discovered that most SACCOS in Kenya prepare cash budget regularly although less controls are in place to ensure cash budgets are well prepared. Onduso (2013) identified a strong correlation between budgeting and financial performance of manufacturing companies in Nairobi County, Kenya. Ondiek (2013) concluded that cash management is used by organizations as a working capital management tool that dictates the survival or failure of SMEs in Kenya.

ISSN 2349-7807

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On investigating the factors affecting financial management of public secondary schools in Marani Sub-County, Kenya, Ondieki (2015) observed that majority of the schools experience financial constraints and debts before the end of every term, and that although the school principals were well grounded as far as the financial management skills were concerned, most of the bursars managing school funds had low financial skills. Worse still, the studies lamented that almost in all schools, the students, teachers, and parents were not involved in school budgeting and finances rather the principals did all these single-handedly.

3.2 Internal Control System (ICS):

The results of Yang and Koo (2011) showed that not only internal controls adaptability had a significant influence on the internal controls efficacy and operating performance, but also internal controls efficacy had a partial effect on the operating performance among listed companies across different industries in Taiwan. The findings of the study by Ndamenenu (2011) revealed that internal control was used as a measure put in place by the banks in Ghana to enhance compliance. This study stated that, although internal audit unit is not part of branch operations, it was responsible for monitoring internal control policy compliance whiles management assesses risk. Byanguye (2011) studied on the effectiveness of internal control systems in achieving value for money in school facilities grant, a case of Kamuli District Local Government, and the study revealed that Control Environment, Control Activities, Risk Assessment, Information and Communication and Monitoring, all positively influence on the value for Money. The study further discovered that Internal Control Systems have a positive influence in achieving value for money.

Munene (2013) investigated the effects of internal controls on financial performance of technical training institutions in Kenya. The study used stratified sampling technique by selecting 37 Technical Training Institutions in Kenya and registered by the Ministry of Higher Education. The findings of the study realized that institutions have an effective internal control system as supported by supervision, clear separation of roles, training, and commitment of management. However, the study lamented that poor auditing of technical institutions in remote areas posed hindrances to effective implementation of internal controls. The study recommended that competence profiling which should be based on what the Technical Training institutions in Kenya expects the internal audit to do and what appropriate number of staff would be required to do this job. The study also recommends that Technical Training institutions in Kenya to establish and manage knowledge/information management system in this institutions so as to enable all parties within the institution to access and utilize the official information freely. Similar sediments were shared by Mwakimasinde, Odhiambo and Byaruhanga (2014) who found a positive significant effect of internal control system on the financial performance among Sugarcane out grower companies in Kenya.

3.3 Audit of Cash:

Internal auditing serves as an important link in the business and financial reporting processes of corporations and not-for-profit organizations. They also play a vital role in monitoring an organization's risks and identifying areas which need to be focused on in an effort to improve risk management (Ejoh & Ejom, 2014). According to the study, internal auditing is charged with the responsibility of improving organizational effectiveness and efficiency through constructive criticism. The study classifies internal auditing has four constituents, namely; verification of written records, analysis of policy, evaluation of the logic and completeness of procedures, internal services and staffing to assure they are efficient and appropriate for the organization's policies; and reporting recommendations for improvements to management. Whittington and Pany (2001) state that, internal control also includes included a program for preparing, verifying and distributing the current reports and analyses which the management can use to maintain control of the activities and functions undertaken within the organization.

Mbuti (2014) revealed that, the completeness of internal audit report, objectivity and timeliness of financial reporting in SACCOs all have significant influence on the financial performance of SACCOs in Murang'a County, Kenya. Farouk and Hassan (2014) studied the impact of audit quality and financial performance of quoted cement firms in Nigeria. The study also identified a positive influence of auditor size on the financial performance. The study by Ejoh and Ejom (2014) on the effect of internal audit function on the financial performance of tertiary institutions in Nigeria, did not find any significant effect of internal audit on the financial performance of Cross River State College of Education.

ISSN 2349-7807

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3.4 Financial Performance:

There are many related studies that have used increase in capital as a measure of financial performance (Garcia-Teruel & Martinez-Solano, 2007; Abioro, 2013; Abdul-Rahamon, 2014). For this reason therefore, the study will use increase in capital as the main measure of financial performance of the academic institutions in Kisii County. Kytönen (2014) maintained that, by holding adequate cash balances, an organization is certain of making current payments, thus avoiding unnecessary and unprofitable liquidation of other assets and that besides, the organization may also be able to invest any surplus funds, hence increasing the capital base of an organization.

4. RESEARCH METHODOLOGY

The study adopted a descriptive research design. The study was carried out in Kisii County, Nyanza Region in Kenya. Kisii County is in the Western part of Kenya. The sample size was 184 who were selected from 46 secondary schools (representing 15%) and the study applied stratified random sampling technique. From each of the sampled schools, data were collected from the Head Teacher, Deputy Head Teacher, Chairperson of the Board of Governors and the school accountant. This means that the study sought information from 184 respondents. Simple random sampling technique was used in getting the respondents for the study. Primary data were collected using a structured questionnaire. The data collected were first sorted, cleaned, and then classified by the researcher. After that, the data were tabulated, then analyzed by use of descriptive statistics (weighted means and percentages) and inferential statistics which involved regression analysis and Analysis of Variance (ANOVA). The results were presented in charts, tables and graphs.

5. DATA ANALYSIS

5.1 Demographic Characteristics:

The study targeted collecting information from 184 respondents. To achieve this, a semi structured questionnaire was administered to the respondents. Out of the 184 questionnaires, 162 questionnaires were collected from the respondents. This gave a response rate of 88.04%. Of these, 96% of the respondents were males while only 4% of the respondents were females. The study further observed that 77 respondents were of the age bracket between 30-39 years, 46 respondents were of the age bracket between 40-49 years while only 39 respondents were over 50 years of age. Majority (123) of the respondents had graduate level of education, followed by 25 respondents who had postgraduate level of education. The study further found out that 7 respondents had Diploma level of education while the remaining 7 respondents had certificate level of education.

5.2 Schools' Frequency of Preparation of Cash Budget:

The study wanted to know how frequent the schools prepared their cash budgets. The results were as presented in table 1.

TABLE 1: ANALYSIS OF SCHOOLS' FREQUENCY OF PREPARATION OF CASH BUDGET

Frequency	**Number of Respondents**	**Percentage**
Monthly	12	7.41
Quarterly	3	1.85
Termly	145	89.51
Semi-annually	0	0.00
Not known	2	1.23
Total	**162**	**100.00**

Figure 1 shows that majority (89.51%) of the respondents felt that their schools prepare cash budgets termly while 7.41% of the respondents felt their schools prepare their cash budgets monthly. Of the total respondents, only 1.85% felt that their schools prepare their cash budgets quarterly while only 1.23% of the respondents did not know how frequently their schools prepared their cash budgets. This means that majority of the schools prepare their cash budgets termly. Confirmation from the secondary data in form of the cash budget obtained from the head teachers proved that most of the school budgets were prepared on termly basis. This could be because most schools get their cash at the beginning of the term in the form of school fee and therefore, since they don't anticipate getting much cash in the course of the term, they try to forecast and prepare the budget on the fee they have collected. This finding differs with Simiyu (2014) who observed that most schools in Mombasa County prepare their cash budgets on yearly basis.

ISSN 2349-7807

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5.3 Effect of Cash Budgeting on Financial Performance of Public Secondary Schools:

The study wanted to determine the effect of cash budgeting on the financial performance of the secondary schools under study. The findings were as summarized in table 2 below:

TABLE 2: EFFECT OF CASH BUDGETING ON FINANCIAL PERFORMANCE OF PUBLIC SECONDARY SCHOOLS

	Strongly agree 5	Agree 4	Undecided 3	Agree 2	Strongly disagree 1	$\frac{\Sigma f_i x_i}{\Sigma f_i}$
Cash budget systems and processes are included in school's arrangements	69	62	26	4	1	4.20
The cash budget is derived incrementally from previous budgets	26	43	61	29	3	3.37
We prepare estimates that are not captured at departmental level	27	34	71	22	8	3.31
Access to cash budget systems and tools is appropriately restricted	24	32	61	26	19	3.10
Cash budgets are used as a communication medium for our school's plans and objectives	9	14	83	34	22	2.72
We develop the key planning assumptions to be applied in school	5	18	31	56	52	2.19
We review cash budget processes	2	7	35	93	25	2.19
The cash budget is driven through bottom-up participation	0	1	39	107	15	2.16
We undertake quality assurance checking of estimates and requests submitted by departments	3	14	25	78	42	2.12
Our cash budget committee focuses on improving the school's performance and competitiveness	3	9	21	58	71	1.86
Our cash budget committee is independent, competent, financially literate, adequately resourced and properly compensated	1	1	2	31	127	1.26
Average						**2.59**

Table 2 above shows that the respondents "agreed" to the claim that cash budget systems and processes are included in the school's continuity arrangements. Confirmatory results from the cash budgets provided by the head teachers in form of secondary data showed that indeed cash budgets were prepared to guide the schools in their financial arrangements. However, the respondents registered their "disagreement" on the claims that cash budgets are used as a communication medium for our school's plans and objectives (weight 2.72), schools develop the key planning assumptions to be applied across the school (weight 2.19) and schools review cash budget processes (weight 2.19). Further still, the respondents also showed disagreement on the claims that the cash budget is driven through bottom-up participation (weight 2.16) and that schools undertake quality assurance checking of estimates and requests submitted by departments (weight 2.12). On the other hand, the respondents "strongly disagreed" to the claims that their schools' cash budget committee focuses on improving the school's performance and competitiveness (weight 1.86) and that school's cash budget committee is independent, competent, financially literate, adequately resourced and properly compensated (weight 1.26). The average response for the weights of all the dimensions of cash budgeting was 2.59 implying that respondents disagreed with the claim that Cash Budgeting has an effect on financial performance of public secondary schools. However, these findings differed with Njeru (2015), Simiyu (2014) and Onduso (2013) who noted the strong influence of cash budgeting on performance.

5.4 Effect of Internal Control System on Performance:

The study wanted to know the effect of ICS on the performance of public secondary schools. The findings were as presented in table 3.

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TABLE 3: ANALYSIS OF THE EFFECTS OF ICS ON PERFORMANCE

Control Environment	Strongly agree 5	Agree 4	Undecided 3	Disagree 2	Strongly disagree 1	$\frac{\Sigma f_i x_i}{\Sigma f_i}$
Our school has a clear organizational structure	123	31	7	1	0	4.70
The reporting structure is clearly stipulated.	88	63	7	3	1	4.44
The policies, procedures and guidelines are documented.	57	73	24	6	2	4.09
The roles of stakeholders are well spelt out in the school's guidelines	59	51	41	7	4	3.95
There are numerically controlled receipt books for all cash receipts	12	48	74	23	5	3.24
Accounting Officer notifies the bank with changes in signatories to the school's account	13	39	61	35	14	3.01
Our school has clear separation of roles and responsibilities	6	17	28	99	12	2.42
Authorization, processing, cheque signing and accounting functions are clearly segregated	3	9	54	77	19	2.38
School's cash receipts are directly transferred school account intact.	7	13	27	89	26	2.30
School's expenditures are duly approved in advance by appropriately authorized persons.	1	3	53	79	26	2.22
Bank reconciliations are prepared by someone independent of the cash receiving, processing and recording	0	1	9	103	49	1.77
Average						**3.14**

As table 3 summarizes, the respondents "agreed" to the claims that, schools have clear organizational structure (weight 4.70), their reporting structure is clearly stipulated (weight 4.44) and that the policies, procedures and guidelines are documented (weight 4.07). However, the respondents "disagreed" with the claims that, in their school there is clear separation of roles and responsibilities (weight 2.42), authorization, processing, cheque signing and accounting functions are clearly segregated (weight 2.38), their school's cash receipts are directly transferred to the school account intact (weight 2.30) and that school's expenditures are duly approved in advance by appropriately authorized persons (2.22). The mean of the weights of the various dimensions of ICS was 3.14, indicating that the respondents were undecided on whether ICS has influence on performance. This means that schools have not embraced ICS effectively. These findings concur with those of Ejoh and Ejom (2014) and Nyakundi et al. (2014) who discovered that all activities of the College are initiated by the top management and that staffs do not perform their duties with greater degree of autonomy and independence from management.

5.5 Respondents' Perception of Objectivity of Audit Reports:

The research sought to establish the objectivity of audit reports and how that has affected financial performance. Some selected statements were provided on a five point likert scale and respondents were asked to rate them. The findings were as presented on table 4.

TABLE 4: ANALYSIS OF OBJECTIVITY OF AUDIT REPORTS

	Strongly agree **5**	Agree **4**	Undecided 3	Disagree **2**	Strongly disagree **1**	$\frac{\Sigma f_i x_i}{\Sigma f_i}$
The Ministry audit of our school accounts provides reports with verifiable and supporting documents	14	51	93	2	2	3.45

ISSN 2349-7807

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Vol. 4, Issue 4, pp: (1-12), Month: October - December 2017, Available at: www.paperpublications.org

Management do take the necessary action on Ministry's audit reports and recommendations	17	48	71	23	3	3.33
The Ministry's auditor makes appropriate recommendation for management to improve.	12	38	96	10	6	3.25
Our school's accounting department has sufficient staff	19	49	37	22	35	2.97
The Ministry conduct regular audit activities in our accounts	0	0	27	126	9	2.11
The ministry audit reports raise disputes and discontent of our expenditures	2	4	13	121	22	2.03
Our school's accountants perform their duties with a greater degree of autonomy and independence	1	1	4	102	54	1.72
Our management discusses the audit report frequently	0	1	3	91	67	1.62
Our school has internal audit	0	0	0	53	109	1.33
Average						**2.42**

As table 4 depicts, the respondents also showed "disagreement" with the claims that, school's accounting department is sufficiently staff (weight 2.97), the Ministry audit staff conduct regular audit activities in our school's accounts (weight 2.11) and that the ministry audit reports raise disputes and discontent of our expenditures (weight 2.03). However, the respondents "strongly disagreed" with claims that school's accountants perform their duties with a greater degree of autonomy and independence from Management (weight 1.72), the schools' management discusses the Ministry's audit report frequently (weight 1.62) and that schools have internal audit (weight 1.33). The average response on the dimensions of audit report was 2.42, implying that respondents disagreed with the claim that auditing has influence on the performance. This shows that the schools have not embraced the various aspects of objectivity of audit reports, a component that is vital for their financial performance. These findings supports Ejoh and Ejom's (2014) study which found that the internal audit department of the College is not sufficiently staffed and that they do not perform their duties with greater degree of autonomy and independence from management.

5.6 ANOVA Results:

An Analysis Of Variance (ANOVA) test was run using the SPSS version 21 in an effort to determine the effect of each of the independent variables on the dependent variables. The findings were as presented in table 5 below:

TABLE 5: ANOVA TABLE

		Sum of Squares	df	Mean Square	F	Sig.
Effect of cash budgeting on performance	Between Groups	.596	9	.066	.777	.038
	Within Groups	12.960	152	.085		
	Total	13.556	161			
Effect of ICS on performance	Between Groups	.573	9	.064	1.025	.042
	Within Groups	9.446	152	.062		
	Total	10.019	161			
Effect of audit on performance	Between Groups	.531	9	.059	1.048	.040
	Within Groups	8.552	152	.056		
	Total	9.082	161			

This means that, at 5% level of significance, the factors "cash budget" (P-value .038), "internal control systems" (P-value .042) and "auditing" (P-value .040) are all significant in determining the performance of public academic institutions since their P-values are less than 5%.

ISSN 2349-7807

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5.7 Regression Analysis:

The researcher conducted a multiple regression analysis so as to test relationship between independent variables (Cash budgeting, internal control system and auditing) and the performance of public academic institutions. By using the Statistical Package for Social Science (SPSS) version 21 software, data were entered and then regression was done. The coefficients so found (shown on table 6) were used to write the full multiple linear regression equation below: $P = \beta_0 + \beta_1 CB + \beta_2 IC + \beta_3 AD + \varepsilon$

$$\mathrm{P} = 1.482 + 0.328\mathrm{CB} + 1.21\mathrm{IC} - 0.048\mathrm{AD},$$

Where

CB —Cash budgeting

IC —Internal Control

AD —Auditing

P —Performance of the school

TABLE 6: TABLE OF COEFFICIENTS

Model		Unstandardized coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
	(Constant)	1.482	1.876		.790	.043
	Cash Budgeting	.328	.334	.079	.982	.033
	Internal Control	.121	.388	.025	.311	.035
	Auditing	-.048	.405	-.009	-.119	.001
a. Dependent Variable: Financial Performance						

From table 6, the positive values of unstandardized beta are statistically significant in inferring performance implying that, cash budgeting, internal controls and auditing have positive effects on the performance of public academic institutions. It is also evident from the table that cash budgeting account for 38.9% effect size in influencing performance, internal controls account for 14.1% effect size in influencing performance while auditing accounts for 49.3% effect size in influencing performance of public academic institutions. This means that all the three independent variables under study in the three objectives (cash budgeting, internal control and auditing) all have significant influence on the performance of the public academic institutions.

5.8 Model Summary of Regression Analysis:

The multiple regression analysis also produced a summary of the multiple regression model. Table 7 shows the model summary.

TABLE 7: MODEL SUMMARY

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.678[a]	.652	-.096	219366.08274
a. Predictors: (Constant), Cash Budgeting, Internal control, Auditing				

As table 7 depicts, the value of the coefficient of determination, R^2 was found to be .652. This communicates the fact that 65.2% of the factors determining the performance of public academic institutions are explained by the three independent variables under consideration in this study (cash budgeting, internal control and auditing). The remaining 34.8% of the performance are explained by factors outside the model. The value "R' in the summary model tells explains the correlation between the predicted value and the observed values. From the study, it was realized that the value of "R" was .678, implying that the correlation between the predicted values and the observed values was 0.678.

6. SUMMARY OF FINDINGS

The first objective of the study was to determine the effect of cash budgeting on financial performance of public secondary schools in Kisii County. The study found out that cash budget systems and processes are included in the school's continuity arrangements (weight 4.20) although cash budgets is not used as a communication medium for the school's plans and objectives (weight 2.72). It was also noted that schools do not develop the key planning assumptions to be applied across the school (weight 2.19), they do not review cash budget processes, the schools' cash budget is not driven through bottom-up participation (weight 2.16) and that schools do not undertake quality assurance checking of estimates and requests submitted by departments (2.12). The ANOVA results revealed that cash budget has a significant influence in determining the performance of public secondary schools.

The second objective of the study was to establish the effects of ICS on financial performance of public secondary schools in Kisii County. The respondents also agreed that schools have clear organizational structure (weight 4.70), their reporting structure is clearly stipulated (weight 4.44) and that the policies, procedures and guidelines are documented (weight 4.09). However, the respondents refuted the claims that that, in their school there is clear separation of roles and responsibilities (weight 2.42) and that authorization, processing, cheque signing and accounting functions are clearly segregated (weight 2.38). The ANOVA results disclosed that internal control systems significantly influence the performance of public secondary schools.

The third objective of the study was to find out the effect of auditing of cash on financial performance of public secondary schools in Kisii County. The findings from the study disclosed that, school's accounting department do not have sufficient staff (weight 2.97), the Ministry audit staff do not conduct regular audit activities in school's accounts (weight 2.11) and that the ministry audit reports do not raise disputes and discontent of our expenditures (weight 2.03). This could be attributed to the fact that virtually all schools have one accountant and this makes him overburdened by the number of activities that require his attention. The fact that the ministry doesn't conduct regular audit in the schools' activities also implies the Ministry itself is also understaffed. The respondents also showed strong disagreement to the claims that school's accountants perform their duties with a greater degree of autonomy and independence from Management (weight 1.72), the schools' management discusses the Ministry's audit report frequently (weight 1.62) and that schools have internal audit (1.33). This could be due to the lack of enough personnel in the school who are assigned the duty of undertaking internal audit. The ANOVA results showed that auditing has significant influence in determining the performance of public secondary schools.

7. CONCLUSION

It is evident from the study that cash budget systems and processes are included in the school's continuity arrangements and that majority of the schools have clear organizational structure, and this was attributed to the strict Ministry of Education guidelines which stipulates the organizational structure of schools, and how the school funds should be handled. It can also be noted that school's accounting department do not have sufficient staff and that the Ministry audit staff do not conduct regular audit activities in school's accounts.

8. RECOMMENDATIONS

Based on the above findings, the study came up with the following recommendations: first, the management should closely liase with the HODs when making requisitions so as to determine the departments' needs. Secondly, the Head teachers to make consultations from the HODs on what needs to be bought, for they (HODs) will also assist in confirming the quality of the procured items. Lastly, the government should therefore employ internal auditors in schools.

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