

## **Integrity and Financial Accountability in Schools: Role of Principals' of Schools in Kenya**

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### **Abstract**

School headship has become a major global educational issue as government and stakeholders invest in education. The new Constitution enacted in Kenya in August 2010 embraces financial management and procurement as important components, and further highlights on integrity and accountability in public finance. This study enhances educational development by emphasizing on prudent intervention strategies towards increased financial accountability with spotlight on fraud in schools and bringing to prominence the following questions: (1) What are the common fraudulent practices in schools, (2) How can principals of schools ensure integrity in finance conduct within government procedures? Research participants included school principals and financial officers, members of school board of management, officers in the Ministry of Education and Teachers Service Commission. This study was based on grounded theory and obtained qualitative data whose results indicated that financial accountability must be a component of leadership dynamics, emotional and professional dimensions of headship.

*Keywords: Principal, integrity, public finance, fraud, accountability.*

### **Introduction**

School leadership is a major global educational issue as government and stakeholders invest in education (Kadji-Beltran, Zachariou and Stevenson, 2013). In Kenya, the issue of principal's professional development and training has received much attention since independence, and particularly in the late 1990s. At independence, the government through the Ministry of Education developed procedures including manuals to guide head teachers on various managerial roles (Republic of Kenya, 1967; 1968; 1975). In the 1990's a programme to train primary head teachers, the Primary School Management (PRISM) was conducted by the Department for International Development (DFID) and Ministry of Education that included a Financial Management component (Ministry of Education, 1999). Further, the Kenya Education Staff Institute (KESI) now renamed Kenya Education Management Institute (KEMI) was set up in 1981. KESI and now KEMI has since conducted several courses for education officers and quality assurance and standards officers, principals and deputy principals and heads of departments, on prudent school management. KEMI programmes include courses in Information Communication and Technology (ICT), school guidance and counselling, integrity, education management, school administration, and significant for this study school finance management. With the introduction of Free Primary Education (FPE) in 2003 and Free Day Secondary Education (FDSE) in 2007, the need for enhanced financial accountability became even more urgent. Subsequently, several publications were prepared by the Ministry of Education on financial management (Ministry of Education, 2005a; 2005b; 2006a; 2006b; 2007). A new Constitution enacted in 2010 (Republic of Kenya, 2010) has now embraced

financial management and procurement as important components with clear emphasis on transparency, accountability, and appropriate governance of public monies. This study enhances this development by emphasizing on prudent intervention strategies with spotlight on fraud in educational institutions.

The Constitution (Republic of Kenya, 2010) sets out the overall guidelines on the management of public resources and provides for enactment of specific legislation to give effect to the same. For instance, the 2012 / 2013 national budget at Kenya shillings 1.459 trillion was Kenya's most ambitious budget yet (Republic of Kenya, 2012a). The highest expenditure was allocated to Energy, Infrastructure and ICT sector leading with 24% allocation on account of ongoing road and Energy projects followed by Education sector at 21% with expenditures on Free Primary Education (FPE), Free Day Secondary Education (FDSE) and teacher salaries. This study hence provides a framework for implementing reforms envisaged in the Constitution, the Public Finance Management Act 2012 (Republic of Kenya, 2012b), other Public Finance legislation enacted pursuant to the provisions of Chapter 12 of the Constitution and the Strategy for Public Finance Management Reforms in Kenya 2013 – 2018 (Republic of Kenya, 2013a). The spirit of the research was to take forward Educational reform agenda towards Education for All as envisaged in the Basic Education Act (Republic of Kenya, 2013b).

The highlight on principals of schools and their role in education management is essential. Wango (2006a; 2006b; 2009; 2011; 2012) has conspicuously pointed out the imperative role played by leadership in schools in Kenya. Principals of schools have been conspicuously missing out in the Kenyan Education Act and there has been need for them to be comprehensively included in contemporary education policies (Republic of Kenya, 1968; Wango, 2006a; 2006b). Oplatka (2004) and Harber and Davies (1997) highlight that principals and schools in developing countries may have unique challenges and singles out limited autonomy, autocratic leadership style, summative evaluation, low degree of change initiation, and lack of instructional leadership functions. It must be mentioned that these challenges are very critical in quality of standards (Harber and Davies, 1997) such as financial management and should in turn be aspects of focus for educational policy and reforms.

In Kenya, the principal of a school usually refers to head teachers in secondary schools and colleges (though higher institutions were not included in this study) while the lead teacher in a primary school is the head teacher. The word principal has been used extensively in this study to refer to both in all cases where there is no absolute need to make this clearer distinction.

### **Fraud, Deception, Loss of Cash and Debts**

This study particularly addressed fraudulent practices. A fraud is an intentional deception made for personal gain or to damage another individual. Fraud is a crime, and also a civil law violation. The related adjective is fraudulent. Fraud is a significantly under-reported crime and greater cooperation is needed to achieve a real impact especially in the public sector. Fraud offences are rarely reported by individuals, institution or even in schools. This is principally because the falsehood may at times appear demeaning to the plaintiff, the person who was the victim of deception. In addition, there are always new tricks to undermine our cognitive reasoning, just like old known tricks always reappear, sometimes the same way to unsuspecting victims, or the trick is overhauled to make it more appealing (Cohen, 2006; Dillon, 2008; Stuart, 2006). Fraud appears the easy way to obtain money undetected because to avoid fraud implies that would be victim must be vigilant, while evidence of fraudulent practice in a court of law requires data analysis and forensic accounting. However, many

people are not sensitive to 'fraud' though they may be aware that dishonest people may attempt to obtain money or property through deception (Dillon, 2008; Stuart, 2006).

To establish a claim of fraud, elements that constitute fraud must be investigated with particularity and be proved with clear, cogent, and convincing evidence. These fundamentals were an important component of this study as demonstrated in Table 1.1. Kenya as a developing country could take in substantive aspects from other countries such as Canada and the United States of America as examples. Canadian courts (Department of Justice, Canada, 1985) hold that fraud consists of two distinct elements:

- (1) A prohibited act of deceit, falsehood or other fraudulent means. In the absence of deceit or falsehood, the courts seek objectively for a 'dishonest act'; and,
- (2) Deprivation that must be caused by a prohibited act. Deprivation must relate to property, money, valuable security, or any service. Deprivation is satisfied on proof of detriment, prejudice or risk of prejudice though it is not essential that there be actual loss. For example, deprivation of information or material with commercial value.

It was important in Kenyan schools to investigate the extent of falsehood as it relates money and property in form of goods and services provided to schools. The Commission of Inquiry into the Education System of Kenya (Republic of Kenya, 1999) noted an inability within the education system and in institutions to deal with management issues, crises and new challenges. There was a lack of financial accountability whilst misappropriation of finances was common. In the United States (Judicial State, USA, 2009) for instance, common law recognizes nine elements constituting fraud. Kenya must adopt global principles, just as schools will implement national standards and hence this study highlights these characteristics as essential:

1. A representation of an existing fact;
2. Materiality;
3. Falsity;
4. Speaker's knowledge of its falsity;
5. Speaker's intent that it shall be acted upon by the plaintiff;
6. Plaintiff's ignorance of its falsity;
7. Plaintiff's reliance on the truth of the representation;
8. Plaintiff's right to rely upon it; and,
9. Consequent damages suffered by the plaintiff.

Similarly, the Penal Code in Kenya (Republic of Kenya, 2009) recognises several offences as fraudulent including conduct of persons employed in the civil service, in finances and property. In addition, public officers must be accountable in their conduct (Republic of Kenya, 2006) and the Public Finance Management Act (Republic of Kenya, 2012b) emphasizes on Liability of public officer for certain losses sustained by national government in Sections 202 and 203:

*A public officer is personally liable for any loss sustained by the national government that is attributable to —*

- (a) *The fraudulent or corrupt conduct, or negligence, of the officer; or*
- (b) *The officer's having done any act prohibited by section 196, 197 and 198.*

Sections 196, 197 and 198 cited in the Public Finance Management (Republic of Kenya, 2012b) are enforcement provisions and very significant for the purpose of this study. Consequently, Table 1.1

below includes interventions based on financial provisions in current practice and best practice as suggested by principals of schools.

The Penal Code in Kenya (Republic of Kenya, 2009) Section 127 (1) and (2) on Frauds and breaches of trust by persons in the public service is very significant:

- (1) *Any person employed in the public service who, in the discharge of the duties of his office, commits any fraud or breach of trust affecting the public, whether the fraud or breach of trust would have been criminal or not if committed against a private person, is guilty of a felony.*
- (2) *A person convicted of an offence under this section shall be liable to a fine not exceeding one million shillings or to imprisonment for a term not exceeding ten years or to both.*

Principals of schools are public servants. Deception is tantamount to fraud as outlined in the Penal Code Section 315 (Republic of Kenya, 2009)

*Any person who by means of any fraudulent trick or device obtains from any other person anything capable of being stolen, or induces any other person to deliver to any person anything capable of being stolen or to pay or deliver to any person any money or goods or any greater sum of money or greater quantity of goods than he would have paid or delivered but for such trick or device, is guilty of a misdemeanour and is liable to imprisonment for three years.*

Section 328, 330 and 331 (Republic of Kenya, 2009) are specific on fraudulent appropriation or accounting by directors or officers and fraudulent false accounting by clerk or servant such as principals of schools and finance officers in schools. Section 328 prohibits making omissions or cause an entry to be made in the books of accounts with intent to defraud and felony is liable for imprisonment up to seven years. In Section 348 (Republic of Kenya, 2009), intent to defraud a person and in this case a school could be presumed as follows:

*An intent to defraud is presumed to exist if it appears that at the time when the false document was made there was in existence a specific person ascertained or unascertained capable of being defrauded thereby, and this presumption is not rebutted by proof that the offender took or intended to take measures to prevent such person from being defrauded in fact, nor by the fact that he had or thought he had a right to the thing to be obtained by the false document.*

Section 356 (Republic of Kenya, 2009) in particular addresses alteration of cheques. This study took cognizance of current alertness on integrity and accountability and thus investigated aspects where corrupt practices are circumvented via fraud and thus investigated these circumstances in schools.

## **Method**

### *Research Design*

The objectives of this study were (1) to identify the common fraudulent practices in schools, (2) to identify systems through which principals of schools can ensure integrity in finance conduct within government procedures, (3) seek appropriate aspects that can be included in training for principals and thus helpful in enhanced public finance management, and, (4) identify aspects of financial training to bring about appropriate changes in integrity and accountability in public finance (Table 1.1). The research design for this study adopted a qualitative dimension and descriptive in approach.

This was because it was necessary to meet the objectives of the study and at the same time report on the breadth of experience across all schools in the country but also gain meaningful understanding of the financial processes that were taking place for individuals and within schools. The latter was judged to be possible only through interviews and case study investigation. A major limitation to this study is the fact that it did not investigate the extent of fraud including approximations of amounts of money embezzled fraudulently in schools and this should be an area of prime investigation.

#### *Survey and Interviews*

A national survey was undertaken and questionnaires administered to 200 principals of secondary schools and 200 head teachers of primary schools throughout Kenya. A total of 387 questionnaires were returned (96.7% return rate). Qualitative work included twelve case studies in six secondary schools and six primary schools based on particular schools, spread across the country and representing a range of geographical and educational settings. In addition, two private schools were randomly selected and included in the case studies as basis to evaluate financial performance. All the case studies involved interviews with the principal, head teachers and financial officers. Semi-structured questions were designed to give guidelines for the interviews. Participants were encouraged to share their financial and administrative experience freely. The researchers followed the flow of the narration of the participants. Each interview session lasted one to one and a half hours. All the participants were assured that the information provided was confidential and would be kept anonymous. Themes developed were discussed extensively with the participants. All the transcripts were done immediately on the same day of interview to ensure the interpretive validity (Creswell, 2008).

#### *Case Studies*

Case interviews were further extended to school auditors working in the Ministry of Education as well as personnel working in various banks in Kenya. In addition, members of the school Board of Management (BOM) were invited to take part in discussions and interviews. Consultations were also carried out with several officers in the Ministry of Education as well as school auditors. Additionally, this study carried out investigation on documentation regarding school management, finances and procurement procedures (Ministry of Education, 2000; 2005a; 2005b; 2006a; 2006b; 2007; 199; 2010) including disciplinary action by the Teachers Service Commission (Republic of Kenya, 2012c; Teachers Service Commission, 2002; 2013), the Penal Code (Republic of Kenya, 2009) and the present Constitution (Republic of Kenya, 2010).

#### *Theoretical framework*

An adapted grounded theory methodology was used to guide the data collection and data analysis process. Following the guidelines set by Glaser and Strauss (1967) and Glaser (2002), no assumptions were made before the study or during the data collection stage in order to avoid bias. The researchers did not manipulate the variables under this study but instead examined the variables in their existing conditions as explained by Gall, Borg and Gall (2006).

Data analysis followed rigorous comparison techniques as developed by Corbin and Strauss (2007). The researchers commenced coding of information obtained while in the process of data collection thus adapting a theoretical sampling technique. This constant comparison of reported findings was carried out within and across the interviews and case studies. This inductive approach according to Corbin and Strauss (2007) enabled the development of concepts and categories from the raw data and further rigorous constant comparisons. Grounded theory approach was important as a means to

observe patterns and generate information through research data rather than testing preconceived ideas. In this way, the common pattern derived from the data yielded meaningful interpretations about school financial practices (Denzin & Lincoln, 2003). It is imperative to mention that the authors were researching on a book on school finance management in Kenya in the period 2009 – 2011 and therefore, the extent of fraud was not included as outlined in the objectives. The book has since been published (Wango and Gatere, 2012). This was ethically important as the researchers worked at the helm of education in the Ministry of Education and Teachers Service Commission (TSC) and thus avoided potential conflict of interest and none was raised by the research participants or the authors.

**Findings: Fraudulent Practices in Schools, Loss of Cash and Debts**

Schools were losing bulks of money through fraud and this would be estimated in billions. Unfortunately, over a half of the principals in both primary and secondary schools were not aware of ‘fraud’ though they aware about loss of finances. The amount of money lost was clearly hidden from the researchers, especially since both of the researchers were linked to the Ministry of Education and the Teachers Service Commission (TSC). Furthermore, ethical considerations had granted the participants confidentiality of information and anonymity not to disclose names of schools, banks or individuals. However, even this guaranteed confidentiality could not enable the research participants (principals in secondary and head teachers of primary schools, members of the Board of Management (BOM), school bursars, auditors, bank officials) to open up and disclose actual amounts to estimate the magnitude of the financial implications. In that case, the researchers could not extend the research to include a forensic audit that would have been quite revealing to say the least. Notwithstanding, this study was based on the premise that it is the responsibility of the principal of the school as the accounting officer to ensure that adequate checks against fraud and financial irregularity are put in place in the school (Ministry of Education, 2005a; 2005b; 2006a; 2006b; 2007). Proper steps are required to be taken to confirm financial procedures are effectively followed to prevent loss and recover debts (Wango and Gatere, 2012). For examples, it was mandatory that all losses of cash and stores inventory be reported immediately to the nearest police station, the chairperson of the Board of Management (BOM) and the County Director of Education. Findings indicated that loss of cash and stores were rarely reported.

Principals and school managers were aware of financial malpractices but not specific fraudulent practices. Unfortunately, most of the principals and head teachers had become aware of deceitful practices after they had happened in their schools or to colleagues in other schools. Vivid examples were provided as well as intervention strategies to prevent future misdemeanour. It was apparent that principals and managers of schools (Board of Management (BOM) entailed to be alert on new falsification techniques as illustrated in the Table 1.1. below.

Schools were most vulnerable to fraud when dealing with cash. Therefore, the first step in the investigation (and perhaps in future prudent intervention strategies) was to explore ways to avoid cash transaction. On one hand, schools were different. For instance, in certain instances (there is need to take in uniqueness (Harber and Davies, 1997)), the banks were afar off (needless to say banking is being made easier everyday in Kenya and certainly this would be the case in similar countries) and a parent or guardian such as a grandparent would walk to the school and insisted they wanted to pay school fees. The school principal or finance officer accepted the cash depending on the circumstances (each case was unique) but the money required to be deposited as soon as

practically possible. The table below is an illustration of some of the most common fraudster methods reported in schools, how they were overcome, and ways they could be curbed.

**Table 1.1. Common Forms of Fraud and Loss in Schools**

Element	Common Fraudulent Practices	Intervention / Prevention
Cash	<ul style="list-style-type: none"> <li>- Money was clearly and honestly received, receipted but could not be traced</li> <li>- Money was clearly and honestly received, receipted but stolen on way to the bank</li> <li>- Money was received, receipted but not banked</li> <li>- Money was received, original receipt issued to parent with correct amount, counterfoil receipt had actual amount received as revenue by the school, but school had no money</li> <li>- Money received, but not deposited in bank (<i>person taking money to bank has own fake bank stamp</i>)</li> <li>- Money sent by phone to staff working in the school (usually bursar, sometimes anyone)</li> <li>- Money given to a person (board member, principal, teacher, finance officer, school secretary) to take to school, or to the bank</li> <li>- Money received but paid to a person who did not sign for the receipted money</li> <li>- School was broken into and unknown amount stolen</li> <li>- School experienced constant robberies (thefts)</li> <li>- School principal and / or school accountant (bursar) were visited by robbers who forced them to open the office and the robbers took away money</li> <li>- Principal or school accountant were constantly waylaid</li> <li>- Arson including destruction of school offices to erase account records</li> <li>- Student physically present in class but not recorded in class register</li> </ul>	<p>The following steps were necessary:</p> <ul style="list-style-type: none"> <li>- Assignment of responsibility</li> <li>- Person collecting money must take responsibility for all money collected</li> <li>- Money should be escorted to the bank</li> <li>- Bank reconciliation, constant checks with the bank, trial balance and balance sheet should be mandatory</li> </ul> <p>The school should:</p> <ul style="list-style-type: none"> <li>- Specify clearly that no money will be collected in school. This should be a school policy and clearly stated in the school newsletter and explained to all parents</li> <li>- Receipts should be self carbonated. This reduces fraud by writing different amounts on original receipt from the duplicate</li> <li>- Strict disciplinary measures should be taken to avoid loss and fraud</li> <li>- All students must have an admission number</li> <li>- Class registers are accountable documents and must be preserved</li> <li>- Bank deposit slips should have student registration / admission number</li> </ul>
Cheque	<ul style="list-style-type: none"> <li>- Money paid to a supplier / creditor but purpose unknown</li> <li>- Money paid to supplier / creditor in excess of stated amount in the payment voucher</li> <li>- Money (cheque) paid in advance</li> </ul>	<p>The school should:</p> <ul style="list-style-type: none"> <li>- Make all payment against the budget</li> <li>- Make payment for cheques that have a payment voucher attached</li> </ul>

Element	Common Fraudulent Practices	Intervention / Prevention
	<ul style="list-style-type: none"> <li>- Money paid but goods, work or services not delivered</li> <li>- Money paid but goods, work or services were incomplete or poor quality</li> <li>- Signed cheques stolen or missing</li> <li>- School overdrawn</li> <li>- Goods delivered in school but cannot be traced</li> </ul>	stating: <ul style="list-style-type: none"> <li>▪ Name</li> <li>▪ Purpose of payment</li> <li>▪ Amount paid</li> </ul> <ul style="list-style-type: none"> <li>- Ensure signatories never sign a blank cheque (no blank cheques should be signed at all)</li> <li>- Pay for delivery of goods, work and services that is of high quality and when completed</li> </ul>
Cash Deposits	<ul style="list-style-type: none"> <li>- Parent or guardian indicated different amount on original deposit slip from actual amount deposited</li> </ul>	<ul style="list-style-type: none"> <li>- Banks will always issue a printed copy of actual deposits, countercheck</li> </ul>
Supply of goods and services	<ul style="list-style-type: none"> <li>- Paying a supplier twice for same item. Cheque is prepared and supplier paid. After a period of time, the same invoice was raised and a cheque prepared (redone) to pay for the same item. The money is from different bank accounts to avoid detection</li> <li>- Overpayment of suppliers. Payment is done in parts to enable overpayment. For example, to pay Kshs 300, 000 (\$3,000) first payment could be Kshs 200, 000 (\$2,000) and another Kshs 180,000) (\$1,800). The signatories would remember that the payment was done, but then was incomplete and not detect anomaly in overpaid amount.</li> </ul>	<ul style="list-style-type: none"> <li>- School should not have several bank accounts (some schools had 8 – 12 bank accounts)</li> <li>- Part payment for goods, work and services should be avoided</li> <li>- Schedule of all payment should be attached to cheques</li> <li>- Computer accounting system that links principal’s office with the finance officer should be established. This would effectively link payments to goods and services</li> </ul>

### **Professionalism in Finance Practice: Curbing Fraud and Sanctions for Non Compliance with Financial Regulations**

The government and the Ministry of Education had placed a lot of emphasis on prudent use of finance. Financial regulations including procurement were mandatory. Failure to adhere to laid down regulations is a serious offence. Anyone who contravened laid down regulations can be subjected to disciplinary action under the provisions of the Constitution, Penal Code, Code of Regulations for Civil Servants and the Teachers Service Commission (TSC) Act (Republic of Kenya, 1967; 2002; 2006; 2009; 2010; 2012c; 2013a; 2013b). However, from the study findings, it was found out that actual implementation and effective follow-up of relevant policies was low.

Primary and secondary school principals require additional training beyond that required for teachers. Most of these courses were organized as in-service courses apart from the academic school administration courses such as Masters in school administration and management offered by universities. In addition, the Kenya Secondary Schools Heads Association (KSSHA) and the Kenya Primary Schools Head teachers Association (KEPHA) organized several courses in key areas such as finance, guidance and counselling, HIV and AIDS, Life Skills and contemporary issues in education. This was to enable head teachers acquire basic management knowledge and skills. The study findings indicated that these courses could require to be enhanced to include financial



regulations and disciplinary measures for financial misconduct. This is because documentary findings indicated that there were several laid down regulations on financial conduct (Republic of Kenya, 2002, 2012c; Teachers Service Commission, 2002; 2013). Disciplinary measures for financial misconduct or failure to comply with laid down regulations depended on misconduct or the offence (Republic of Kenya, 2002; 2010; 2012c; Teachers Service Commission, 2002; 2013).

These included:

- (1) Interdiction
- (2) Suspension
- (3) Recovery of funds in part, or in whole
- (4) Replacement of damaged or lost item/s
- (5) Prosecution in a court of law

It was evident that the principal of a school was expected to take disciplinary measures against the finance officer or account clerk involved in fraud and /or has embezzled school funds. The following discipline process was recommended and documented by the TSC (Teachers Service Commission, 2002; 2013):

1. A member of staff will be suspended immediately an anomaly has been detected.
2. An internal audit should be conducted check original entry so as to establish if any funds had been lost or embezzled. The nature and amount must be established.
3. The principal will inform the Board of Management of this development.
4. If it was established that there was a case, the Board of Management will authorize the principal to inform the Education Office and the School Audit.
5. A comprehensive external audit should be conducted for an audit report. The audit report ascertains the validity of any claims.
6. The Board of Management should discuss the audit report and disciplinary action taken depending on the intensity of the offence as follows:
  - a) Warning
  - b) Suspension up to a maximum of six (6) months
  - c) Summary dismissal of the staff
  - d) Legal redress to recover amount lost

Findings revealed that a principal of a school alleged to have embezzled school funds underwent the following discipline process (Teachers Service Commission, TSC, 2013):

1. The principal or head teacher was issued with a letter of interdiction as warranted by the school Board of management in the case of a post primary institution, or the County Director of Education in primary school. The letter maybe signed by a TSC agent.
2. The principal or head teacher was allowed twenty one (21) days to submit to the TSC a written response of the allegations.
3. The TSC invited the principal or head teacher for hearing of the discipline case. Witnesses would also be invited and they included Board members, TSC agents and the Government Audit officials who also presented their report.
4. The head teacher upon interdiction on fiduciary matters received no salary from the TSC.

5. Upon determination of the case the teacher could be placed one of the listed actions;
  - a) Revocation if not found guilty
  - b) Warning
  - c) Suspension up to a maximum of six (6) months
  - d) Dismissal

The study findings indicated that principals and school management may not have been taking disciplinary measures when financial loss occurred. Yet a majority of principals and school management were aware of the above regulations. This study highly recommends further investigations into school finances including procurement procedures particularly as to why enforcement of disciplinary measures could have been lacking. Further studies should also be linked to the Ethics and Anti-Corruption Commission (EACC) established under section 79 of the Constitution (Republic of Kenya, 2010) and the role of the Commission in enhanced integrity and accountability in the public service.

Principals and the school management (Board of Management and School Management Committee) had a great responsibility to demonstrate accountability and transparency, including delegating financial responsibility. The school management also had a responsibility to take disciplinary measures against fraud or for non-compliance with laid down procedures. School were required to be audited once a year in accordance with provisions of the Education Act and other financial regulations to ensure compliance with financial regulations. Once, again, actual implementation of these procedures was not adhered to, there was a weak monitoring and evaluation system from grass root (school) to national level and there was no follow-up.

### **Conclusion**

There were a number of significant conclusions that could be drawn from the accounting processes. Principals and head teachers of both secondary and primary schools are accounting officers and must embrace integrity in an increasingly complex world in a global perspective and the new Constitution (Republic of Kenya, 2010; Wango and Gatere, 2012). The study findings highlight a requirement to relate leadership and school management, and that principals of schools should be made more accountable to ensure enactment of educational policies including implementation and strict adherence to financial policies. The consistent mantra of the new Constitution is change, and the conceptualization of change must encompass integrity and accountability. This in itself must be reinvented and transformed from a linear view of what principals have to do in terms of academic achievement of students and staff supervision, to include financial accountability. The school Board of Management (BOM) and principals must cope with transformative changes and financial accountability as part of this process. The findings and conclusions highly suggest that principals and Board of Management (BOM) using the capabilities of improved financial accounting must prudently account for public funds and prevent fraud; they must recognize that not only must finances be used more efficiently but, more importantly, must not be siphoned out unsuspectingly. This is transformative, merging leadership with integrity and being networked with other subsystems including the law rather than school leadership in a hierarchical fashion. Professional development for principals and Board of management must be a tacit knowledge for decision-making in system transformation for overall efficiency and accountability.

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