

**COURSE
GUIDE**

**EDA834
BUDGETING AND FINANCIAL MANAGEMENT IN
EDUCATION**

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INTRODUCTION

This course is designed to acquaint you with the nature and scope of education finance and financial management in educational institutions. It presents important education finance terminologies, and discusses government and nongovernment sources of funding educational programmes in Nigeria. The course also treats the issue of budgeting and the budget process, the preparation and administration of the budget as well as the practice of school finance in secondary level educational institutions. The course also has a unit on finance and payroll administration. Here, the meaning, types and importance of payroll as well the effects of payroll procedures on personnel administration and efficiency are elaborately treated. The course has units on the role of government ministries, agencies and parastatals in the funding of education. The role of parents, communities and organizations in the funding of educational programmes is also examined. The reasons why there is financial distress in Universities is elaborately discussed. Finally, the course presents the problems of funding educational programmes in Nigeria with strategies for solutions.

LEARNING OUTCOMES: AIMS AND LEARNING OUTCOMES

It is expected that after reading through this course, you will be able to:

1. distinguish between education finance and financial management.
2. discuss government and non-government sources of funding educational programmes in Nigeria.
3. explain the budget process and the various steps in the preparation of the budget.
4. describe the various procedures of managing funds at secondary level educational institutions.
5. state the meaning and reasons for taxation.
6. classify the different levels and types of educational expenditure.
7. discuss the roles of the federal and state ministries of education in the funding of education
8. highlight the roles of government agencies and parastatals in the funding of educational programmes in Nigeria.
9. discuss the reasons why there is financial distress in universities.
10. discuss the problems of funding educational programmes in Nigeria.

COURSE REQUIREMENTS

To complete this course, you are required to read the study units and read the set of books listed and any other relevant materials you can lay your hands upon. You will also need to do some written exercises. At the end of each unit, you will be required to submit written assignments for assessment purposes. At the end of the course, a final examination will be given for you to write. The course should take about 16 weeks to complete.

COURSE MATERIALS

The major materials you will need for this course are:

1. Course Guide
2. Study Units (a total of 15 units)
3. Assignment file
4. Relevant text books including the ones listed at the end of each unit.

ASSIGNMENT FILE

The assignment file will be given to you in due course by the course tutor. In this file, you will find all the details of the work you will submit to your tutor for marking. The marks you obtain for these assignments will count towards the final mark you obtain for this course. Further information on assignments will be found in the assignment file.

STUDY UNITS

There are fifteen units and has divided into three modules:

Module 1

- | | |
|--------|--|
| Unit 1 | Nature and scope of Education Finance and Financial Management |
| Unit 2 | Important Education Finance Terminologies |
| Unit 3 | Government Sources of Funding Educational Programmes |
| Unit 4 | Non-Government Sources of Funding Educational Programmes |
| Unit 5 | Taxation |

Module 2

Unit 1	Introduction to Budget and Budget Process
Unit 2	Preparation and Administration of Budget
Unit 3	The practice of school finance
Unit 4	Classification of Educational Expenditure
Unit 5	Finance and payroll Administration

Module 3

Unit 1	The role of Government Ministries in Funding Education
Unit 2	The role of Government agencies and parastatals in funding of Education
Unit 3	The role of Parents and Communities
Unit 4	Reasons for Distress in Nigerian Universities
Unit 5	Problems of Funding Educational Programmes in Nigeria

INFORMATION ABOUT ASSESSMENT

There are two aspects of the assessment of this course. First are the tutor- marked assignments and second there is a written examination. In tackling the assessments, you are expected to apply information, knowledge and techniques gathered during the course. The assignments must be submitted to your tutor for formal assessment. The work you submit to your tutor for assessment will count for 40% of your total course work.

There are fifteen tutor-marked assignments. You only need to submit ten of the fifteen assignment. You are encouraged however, to submit all fifteen assignments in which case the highest scores in the assignment will be counted. Each assignment counts 10% towards your total mark.

FINAL EXAMINATION AND GRADING

The final examination for EDA 834 will be of three hours duration and have a value of 60% of the total course grade. The examination will consist of questions which reflect the types of self-Assessment practice exercise and tutor marked assignments you have previously encountered. All areas of the course will be assessed.

COURSE OVERVIEW

The table below brings together the units, number of weeks you should take complete them and the assignments that will follow them.

Unit	Title of work (Course Guide)	Weekly Activity	No of Assessment at the end of unit
1	Nature and scope of Education Finance and Financial Management	3	Assignments
2	Important Education Finance Terminologies	4	Assignments 2
3	Government sources of funding educational programmes	3	Assignments 3
4	Non-Government sources of funding Educational programmes	3	Assignments 4
5	Taxation	3	Assignments 5
6	Introduction to the Budget and the Budget Process	4	Assignments 6
7	Preparation and administration of the Budget	4	Assignments 7
8	The practice of school finance	4	Assignments 8
9	Classification of Educational expenditure	3	Assignments 9
10	Finance and payroll administration	3	Assignments 10
11	The Role of Government Ministries in funding Education	2	Assignments 11
12	The Role of Government Agencies and Parastatals in the funding of Education	2	Assignments 12
13	The Role of Parents and Communities	1	Assignments 13
14	Reasons for Distress in Nigeria Universities	3	Assignments 14
15	Problems of funding educational programmes in Nigeria	2	Assignments 15

STRATEGIES FOR STUDYING THE COURSE

1. Read the course guide thoroughly
2. Organize a study schedule. Note the time you are expected to spend on each unit and how the assignments relate to the units.

3. Once you have created your own study schedule, do everything to stick to it.
4. Read the units thoroughly
5. Do all your assignments and submit to the course tutor.
6. Prepare yourself for examination

SUMMARY

EDU 834 introduces you to budgeting and financial management in educational institutions. Upon completing the course, you will be equipped with basic knowledge of financial management in educational institutions. You will be able to answer these kinds of questions.

1. What does financial management mean?
2. What is the difference between education finance and financial management?
3. What is an impress?
4. How do educational administrators audit the accounts of their institution?
5. What are the reasons for taxation?
6. Why is budget important?
7. How can we prepare the budgets of our units?
8. What are the problems of funding educational programmes in Nigeria?

Wish you success as you go through the course.

**MAIN
COURSE**

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UNIT 1 NATURE AND SCOPE OF EDUCATION FINANCE AND FINANCIAL MANAGEMENT

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- 2.0 Intended Learning Outcomes
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 - 3.1 Meaning of Education Finance
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 - 3.5 Scope of Financial Management
 - 3.6 Reasons Why Prospective Educational Administrators, Policy Makers and Practitioners need to be interested in Education Finance
- 4.0 Conclusion
- 5.0 Summary
- 6.0 References
- 7.0 Tutor - Marked Assessment Exercise

1.0 INTRODUCTION

This unit focuses on the nature and scope of education finance and financial management in educational institutions. It presents the meaning of education finance and financial management, the scope of education finance and financial management in educational institutions as well as the reasons why prospective educational administrators should be interested in education finance.

2.0 INTENDED LEARNING OUTCOMES

By the end of this unit, you will be able to:

- define the terms, education finance and financial management;
- outline the scope of education finance and financial management in educational institutions;
- state the purpose of financial management;
- discuss the reasons why prospective educational administrators and planners should be interested in education finance.

3.0 CONTENT

3.1 Meaning of Education Finance

The provision of education across various levels is necessary for human and national development. There is need to consistently provide funds to consciously train citizens who will spearhead the mixing of other resources to achieve scientific and technological development. The funding of education is expected to equip people with the requisite knowledge, skills and capacity to enhance their quality of life and increase their productivity as well as capacity to gain knowledge of new techniques for production so as to be able to participate evocatively in the development process (Ubogu & Veronica, 2018). Besides, the attainment of Education for All (EFA) of a nation requires funding particularly in areas of provision of physical infrastructure in the form of land, building, equipment and furniture in the form of capital cost. Recurring cost will come in form of provision of teaching and learning materials, paying teachers' salaries, training and continuous professional development of teacher, supporting staff, laboratory consumables, among others.

Ogbonnaya (2000) described education finance as the process by which tax revenues and other resources are derived for the establishment and operation of educational institutions as well as the process by which these resources are allocated to institutions in different geographical areas. It refers to governmental and organisational processes by which revenues are generated (through taxation, tuition, fees, and philanthropy), distributed, and expended for the operational and capital support of formal schooling. (Guthrie & Schuermann, 2017). Thus, education finance refers to the process of generating revenues, distributing and expending such generated revenues for operational and capital support of educational institutions. Government and non-governmental organisations are some of the ways through which funds can be generated.

3.2 Meaning of Financial Management

Finance plays a vital role in the running of any establishment. However, finance is limited when compared to its need to satisfy other business needs or demands which are always unlimited. As a result, starting a business and even running the business successfully, there is need for adequate knowledge of financial management.

Financial Management is the process of strategically planning, organising, directing, controlling and monitoring of financial resources with the aim of achieving the goals or objectives of an organisation or an institute. In educational institutions, financial management refers to

that management activity that is concerned with decisions on how to procure funds, of an organisation's financial resources, disburse and give account of funds provided for the implementation of educational programmes.

3.3 The Purpose of Financial Management

The central purpose of financial management in educational institutions is the raising of funds and ensuring that the funds so mobilised are utilised in the most effective and efficient manner. This is based on the fact that resources are scarce and so heads of educational institutions should ensure optimal utilisation of funds.

A second purpose of financial management in educational institutions is to assist educational managers and administrators to keep a record of their stewardship in financial matters for the benefit of the government, the proprietors or the governing council of the institution. It is, also, the supervision of cash receipts and payments and safe guarding of cash balance. In addition, financial management aims at optimum and efficient utilisation of funds.

3.4. Scope of Education Finance

The scope of education finance refers to the specific areas or of education finance. They include all of the following:

- a) Financial concepts like imprest, payment vouchers, finance virement, authority to incur expenditure, imprest, Bank statements, cash management and financial control.
- b) Taxation
- c) Budget
- d) Classification of government expenditure.
- e) Types of cost analysis - current versus capital cost, recurrent and capital expenditure.
- f) Role of government and non-government agencies in the funding of education.
- g) Sources of funds and problems of finding educational programmes in Nigeria.

3.5. Scope of Financial Management

The scope of financial management also refers to the specific areas of financial management. They include:

- (a) The procurement and raising of funds.
- (b) The allocation of financial resources to different educational institutions.
- (c) The effective utilisation of funds.

- (d) Supervision of cash receipts and payments.
- (e) Safeguarding of cash balance.

3.6 Reasons why Prospective Educational Administrators, Policy makers and Practitioners need to be interested in Education Finance

Every prospective educational administrator should be interested in the study of education finance. We now begin to see the reasons why this is so. The first reason is that the study of education finance would enable them to understand and be conversant with finance terminologies, concepts principles. Such finance terminologies include budgeting, cost benefit analysis, financial accounting, taxation, auditing, short and long term sources of funds, imprest account, virement, authority to incur expenditure, payment vouchers, bank statements, real resource costs, factor costs, capital and recurrent expenditure. The knowledge of these terminologies will put practitioners at a vantage point in dealing with issues as they arise. It will also make them bold and confident when called upon to apply these terminologies in routine administrative tasks.

Secondly, the knowledge of education finance would enable practitioners (such as Vice Chancellors of Universities, Provosts of Colleges of Education or Principals of Secondary Schools when appointed) to keep proper record of their stewardship. At the end of one year or at the end of their service year. They are called upon to give account of their stewardship in financial management.

Thirdly, the knowledge of education finance helps to provide proper and adequate information to accounting officers like Vice Chancellors of Universities, Rectors of Polytechnics and Provosts of Colleges of Education on when to apply for grants, which capital projects(s) to embark upon or to discontinue or when to seek financial assistance from individuals and organisations.

Fourthly, the knowledge of education finance would help educational administrators and practitioners alike to know when to employ staff disburse funds, allocate equipment and refurbish dilapidated equipment. Perhaps, without knowledge of education finance, heads of institutions would employ excess staff and may not refurbish dilapidated equipment as at and when necessary.

It is often said that he who pays the piper dictates the tune. This implies that the government, which provides funds for education, should know at each point how funds are being spent in schools. The educational administrator should have the ability to dictate fraud of course, it is only a knowledge of the principles and techniques of education finance that will enable him do this effectively.

4.0 CONCLUSION

In this unit, you have learned a number of important issues about education finance and financial management in our educational institutions. You should have used these definitions, scope and purpose of financial management to understand the major focus or concerns of financial management. Besides this, you should have learned the reasons why prospective educational administrators and practitioners are interested in the study of education finance. You need to be aware. However, that these are just the introductory aspects of the course.

5.0 SUMMARY

What you have learned in this unit concerns the meaning, scope and purpose of education finance and financial management as well as the reasons why Prospective educational administrators, and practitioners should be interested in education finance. It has served to introduce you to the Course - Budgeting and Financial Management in Education. The Units that follow build upon this introduction.

SELF-ASSESSMENT EXERCISE

- i. How would you define education finance to a layman?
- ii. Distinguish between education finance and financial management.

6.0 TUTOR - MARKED ASSIGNMENT

1. Define the following terms:
 - i. Education finance
 - ii. Financial management.
2. State the purpose of financial management.

7.0 REFERENCE/FURTHER READING

Guthrie, J. W., & Schuermann, P. J. (2017). Education Finance. obo in Education. doi: 10.1093/obo/9780199756810-0012.

Ogbonnaya, N. I. (2000). *Foundations of Education Finance*. Onitsha: Cape Publishers International Limited.

Ubogu, R. E., & Veronica, M. O. (2018). Financing Education in Nigeria: Implications and Options for National Development, 5(3), 227-239 <http://dx.doi.org/10.22158/wjer.v5n3p227>.

UNIT 2 IMPORTANT EDUCATION FINANCE TERMINOLOGIES

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 - 3.2 Fund
 - 3.3 Financial Control
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 - 3.8 Recurrent and Capital Expenditure and types of Costs
 - 3.9 Bank Statements and Auditing
 - 3.10 Types of Audit
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 Reference/Further Reading

1.0 INTRODUCTION

This unit discusses important education finance terminologies. It will highlight the reasons why students and practitioners should be conversant with education finance terminologies, discuss each of the terminologies, pointing out their importance.

2.0 INTENDED LEARNING OUTCOMES

By the end of this unit, you will be able to:

- highlight the reasons why students and practitioners should be conversant with education finance terminologies
- discuss of the finance terminologies, pointing out their importance.

3.0 MAIN CONTENT

3.1 Finance

What is Finance?

The word finance may be observed to be loosely used interchangeable as fund or financial resources. However, the concepts are not similar. Finance is the art and science of managing money. It involves the provision of money as at the time when it is needed for business activities. The concept of finance includes capital, funds, money and amount.

Finance can also be defined as the management of money as well as investing, borrowing, lending, budgeting, savings and forecasting. Paramasivan and Sunramanian (2009) perceive finance to involve activities such as managing money, provision of money at the time of need and its effective utilisation. Hornby (Ed.) (1974) defined finance as the issue of the management of money or funds. It involves planning for the procurement and effective utilisation of funds made available for the implementation of programmes or projects.

A more comprehensive definition of finance has been provided by Ezra (1969) who see finance as a body of facts, principles and theories dealing with raising and using of funds by individuals, business firms, educational institutions and government. Ezra listed some important routine finance functions as including;

- a) Supervision of cash receipts and safeguarding of cash balance.
- b) Custody and safe-guarding of securities, insurance policies and other valuable papers.
- c) Record keeping and reporting.

We have agricultural finance, business finance, education finance and public finance. Agricultural finance is an economic study of the acquisition and use of capital in agriculture. It deals mainly with the demand and supply of funds in the agricultural sector. It is also concerned with the planning and financial management of agricultural establishments. Business finance is an economic study of the acquisition and use of capital in business organisations and with the adjustment of income to expenditure. Public finance according to Anyanwu (1997) is that branch of economics that is concerned with the revenue, expenditure and debt operations of the government and the impact of these measures. According to him, it identifies and assesses the effect of government financial policies, that is, it tries to analyze the effects of government taxation and other sources of revenue and expenditure on

the economic situations of individuals, institutions and economy as a whole.

3.2 Fund

Individuals, firms, businesses and government require funds to stay in business. Funds may be required for emergency or rainy-day or payment for unforeseen expenses. Funds may also be used by individual and institutional investors can also place money in different types of funds with the goal of earning money. Mutual funds gotten from numerous investors and invested in diversified portfolio of assets of high-net-worth individuals and institutions in a way that is designed to earn targeted returns. The government also uses funds, such as special revenue funds, provision of social amenities, investment in human capital development (i.e. education), etc.

Fund is a sum of money that is allocated for a specific purpose. A fund can be established for any purpose whatsoever, whether it is a city government setting aside money to build a new civic center, a college setting aside money to award a scholarship, or an insurance company setting aside money to pay its customers' claims. Such sum of money is invested and professionally managed to achieve a stated target. Thus, fund is all financial resources of a firm or establishment to achieve a specific purpose. The financial resources could be cash in hand, cash at bank, account receivable, etc. credit facilities that is trade credits, bank credits, allowances or discounts received, differed expenses such as differed taxes rents, rates, bills, undistributed profits in the form of retained earnings, reserves, depreciation provisions, etc.

Funds can be sourced either in the short term or long-term. Short-term sources of funds are funds needed for a short period of time. It must be raised within the shortest possible term in order to be useful for a school or educational institution. If there is a delay in raising the fund, it would no longer be beneficial to the educational administrator. Short-term sources of funds can be grouped into two, namely, Internal and external sources. The internal sources are the ones available within the organisation. They include retained earnings, depreciation provisions, accounts payable, new equity and proceeds from sales of assets.

External sources of funds are those sources outside the school or educational institution, which require contact with external bodies like the United Nation's Children's Emergency Fund (UNICEF), United Nations Educational Scientific and Cultural Organisation (UNESCO), the World Bank, exchange programmes embarked upon by various institutions.

Funds are required for a long period – long-term fund. They are useful for provision of fixed assets such as buildings and furniture as well as for the growth and expansion of business. Long-term funds can be sourced through shares, debentures, public deposits, retained earnings, loans from banks and financial institutions.

3.3 Financial Control

This refers to the means through which an organisation directs, monitors and measures its resources. Financial control activities carried out in an organisation are directed at achieving the desired organisational objectives. Thus they are internal control measures or established procedures aimed at reducing process variation that will lead to a desirable and more predictable outcomes.

Organisations is expected to have financial controls to ensure effective financial management. Most organisations have financial controls to ensure that everyone is aware of procedures to be followed and to ensure that there is better understanding of each one's responsibility. Some of the key aspects of financial control include:

- Records and reports – who maintains records , who is responsible for information entry, the nature of information entered
- Banking – who is authorised to sign cheques, who handles banking responsibilities
- Authorisation – who can order goods, services etc. on behalf of the organisation, who will spend on behalf of the organisation
- Budget – preparation and monitoring
- Expenses – list of items included in expenses
- Inventory – who is responsible for maintaining inventory.

Financial control is essential in educational institutions because public money is being deployed and the success of its deployment is not always easy to measure. It is the responsibility of the Chief Financial Officer, be a Secondary School Principal, the Provost of a College of Education or Vice Chancellor of a University to establish, maintain and review financial control systems because it is the corner stone of his/her duties.

3.4 Payment Vouchers

A payment voucher is document which can be used as proof that a monetary transaction has occurred between two parties. It is a pieces of paper showing that money has been paid out or that the holder has the right to goods or services.

In business, a payment voucher can be used for a variety of purposes, sometimes taking the place of cash in a transaction, acting as a receipt, or indicating that an invoice has been approved for payment. Payment voucher is prepared for all payments, made by the business firm directly or through its bankers. In all business organisations, mostly the payments are made in following manners:-

1. Payment in cash.
2. Payment by cheques.
3. Payment by demand drafts or pay orders.
4. Payment made directly by bank on behalf of the business clients.
5. Payment also can be made by third party on behalf of business firm. But, in this case, no payment voucher shall be made. For this type of transaction, journal voucher shall be prepared.

Two types of payment voucher can be prepared for control purpose as follows:

- Cash Payment Voucher: These vouchers are used only in case of cash payment.
- Bank Payment Voucher: These vouchers are used when the payment is made through bankers of business firm.

Precautions to be taken while making the Payments

Any person who makes the payment, is supposed to prepare proper payment voucher and he must follow the following points while making the payments:-

Proper voucher must be selected for payment i.e. Cash Payment Voucher or Bank Payment Voucher or Payment Voucher (if no separate vouchers are prepared for payment in cash or through bank.

- i. Date of payment must be written on voucher.
- ii. The payment voucher must be serially numbered.
- iii. Amount should be written both in figures and words.
- iv. Proper account heads should be debited.
- v. Cash account should be credited if the payment is made by cash.
- vi. Bank account should be credited if the payment is made by cheque (always name of bank must be written).
- vii. The receiver of money must sign the voucher.
- viii. The voucher must be signed by the authorised person who has the authority to instruct the cashier to pay the money.
- ix. Proper source document must be attached with the payment voucher.

Payment vouchers are prepared by finance officers or bursars including account clerks of educational institutions. In secondary schools, colleges of education, polytechnics and universities, payment vouchers are the starting point in the preparation of salaries of academic and non-academic staff. Without payment vouchers, cheques are not raised and therefore money cannot be paid out.

3.5 Authority to Incur Expenditure

This is an obligation to obtain goods or services that will result in the eventual expenditure of funds. This includes the decision to hire staff, to order supplies or services, to authorise travel, relocation or hospitality or to enter into some other arrangement for programme purposes. In the school system, authority to incur expenditure is the power given to the head of school (i.e. the administrator) to spend money within the approved estimate. For instance, an administrator may be required to spend N10,000 (Ten thousand naira) within a three month period in his establishment, where he exceeds this amount, then he presents a financial report of his expenditure to his employer. In Enugu State Secondary Schools, principals are allowed to spend 50 per cent of every equipment fee collected by them as running costs. Thereafter, they are required to present financial report to the Post Primary School Management Board.

3.6 Imprest

An imprest is a small amount of money set aside to meet petty cash payment or to pay for small, routine expenses. A fixed balance is typically maintained in the account, and it is replenished routinely. Alternatively, an imprest can refer to a monetary advance given to a person for a specific purpose.

It is money advanced to an organisation for meeting its financial needs within a specified period. Usually, such fund helps in meeting incidental expenses or taking care of petty business of the organisation. An imprest is normally retired at the end of the spending period. There is an exercise book called an imprest account book which shows how an educational administrator or chief executive of an educational institution has spent a particular imprest (advance) given to him.

3.7 Virement and Cash Management

Virement is the transferring or reallocation of approved budgetary allocation (basically funds) from an expenditure item to another expenditure item within the same vote. Thus, it is essentially the transfer of money from one sub unit of an organisation to the other. For

instance, the Vice Chancellor of a University may decide to transfer funds from Sandwich vote into the payment of staff salaries and allowances and later replace the sum so vired. Virement is aimed at giving managers the flexibility to move amount between.

The term "cash" inclines coins, currency and cheques owned by an organisation, an industry, an educational institution or business firm. It is money which an organisation can disburse immediately without any restriction. It is the basic input required to keep an organisation running on a continuous basis. Cash is also the utmost output expected to be realised by selling the service or product of a business firm and industry, a company or organisation.

Cash management itself is concerned with the management of cash inflows into and out of the organisation and the balances held by the organisation at a point in time by financial deficit of investing surplus cash.

3.8 Recurrent and Capital Expenditure and types of Costs

Recurrent Expenditure is a type of expenditure that does not result in the acquisition of fixed assets which could either new or second hand. It consist of expenditure on wages and salaries, purchases of goods and services, consumption of fixed capital (depreciation), interest payments, subsidies and transfers.

Capital Expenditure is a type of expenditure incurred on the acquisition or maintaining fixed capital assets, stock, land or intangible assets. A good example would be building of schools, hospitals or roads. However, it is important to note that much donor-funded "capital" expenditure, though referring to projects, includes spending on non-capital payments.

The cost incurred during an activity can be measured from several perspectives. In the field of economics, cost referred to as the monetary value a firm incur in the process of producing a product or rendering a service. In the field of accounting, cost is usually referred to as money cost. That is, the money expenses incurred by a firm in producing a commodity. Cost in the field of education refers to the cost incurred by the providers of education -which could be the government or private bodies- in the provision of education for members of a nation or community. Besides, the cost of education is a measure of alternative forgone in the acquisition of education. The cost of education measure the price paid by the students and parents (who are the consumers) pay and the cost incurred by the providers of education, which are the government and private bodies.

Kumar (2004) categorised cost into two broad categories, namely private and institutional cost. Private cost refers to financial expenses incurred by the students or parents or both (including relatives, etc.) in a year for acquiring education. Institutional cost on the other hand describes all money spent by the government to educate the citizens. These include the expenditure on books, furniture, equipment, salaries, buildings, etc. Institutional cost refers to the expenditure incurred by the institution or/and government for providing education that is not directly recovered from students. In addition, Ajayi (2011) identified the following types of education cost.

- a) *Capital Cost of Education.* These are cost incurred on fixed items which life span exceeds one year such as building, vehicle, equipment, land purchase, etc. They are durable items that render useful services over a long period of years.
- b) *Current or Recurrent Cost of Education.* They are expenditure on goods and services that bring short lived benefit in the process of educating the students. They are paid on educational input such as such as teaching personnel, non-teaching personnel and materials in the process of educating students.
- c) *Total Cost of Education:* It refers to the cost of all resources used at any particular scale of production. It comprised the variable and fixed cost incurred in education.
- d) *Variable Cost.* These are expenditure on items, which vary with output (that is number of students enrolled). They are also called prime costs because they vary directly in proportion to the number of units produced (that is, number of students enrolled). Such cost include books, uniform, stationery, food, etc.
- e) *Fixed Cost.* This refers to expenditure that do not vary with enrolment levels. Such are incurred irrespective of learners. Rent/expenditure on land and library purchases, construction of buildings, purchase of furniture and equipment and other durable items are examples of fixed cost.
- f) *Unit Cost of Education.* This is the cost expressed in monetary terms of producing or servicing one unit. The unit cost of goods or service represents the ratio between the cost (of production, sales or purchase) of a given quality of goods and services and the quantity of such goods or services expressed as a number of units. In other words, it is the unit costs per pupil can be estimated by dividing the total expenditure of a system or sub-system in a given period by the number of pupil in it. Assuming there are 5,000 students in a School and the total expenditure in the school in a year amounts to =N=5,000,000. Then, to know the unit cost, we divide =N=5,000,000 by 5,000 (students). This will give a unit cost of =N=1,000 per students in the school.

Computation of unit cost of education aids in determining the unit costs per pupil is a useful measure in cost analysis in which one can compare the unit cost of various systems or sub-systems, forecast recurrent and capital expenditure or determine the cost of an educational plan by applying the projected enrolments.

3.9 Bank Statement and Auditing

Bank Statements are documents issued by banks on monthly activities to account holders (or customers) containing transactions on their accounts with the banks. The transactions in the bank statements include cash balance at the beginning of the month, withdrawals, checks paid into the account, service charges, interest earned, and end of the month cash balance, among others. The purpose is to enable finance officers in the organisation to verify and reconcile the bank statements with the actual balance in their cash book. Besides, bank statements enable the account holders to compare the transactions on the bank statement for reconciliation or settling discrepancies. Bank Statement can be provided on paper or through electronic devices. The advent of improved and development of bank applications have given room for flexibility in accessing bank statements. Statement can be view flexibly of a computer system or mobile application with specific dates or dates of interest which can be downloaded at the comfort of the customers.

Schools, either owned by government or private bodies, need to review their raising and spending of money on a regular basis (usually yearly) as determined by the school management board. In addition, the reviews conducted is aimed at monitoring and enhancing the quality of practice learning environment, student support and the assessment of practice. As a result auditing is conducted to determine the degree of adherence to the prescribed criteria and to express opinion thereon. Auditing is an act of conducting an audit.

In general parlance Anichebe (2010) defined auditing as an independent examination of and expression of opinion on the financial statement of an enterprise, by an appointed auditor in pursuance of that appointment and in compliance with any relevant statutory obligation. In educational parlance, auditing means the verification of records kept in the accounting system of an educational institution. Its importance lies in the fact that no financial management is complete without an audit. School auditing is different from auditing in private enterprises or business organisations. The primary aim of business enterprises or business organisations is to maximise profit but that of educational institutions is to enable the individual acquire knowledge and skills for useful living in the society. So the primary objective of auditing in private organisations is to verify the records kept in their account

departments in order to determine their profit or losses or the efficiency of financial managers. That of education institutions is among other things detect fraud and error in financial management.

There are two main types of audit that a school can use. These are internal and external auditing. In internal auditing, the bursary department of a school may engage a person to be in charge of performing the work of auditing and accounting. It involves internal control procedures, a system of checks and balances designed to ensure ongoing accountability by requiring certain members of the organisation to perform a financial audit on an individual or department. Ezeocha (1990) described such audits as continuous and comprise the setting up and carrying out the various internal checks. On the other hand, external audit involves an objective, systematic review of resources and operations, followed by a written or oral report of findings. In external auditing the authorities of the institution engages the services of those outside the institution, normally qualified accounting personnel to verify the records kept in the accounting system of the school independent auditing agencies. It could be done annually, biannually or as required by law or by the policy of the board of education.

4.0 CONCLUSION

This unit looked at important education finance terminologies. Such terms like finance, funds, financial control, payment vouchers, authority to incur expenditure, imprest and cash management were discussed. The terms will certainly help you to be familiar with some of the major issues in financial management to be presented later.

5.0 SUMMARY

You have learned from this Unit that finance entails the allocation and prudent management of funds. Financial Control was seen as the task of keeping expenditure in check and controlling the inflow of revenue, safe guarding assets and ensuring that resources are sufficient to implement plans and policies. In the next unit we will discuss sources of funds for the implementation of educational programmes.

SELF-ASSESSMENT EXERCISE

- i. What is the difference between finance, funds and financial control?
- ii. Explain cash management.
- iii. Distinguish between Authority to incur expenditure and imprest.

6.0 TUTOR-MARKED ASSIGNMENT

1. What is the difference between finance and funds?
2. How can you explain auditing to a lay person?

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UNIT 3 GOVERNMENT SOURCES OF FUNDING EDUCATIONAL PROGRAMMES IN NIGERIA

CONTENTS

- 1.0 Introduction
- 2.0 Intended Learning Outcomes
- 3.0 Contents
 - 3.1 Reasons for grants
 - 3.2 Government Grants
 - 3.3 Grants for tertiary institutions
 - 3.4 Government special Grants Conclusion
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignments
- 7.0 Reference/Further Reading

1.0 INTRODUCTION

This unit discusses government sources of funding educational programmes in Nigeria. It will adduce reasons why government and other agencies and individuals should fund education. It will discuss government grants, government special grants and then present reasons why government should give grants to educational institutions.

2.0 INTENDED LEARNING OUTCOMES

By the end of this unit, you will be able to:

- list the sources from which government funds educational programmes in Nigeria
- explain how government grants can constitute a source of revenue for education.

3.0 MAIN CONTENT

3.1 Reasons for Grants

You need to first ask yourself this question: why do government provide grants to educational institutions? Government need to provide grants to educational institutions to enable them embark on capital projects, such as setting up infrastructure - classroom blocks, hostels or dormitories, staff offices, library buildings, laboratories, and the procurement of books, lab equipment, stationeries. Government also provides grants to

enable staff of institutions to carry out research; to pay staff salaries and allowances and to support special education programmes.

Without government grants, institutions cannot survive. In most cases, institutions cannot spring up or be established. Without government grants the quality of education in our institutions cannot be improved. It has been discovered in recent years that annual budgetary provisions and the payment of fees are not enough to support adequately the provision of qualitative education in the country. Hence, the Federal and State Governments grants.

3.2 Government Grants

You may not have taken time to think about how educational programmes are funded in Nigeria. Perhaps, you think that the fees you pay or paid while on a particular educational programme was sufficient for that programme. You may not realise that government funds different levels of education in the country. Let us start with government grants.

In developed countries, education is majorly supported by government funds raised through internal sources such as tax. But in low-income countries like Nigeria, domestic means of raising revenue is limited insufficient and inconsistent. This to large extent affects the allocation for education in the budget. As a result, other means of funding education is used to augment the education funding. Such means include international donors and the private sector.

Government grants constitute a principal source of funding education. Adesina (1981) stated that grants fall under two categories of capital and recurrent grants. Capital grants refers to the bulk of payment to the school authorities for erection of new buildings, major repairs of old ones and the purchase of hard ware school equipment, e.g. the equipment of science laboratories or the erection of fine art laboratory.

Recurrent grants, according to Ogunu (2000) refers to the expenditure which occurs every year in the budget, such as staff salaries and allowances, purchase of equipment, maintenance of plant, traveling and transport expenses and expenditure on pupils meals and uniforms.

Recurrent expenditure varies from time to time due to some factors such as the amount voted in for education, and the need for effective utilisation.

The practice at the beginning of every financial year is that Federal, State and of recent the Local Government announce the estimate

revenue and expenditure of the year based on projected estimate of the income accruing to them. The actual revenue may be more or less than the initial estimated revenue and this will necessarily affect expenditure. Some state ministries of education and/or their agencies particularly those in the Northern part of Nigeria give grants to secondary schools in their areas of jurisdiction. The grants are used for the payment of teachers' salaries and allowances, the provision of school uniforms, textbooks and instructional materials. However, for most secondary schools in the Eastern part of the country, this is not the case. Rather secondary school principals are permitted to use a percentage of the equipment fee collected by them to run their schools.

3.3 Grants for Tertiary Institution

The question you may ask is: Who provides grants for tertiary institutions? Tertiary institutions in the country get their grants from their co-ordinating agencies. For instance, the National Universities Commission advises the Federal Government on the financial needs of the Universities. The commission receives money in the form of grants on behalf of Universities in Nigeria for disbursements as capita and recurrent grants. It processes funds in volumes of billions of naira every year on behalf of the Nigeria University system.

The National Board for Technical Education, Polytechnics and Colleges of Technology throughout the country. State Ministries of Education are responsible for the funding of their own Polytechnics and Colleges of Technology. For instance, the Institute of Management and Technology, Enugu, Benue State Polytechnic at Ugbokolo and the Abia State Polytechnic, Aba are funded by the respective Enugu, Benue and Abia State Governments, etc.

The National Commission for Colleges of Education, provides capital and recurrent grants to Federal Colleges of Education in the country. The recurrent grants provided are utilised for the payment of staff salaries and allowances, while the capital grants are used in the building of infrastructures, procurement of equipment and other accessories. Here again, we need to mention that some state Ministries of Education are responsible for funding State Colleges of Education. For instance, the Alvan Ikoku College of Education, Owerri, Abia State College of Education, Arochukwu, Rivers State College of Education, Rumu-Olumeni, College of Education, Ankpa are funded by the Imo, Abia, Rivers and Kogi State Governments etc.

It is necessary to mention that in a period of inflation and dwindling economy like we have in Nigeria today, government grants are no

longer in thousands or millions of naira. Rather government grants are now in billions of naira.

Thus, government agents keep changing, but the principles guiding the approval of grants and the methods of disbursement are generally the same. Grants are given where there is evidence of need for them and where there is assurance that the funds provided will be judiciously utilised.

3.4 Government Special Grants

Government special grants have been described as another reasonable source of funding educational programmes in Nigeria (Ogunu, 2000). It is seen as grant or assistance offered by the Federal/State or Local Government authority to deserving schools. Some states were and are still in the fore front in the provision of special grants to secondary and tertiary institutions.

For example, there was a grant for any village community which embark on the establishment of secondary schools through self-help projects in the former Bendel state, now Delta and Edo States of Nigeria. The amount allocated to particular institution vary depending on such factors as the size of the institution, the number of students enrolled and the particular need of the institution.

Government special grants enable the government to improve the quality of education in the self-help schools. Through government special grants, classroom blocks are set up, laboratory equipment are procured. These help in improving teaching and learning processes in schools. Government special grants help in encouraging other communities to embark on similar projects.

4.0 CONCLUSION

In this unit, you have learned that government grants constitute a principal source of funding education in Nigeria. You should have learnt that these grants fall into the categories of current and recurrent grants. It is clear from the unit that grants are needed to provide and support adequately qualitative education in the country.

5.0 SUMMARY

What you have learnt in this unit concerns government sources of funding educational programmes in Nigeria. Government grants and what is called government special grants are considered reasonable sources of funding Educational programmes in Nigeria. The unit that

follow concerns sources of funding educational programmes from non-government sources

SELF-ASSESSMENT EXERCISE

- i. Differentiate between recurrent and capital grants.
- ii. What grants are available for tertiary institutions?

6.0 TUTOR-MARKED ASSIGNMENT

1. Enumerate the sources from which government funds Education.
2. What are government grants?
3. Explain briefly how the National Commission for Colleges of Education is a source of funding.

7.0 REFERENCES/FURTHER READING

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UNIT 4 NON-GOVERNMENT SOURCES OF FUNDING EDUCATIONAL PROGRAMMES IN NIGERIA

CONTENTS

- 1.0 Introduction
- 2.0 Intended Learning Outcomes
- 3.0 Main Content
 - 3.1 Reasons why individuals, communities and organisations should fund education
 - 3.2 School fees
 - 3.3 Proceeds from school activities
 - 3.4 Community Efforts
 - 3.5 Donations from individuals and Charitable
 - 3.6 Organisations Endowment Funds
 - 3.7 External aids
 - 3.8 Petroleum Special Trust Fund
 - 3.9 Education Tax Fund
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 Reference/Further Reading

1.0 INTRODUCTION

This unit discusses non-government sources of funding educational programmes in Nigeria. It will also present reasons why individuals, communities and organisations should fund education.

2.0 LEARNING OUTCOMES

By the end of this unit, you will be able to:

- give reasons why individuals, communities and organisations should fund education.
- list the non-government sources of funds.
- explain briefly how proceeds from school activities and communities can be viable sources of funding educational programmes.

3.0 CONTENT

3.1 Reasons why Individuals, Communities and Organisations should fund Education

In the previous unit, you read about how government grants constitute a principal source of funding education. In this unit, you will see that government grants alone cannot be enough to fund education. Individuals, communities and organisations benefit directly from education and so they should directly share in the burden of financing education. Organisations and companies get their manpower supply from educational institutions and benefit from social amenities and therefore should contribute to the educational development of the country. It is obvious also that government alone cannot effectively fund educational programmes. So other sectors must contribute.

3.2 School Fees

School fees constitute one of the major sources of funds for the Nigerian educational system. School fees include tuition fees, dormitory or hostel fees equipment fees, library fees, studio and laboratory fees, caution deposits and insurance fees. These fees are paid into the account units or bursary departments of various educational institutions. In other words, the bursary of each school and the money so collected is paid into the government accounts.

In government owned secondary schools, the Ministry of Education or the Post Primary School Management Board as the case may be decided on the type of fees to be paid and the amount generally, the fees are the same in all schools. In secondary schools, differences in fees may be due to parent teacher association levies charged. The Parents Teachers Association levies are not the same for all schools. Adesina (1981) observed that school fees continue to play an insignificant role in the Nigerian educational system as a whole. This may be due to the fact that the amount charged are not always enough to pay teachers' salaries, procure school equipment or furniture.

3.3. Proceeds from School Activities

School activities represent another source of funding our educational institutions. They include such activities as sale of school uniforms, sales of students' handicrafts (or handwork as it is generally called), sale of textbooks and stationeries, the staging of school plays and raffles, sale of farm products from school farms.

Some educational institutions organise the sale of handwork and staging- of school plays on a regular basis. During the staging of plays, the parents and guardians of pupils are invited who pay some specified amount to the school for watching such plays. Undergraduates from the department of Music and Theatre Acts also do organise musical concerts and plays from which they raise funds for their departments. Primary school heads do sell handwork products like brooms, baskets, handkerchiefs, fishing nets, etc. in the open market in order to raise funds for their schools.

3.4 Community Efforts

Communities do provide funds for education. They do this indirectly in the sense that they set up school buildings, which is handed over to the government to administer. They also provide desks and chairs and other equipment necessary for effective running of the school. Their efforts are always appreciated by the heads of schools in such locality and the government.

Fund raising activities is a common feature of most communities particularly in the southern parts of the country. In most cases funds are raised through launching ceremonies or during some community festivals. Most fund raising activities are usually very successful because of their political nature and the kinds of people (politicians, businessmen, government officials and industrialists) that are invited.

3.5 Donations from Individuals and Charitable Organisations

Philanthropic individuals and charitable organisations do donate money for the importation of science equipment, provision of relevant instructional materials and construction of classroom blocks in schools. At times, donations are in thousands or millions of naira. It is important to note that some of the donations are made by individuals and organisations from the information they gather on the progress of the school. It is on record that products of some institutions make donations based on their firsthand information concerning the situation of things in the institution. Alumni associations constitute one of the charitable organisations that make donations to schools.

3.6 Endowment Funds

Endowment fund represent money, property, etc. given to a school or an educational institution to help it solve some of its pressing financial problems. Very rich Nigerians, voluntary organisations, commercial or industrial firms and concerns should contribute money by 'ray of

endowment to help increase the revenue of not only the Universities but also primary and secondary schools. Donations and endowments have come to secondary schools and university levels of education by rich Nigerians such as Late Chief Moshood Abiola, Chief Gabriel Igbinedion, Dr M.T. Mbu, just to mention a few.

One note of encouragement as Ekpo (1992) mentioned is that endowment funds are very highly progressive as it depends on the good will of donors. It is also easy to administer. If well planned, it can increase the revenue base of our universities. Endowment funds should be used for capital projects and not on frivolous things. Some notable endowment funds were made to the University of Nigeria, Nsukka. For example, the endowment of a chair in open heart surgery in our College of Medicine by the First Bank of Nigeria PLC. Another one is the endowment of Eze Akanu Ibiam Professional Chair of Business ethics in the Faculty of Business Administration, Enugu Campus, by the Havard Business School Association of Nigeria (HBSAN).

3.7 External Aids

External aids refer to the assistance given to educational institutions by foreign nations or foundations. There are two main forms of external aid to developing countries such as Nigeria, Ghana, Kenya, Tanzania and Ethiopia.

These are supply of school equipment and supply of teachers to teach in various institutions in the country. Aderounmu and Ehiamentalor (1985) reported that after independence, the North American, British and other governments were interested in helping Nigeria develop its manpower resources. Since there were very few qualified teachers at that time to teach in the large number of available secondary schools, American volunteers were sent to meet the exigency of the time. The American Government paid at home the salary of the Peace Corps volunteers while the Nigerian government bore the expenses of their housing and local support.

Within the past twenty years, several agencies like the John F. Kennedy Foundation, the Rockefeller Foundation, and the Ford Foundation all in the United States and the Carnegie Corporation have generously contributed to the educational development of Nigeria. Aids from these agencies have either come in the form of the provision of science and technical equipment or in the establishment and management of model institutions.

Some problems have been identified in external aid. The first of such problems is that aids given to developing countries are inadequate or

insufficient. Also, most of the aids do not improve the conditions for which they are meant. The second problem of external aid is that of over dependence. It has been observed (Adesina, 1981) that it is very destructive for a developing country to depend entirely on external aid for its educational development.

3.8 Petroleum Special Trust Fund (PTF)

The petroleum Trust Fund was established by Decree Number 25 of 1994 by the Federal Government of Nigeria. The fund was set up to function as an autonomous domestic agency capable of intervening intensively in the implementation of social, educational and infrastructural projects. The enabling decree establishing the fund identifies seven key sectors in their need for intervention. These include:

- (a) Roads, road transport and waterways
- (b) Education
- (c) Health
- (d) Food Supply
- (e) Water supply
- (f) Security services
- (g) Other projects.

The Petroleum Trust Fund actually represent income from sale of petroleum products. The fund has a board of trustees which was inaugurated on 21st March, 1995. The board is responsible for receiving all monies from the fund within the first week of every month to the federation account, Nigerian National Petroleum Corporation (NNPC) and to such other beneficiaries as be determined by the head of state from time to time.

As stated earlier, education is one of the sectors approved for intervention by the Petroleum Trust Fund. The following areas in education are of interest to the fund.

- a) Rationalisation and zoning of educational institutions across the sector to satisfy immediate needs and facilitate raising of standards.
- b) Rehabilitation of existing and completion of abandoned infrastructural facilities in educational institutions.
- c) Provision of textbooks, exercise books and all other reading materials by encouraging local production, distribution and re-sale at affordable prices of low priced education through zonal bookstores.

- d) Provision of equipment for workshops, laboratories, libraries and computer centres and institutional strengthening to maintain and sustain their operations.
- e) Strengthening education resource centres to produce local teaching materials and supervise schools.
- f) Strengthening state ministries of Education and local education authorities to enable them carry out effective planning, organisation and management of educational systems.
- g) Encouraging teacher training programmes and returning of teachers across the sector and resuscitation of the inspectorate divisions and strengthening its operations.
- h) Encouraging major studies and preparation of major educational projects for funding by external agencies.
- i) Encouraging communities to participate in the development and management of educational institutions within their localities.
- j) Establishment of facility management systems.

3.9 Education Tax Fund

The Education Tax Fund was introduced by the Federal Government through her education tax Decree Number 7 of 1993. The purpose of the decree is to raise funds for the education sector. The government felt that the private sector benefits from education and so they should directly share in the burden of financing education. The decree establishing the education tax fund provides

- a) that companies are to pay 2% of their profits education fund.
- b) that the fund is to be managed and disbursed by a special tax board of trustees of the Federal Inland Revenue Department.
- c) that the fund would be used to finance the development of houses in the Universities and other educational institutions, procurement of books and library facilities, purchase and maintenance of equipment.
- d) that 50% of the fund would go to tertiary institutions.

Actually the education tax fund is much more interested in the development of universities. For out of 50% of the fund meant for tertiary institutions, 25% is allocated to Universities, while the remaining 25% are shared by Polytechnics and Colleges of Education on pro rata basis. The remaining 50% of the fund goes to primary and post primary institutions.

It has been mentioned above that, the rationale for introduction of the fund is because companies, firms or corporations also benefit from education. In fact, they get their manpower supply from educational

institutions and benefit from social amenities and therefore should contribute to the educational development of the country.

4.0 CONCLUSION

You must have seen that the funding of education is a combined responsibility of communities, rich individuals and philanthropic organisations, foreign nations or agencies, industries, companies or firms. It is clear from this unit that individuals, communities, companies, Firms and industries should contribute to the funding of education because all share in the benefits of education.

5.0 SUMMARY

In this unit, the sources of funds available to educational institutions was seen as including school fees, proceeds from school activities, community efforts, donations from individuals and philanthropic organisations, endowment funds, external aids, petroleum trust fund and education tax fund.

SELF-ASSESSMENT EXERCISE

- i. Explain the reasons why individuals' communities and organisations should fund education in Nigeria.
- ii. What are endowment funds?

6.0 TUTOR MARKED ASSIGNMENT

1. Who should fund education and Why? Discuss
2. Highlight at least 7 various means through which education can be funded.

7.0 REFERENCE/FURTHER READING

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UNIT 5 BONDING AND FUNCTIONAL GROUP CLASSIFICATION

CONTENT

- 1.0 Introduction
- 2.0 Intended Learning Outcomes
- 3.0 Main Content
 - 3.1 Meaning of Taxation
 - 3.2 Reasons for Taxation
 - 3.3 Different types of taxes
 - 3.4 Objectives to Income Tax
 - 3.5 Payment of Taxes by parents
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 Reference/Further Reading

1.0 INTRODUCTION

In this unit, we will present the meaning of taxation, the reasons for taxation, different types of taxes, the objections to income tax and the payment of taxes by parents.

2.0 LEARNING OUTCOMES

By the end of this unit, you will be able to:

- define Taxation
- outline the reasons for taxation
- discuss the objections to income to tax.

3.0 CONTENT

3.1 Meaning of Taxation

Tax is about the most important component of state revenues. Other forms of raising revenues such as fees and contribution are based on specific or restricted economic purposes. Taxes are levied in almost every nation of the world to raise revenue as well as for other several purposes. However, most countries in the world imposes taxes on both income and consumption. Most countries impose taxes on both income and consumption. Income taxes are levied on income from either labour or capital while consumption taxes operate as a levy on expenditure relating to the consumption of goods and services. Tax is defined as a compulsory levy or financial charge imposed on tax payers (which could be individuals or legal entity) as well as on goods and services by

a government in order to provide or fund public expenditure. Thus, taxation is the process of levying tax. In another perspective, taxation is the process by which the government imposes and collect taxes from the income and wealth of individuals and corporate bodies in order to finance its social and regulatory activities. Anyanwu (1997) sees taxation as compulsory payment of money (or occasionally of goods and services) from private individuals, institutions or groups to the government. It could be deduce from these definitions is that taxes represent a major source of revenue to the government and that they can be described as a compulsory payment of money, goods and services by private individuals, civil servants, institutions, groups and companies to the government. Besides, these taxes could serve several other purposes.

3.2 Reasons for Taxation

Though, tax is imposed and collected for the provision of essential services such as pipe borne water, electricity, roads, maintenance of law and order and the administration of justice through the law courts. However, there are several other reasons for the imposition of tax.

A tool for stabilising the Economy: Tax is a vital part of fiscal policy which is used along with monetary policy to stabilise the economy of a nation. Changes in tax could be aimed at having either an expansionary or contractionary effect on the Gross Domestic Product (GDP).

Regulating the Consumption of Commodities/Services: Taxation is used to regulate the production and consumption of certain commodities. The federal and even state governments may impose taxes to regulate and control the production of certain commodities. Considered harmful or injurious to the health of either the worker or the consumer. Examples of such commodities or services include gambling, schnapps, dry gin, cigarettes, tobacco and phosphorus matches.

Protection of Infant Industry: Taxation may be imposed to protect young industries (infant industries) in the country. Infant industries are firms that are in their early stages and cannot withstand competitions particularly from imported good with higher scale of production. Import duties are designed to serve this purpose very well. The taxes are levied on goods imported into the country. For instance, some industries in Nigeria are not very well developed as those overseas and so if import duties are not imposed on imported goods, they will out sell Nigerian industries.

Influencing Economic Activities: Taxes are used to control business and commerce. Government normally impose taxes to influence the form, method and kinds of business. Negative tax, that is, subsidy, is usually adopted to encourage any form of business. This may take the form of

tax reduction in input subsidisation. Example, is fertiliser procurement and distribution in Nigeria.

Controlling Inflation: Taxation is used to curb inflation. Actually inflation arises if the quantity of money in circulation is greater than the available goods and services which money can buy. An increase in taxation without a corresponding increase in government expenditure or a decrease in government expenditure without a decrease in taxation tends to decrease the spendable incomes of the people bringing about a decrease in expenditure or purchasing power of citizens.

Prevention of Dumping: Taxes are used to prevent the dumping of certain commodities. Taxes are imposed to serve as anti-dumping device since there is the tendency for industrialised nations to dump their relative cheap commodities in the developing countries.

Redistribution of Wealth: Taxation is also used to reduce inequality in income direct taxes especially personal income tax. The proportion of tax to be paid could be based on level of income received. Tax imposed could be progressive, regressive or proportional to level of income.

Balance of Payment Adjustment: Taxation is further used to maintain balance in the nation's foreign account. Certain taxes may be imposed to reduce imports and encourage exports such that balance of payments deficits are avoided and a balance maintained therein (Anyanwu, 1997a).

3.3 Different Types of Taxes

Taxes are broad classified under two namely direct and indirect taxes. There are hereunder discussed briefly.

Direct taxes are imposed by the government directly on the individual or taxpayer. A direct tax cannot be shifted or passed on to another person or body by the taxpayer. It is important to notes that direct taxes are computed based on the ability of the taxpayer to pay. Examples of direct tax include

- Income tax (this payable on the aggregate amount of income of taxpayer which involves salaries, wages, fees, allowances and other gains or benefits to an employee),
- Company Income Tax (This profits accruing in, derived from, brought into or received from a trade, business or investment (worldwide income). Also companies paying dividends to its shareholders are first obliged to pay tax on its profits at the company's tax rate.

- **Property Tax:** Property tax or 'house tax' is a local tax on buildings, along with appurtenant land, and imposed on owners. The tax power is vested in the states and it is delegated by law to the local bodies, specifying the valuation method, rate band, and collection procedures.
- **Education Tax.** This is paid on assessable profit (tax-adjusted profit before capital allowances) of all registered companies in Nigeria, undertaking public procurement contracts at all levels of government, viewed as a social obligation to contribute their own quota in developing educational facilities in the country. Moreover, the mandate of the Fund is to Federal and State tertiary educational institutions, specifically for the provision and maintenance of essential physical infrastructure for teaching and learning, Instructional material and equipment, and Research and publication.

Indirect Tax: this is a type of tax that is paid by an individual or corporate body and later shifted partly or entirely to the consumer of the product or service. This type of tax increases the price of good or service because it is shifted by the producer of the good or service. Consequently leading to higher price paid for the good or service. Some of the indirect taxes imposed include:

- **Custom Duties:** These are taxes levied on goods imported into the country. They are sometime regarded as import duties. The effect of these duties is to increase the price of these imported goods into the economy.
- **Exercise Duties:** These are taxes levied on how or locally produced goods.
- **Value Added Tax (VAT).** Is a flat rate of 5% of all invoiced amounts of taxable goods and services but borne by the final consumer, payable upon registering with the Federal Board of Inland Revenue. The scope and coverage of VAT is extremely broad and applies to all imported, supplied or manufactured goods and services in Nigeria, except those that are specifically listed as exempt or zero-rated e.g. exported services, medical and pharmaceuticals products, educational and learning materials and equipment.

3.4 Objections to Income Tax

There are various objections to income tax as a major source of government revenue that such a tax most of the time fall on the recipients of fixed income in government employment under the pay as you earn (PAYE). These recipients of fixed income bear the brunt of inflation as inflationary pressures wipe out the value of their paltry income. Secondly, no special contribution is received by wealthy members of the society. This can discourage hard working individuals particularly when a country adopts a progressive tax where a larger percentage of their income is taxed. Thirdly, since this type of tax fall squarely on the recipients of fixed income, and the peasant workers, it has a disincentive to save. In addition, it reduces the spending of the household and resultantly affect the aggregate demand which could leads to a fall in economic growth. Besides, income tax may be considered unjust to tax hardworking successful individuals so that the government can pay those who do not bother to get a job.

3.5 Payment of Taxes by Parents

By now, you should have known that taxes are regular sources of funding educational institutions in Nigeria. Mgbodile (Ed.) (1986) reported that every government at the beginning of each financial year makes sectorial allocation of tax money to the various public services envisaged for each year, educational institutions or more appropriately put, the education sector receives its own allocation every year in this way. It is pertinent to point out here that the amount of money allocated to the education sector each year solely depends on the revenue accruable to the government. Funds realised from taxes are usually channelled to each school or educational institution through the Federal or State Ministries of Education or their agencies, as the case may be. In Federal Colleges of Education, funds are channelled through the National Commission for Colleges of Education. For Federal Polytechnics, funds are channelled through the National Board for Technical Education, while for Universities, funds are sent through the National Universities Commission.

It is necessary to present or discuss some other forms of taxes as sources of funding educational institutions. One of them is the property tax. Individuals resident in a town or city are taxed on the basis of their property. Such property include motor vehicles, cars, radios, buildings and landed property. Funds raised through this means are allocated to the education sector.

There is also the flat school tax Aderounmu, and Ehiamentalor (1985) had noted that in this system of taxation the inhabitants pay a uniform

rate of tax irrespective of their wealth. Flat school tax actually takes the form of local community levies. The rate is uniform, irrespective of age. The collection of the levies is done by members of the community themselves. At times, officials are appointed to carry out the exercise of collecting the money.

Refusal, inability to pay up usually attracts sanctions through the removal of some valuable property of the defaulters. Such removal of property is designed to force compliance. Government usually encourage individuals to pay the flat school tax.

4.0 CONCLUSION

You must have seen that taxation refers to a compulsory payment of money, goods and services by private individuals, civil servants, institutions, groups and companies to the government. It is clear from this unit that taxation is paid to the government so that the government can raise money for essential services such as the maintenance of law and order, the administration of justice through the law courts, the construction of roads and railways, the provision of health facilities and of course, education.

5.0 SUMMARY

In this unit, taxation was seen as a compulsory payment of money, goods and services by individuals, civil servants, institutions, groups and companies to the government. It was also seen that taxation is imposed for a number of reasons amongst which are the provision of essential services, the control of business and commerce, the protection of young industries in the country, the allocation of resources, the reduction of inequality of income direct taxes, the curbing of inflation and the regulation and control of the production and consumption of certain commodities considered harmful to health.

6.0 TUTOR-MARKED ASSIGNMENT

1. What is taxation?
2. Give five reasons why tax is imposed.
3. What are the objections to income tax?

7.0 REFERENCE/FURTHER READING

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MODULE 2

UNIT 1 INTRODUCTION TO THE BUDGET AND THE BUDGET PROCESS

CONTENTS

- 1.0 Introduction
- 2.0 Intended Learning Outcomes
- 3.0 Content
 - 3.1 Meaning of Taxation
 - 3.2 The Purpose of Budget
 - 3.3 The Importance of a Budget
 - 3.4 The Budget Process
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignments
- 7.0 Reference/Further Reading

1.0 INTRODUCTION

This unit introduces the issue of budgeting. It presents the meaning of a budget, the purpose and importance of a budget.

2.0 INTENDED LEARNING OUTCOMES

By the end of this unit, you will be able to:

- define a budget
- state the purposes of a budget
- discuss the importance of a budget
- explain the budget process.

3.0 MAIN CONTENT

3.1 Meaning of a Budget

You must have heard of a budget. The government announces its budget every year. You must also have been preparing budgets for every expenditure you want to make based on the funds at your disposal. In an educational institution, budgets are planned towards the achievement of the institutions' objectives. However, to what extent have you asked yourself what a budget is?

Generally, budget is a document or statement containing proposed income and expenditure of an organization, state or country usually for

a period of one year. In the field of education, several definitions of budget has been presented by authorities on the subject. Lucas (2013) is a document detailing the projected expenditures for a given period and the proposed means of financing them. It is an estimate of cost, revenues and resources over a specified period, reflecting a reading of financial conditions and goals. Hassan (2011) perceives budget in an educational institution as a formal statement showing the work programme of an institution's anticipated expenditure and revenue for a programme for a definite period, usually one year.

Morphel, Johns and Reller (1974) have on the other hand defined school budget as an educational plan with an estimate of the receipts and expenditures necessary to finance it for a definite period of time. Adesina (1981) had defined a school budget broadly as an outline of the plan for financing the school programme for a given period.

From all the above definitions, we can deduce that the budget is the financial statement of the proposed expenditure and expected revenue of the government, public corporation, or educational institution for a particular period of time. The budget usually covers a period of one year. It shows clearly the expected income and proposed revenue of government or in our case, an educational institution for the coming year. In educational institutions, the budget is prepared by the bursary department or finance office as the case may be. A typical example of a budget is shown below:

S/No	Faculty	Expected Income (=N=)	Proposed Expenditure (=N=)
1	Agriculture	650,000.00	648,000.00
2	Arts	450,000.00	480,000.00
3	Business Administration	550,000.00	535,000.00
4	Education	400,000.00	395,000.00
5	Engineering	750,000.00	760,000.00
6	Physical / Natural Sciences	580,000.00	600,000.00
7	Medicine	1,000,000.00	1,020,000.00
8	Social Science	620,000.00	615,000.00
Total		5,000,000.00	5,053,000.00

A budget has two aspects, namely the Revenue and the Expenditure. The government the company or educational institution as the case may be always tries to balance the two sides, that is, the expected revenue (income) is made equal to the proposed expenditure. Where expenditure is greater than the revenue or income, then there is what is known as budget deficit. A budget surplus is when government revenue (income) is greater than expenditure. That is, the company, an arm of government or educational institution collects more money than when it spends.

3.2 The Purpose of a Budget

The school budget has been described as having many purposes to save both in defining the programmes and activities of the school system in terms of the money to be spent and in terms of money to be derived from diverse sources. Lucas (2013) gave the following purpose of a budget.

1. Provide a forecast of revenues and expenditures which the school council has approved for a given period.
2. Enables the actual financial operation of the school to be measured against the forecast.
3. Establish the cost constraint for a project programme or operation
4. The budget process forces the discussion that will inform choices among various programmes competing for limited available resources.
5. Helps in the coordination of the school's activities by showing in details, statements and estimates of expenditures for the various items for the school system.

In addition, Adesina (1981) lists five purposes of a budget as follows: First, the school budget forecasts the activities, services and programmes, which an appropriate governing council (e.g. Board of Governors) has approved for a given period, usually a one-year period.

Secondly, the budget shows what revenue is to be anticipated and from what sources this is to be derived.

Thirdly, the school budget shows details, statements and estimates of expenditure for various items of the school system as a whole.

Fourthly, the school budget shows what other contributions and pressures on the budget that are anticipated during the financial year, example, the pressure of inflation and how the school intends to raise more money over and above its original budget or how it intends to adjust itself to the situation.

Fifth the school budget must be prepared in such a way that it can be executed by anyone, even from out-side the school system. In this way,

the school budget aids the administration of the school programme in accordance with anticipated financial plan.

3.3 The importance of a Budget

You may at this point begin to think about the importance of a budget. In other words, you should ask yourself why institutions should prepare a budget? Is not there a way that money can be spent without preparing a budget or budgets?

Perhaps, the fundamental importance of a budget is that it controls the financial behaviour of administrators in a school system. In other words, a budget guides the financial management practices of educational administrators, be it in the primary, secondary or tertiary levels of education. Secondly, a budget prevents waste or reckless spending of funds provided for various educational services. The reason is because its implementers are tied to or compelled to follow the approved estimates in expending funds.

Thirdly, a budget attracts the interest and support of tax payers. As Ezeocha (1990) puts it, good budgeting attracts the support of the tax payer whose money is being made use of, and.-whose children are likely to benefit from the budget. For instance, he is likely to approve a budget that is neither ambiguous nor wasteful in its allocation to educational services.

Fourthly, the budget authorizes expenditures. The technical function of the budget in the accounting procedure is to authorize expenditure serving as a basis for accounting control.

Fifthly, the budget helps in analysis. It also serves as a microscope in the analysis of details.

The last point is that the budget aids easy adjustment. For instance, where there are fluctuations in cost items for purchase, the budget aids in easy adjustment.

3.4 The Budget Process

The budget process as acknowledged by Ezeocha (1990) is inevitably a time consuming one. It involves an elaborate working out of all the estimated revenue and expenditure section by section, item by item in greater details. Essentially, the budget process involves the following:

- (a) Careful study of the educational needs of the school and estimation of the revenue that will be necessary to meet these needs.
- (b) Planning and procurement of the necessary revenue to implement the educational programmes agreed upon.
- (c) The determination of the revenue that will be available to execute the educational programmes.
- (d) The determination of the ways to allocate the available revenue in such a manner as to avoid friction, duplication and waste.

4.0 CONCLUSION

In this unit, you have learnt that a budget is the financial statement of the proposed expenditure and expected revenue of the government, public corporation or educational institution for a particular period of time, usually a period of one year. You should have also learnt the purposes and importance of a budget. Without a budget, administrators will spend funds recklessly; the interest and support of tax payers will not be attracted and educational administrators will not have something to guide their financial management practices.

5.0 SUMMARY

A budget is seen as the financial statement of the proposed expenditure and expected revenue of the government or educational institution for a period of one year. Several reasons are given on why there is need for a budget. It forecast the activities, services and programmes which an appropriate governing council or board of Governors has approved for a given period, usually a one-year period. It shows what revenue is to be anticipated and from what sources this is to be derived.

The fundamental importance of a budget, as was seen, is that it controls the financial behaviour of the administrators of a school system. It prevents waste and reckless spending of funds as well as attracts the interest and support of tax payers.

SELF-ASSESSMENT EXERCISE

- i. Explain clearly why you think budgeting is important.
- ii. Describe what a budget process involves.

6.0 TUTOR-MARKED ASSIGNMENT

1. Define budget.
2. State three purposes of a budget.
3. What do you consider to be three importance of a budget?

7.0 REFERENCE/FURTHER READING

Adesina, S. (1981). *Some aspects of School Management*. Ibadan and Abeokuta: Educational Industries Limited.

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UNIT 2 INTRODUCTION TO THE BUDGET AND THE BUDGET PROCESS

CONTENTS

- 1.0 Introduction
- 2.0 Intended Learning Outcomes
- 3.0 Content
 - 3.1 Budget Preparation
 - 3.2 Criticisms of Budget preparation and practices of educational administrators
 - 3.3 Practical Measures to address the problems.
 - 3.4 Administration of the school Budget
 - 3.5 Budget Evaluation
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 Reference/Further Reading

1.0 INTRODUCTION

This unit addresses the issue of budget preparation and administration. It guides you through them plans involved in the provision of the budget, criticisms of budget preparation practices of educational administrators, practical ways to address these criticisms and the administration of the school budget.

2.0 LEARNING OUTCOMES

By the end of this unit, you will be able to:

- identify three major plans involved in the preparation of the budget
- discuss the criticisms of budget preparation practices of educational administrators
- Explain the role of the educational administrator in the administration of the budget.

3.0 CONTENT

3.1 Budget Preparation

One of the questions that you need to ask yourself is who prepares the budget or who should prepare the budget. The first point to note is that the head of the educational institution, the finance officers, the academic

and administrative staff should collect the necessary data that will constitute the income and expenditures of the institution for the financial year. Adesina (1981) identifies three major plans involved in the provision of the budget, namely:

- (a) The education plan, which defines the policies of the school, its programmes and activities as well as other educational services to be carried out.
- (b) The expenditure plans, which translates each educational programme, or service into cost.
- (c) The financial plans, which sets out the means of meeting the cost of educational programmes and services. much broader. For instance, we have programmes like Music, Theatre arts, Fine and applied arts, Mass Communication and Language Studies. In the sciences, we have medicine and Engineering programmes, computer science programmes, Mathematics and Statistics, etc.

Actually, the education plan is the starting point of the entire school budget. In fact, it is on it that the spending and financial plans are based. It is in the educational plan that the reader is informed about the organization of the school system or educational institution, the number of students to be served, the number and kinds of personnel to be employed and the variety of services in the system that have to be served and financed in the next year.

The expenditure plan is another important aspect of the school budget. It is the most technical aspect of budget preparation. The expenditure plan must rely on past experiences and estimates of current cost. Adesina (1981) suggested that the cost of services in the expenditure plan must be based on recognized and prevailing salary schedules, the cost of the equipment, teaching and learning materials, books and other supplies. He also pointed out that the standard of materials and equipment purchased must be checked and be widely acceptable.

Authorities in educational administration and planning including Adesina (1981) Ezeocha (1990) and Ukeje (1992) have warned that the expenditure plan must not be a rigid document. Rather, they insist that it must be prepared in the simplest possible manner. The expenditure plan should normally be prepared in a tabular form showing expenditures by detailed items for the current year, the year proceeding the year in which the budget is made or for one or two years. Adesina (1981) suggests three ways of combating rigidity in the expenditure plan. The first is to set forth additional programmes that are desirable and that are to be carried out as part of the expenditure plan, if funds permit. The second is to make provision for a lump sum for reserve which can be utilized in emergency situations or in the absence of emergencies for

additional programmes. The third is to guard or protect the budgets. In fact the entire process of budget preparation ends with the financial plan. The financial plan shows the income of the school from all sources.

Steps in creating successful Budget

The budget plays a guiding role through the various school activities and towards achieving the objectives of the school. Lucas (2013) identified steps in creating successful budget. The first step to creating a successful budget is the proper maintenance of impress account on monthly basis. Regardless of how little the amount, the school administrator should be able to track down everything spent on monthly basis. The aim is to determine whether the money allocated monthly was spent judiciously or changes that needed to be made in the coming budget.

The second step towards ensuring a successful budget is prioritizing spending because human wants are insatiable. The school administrator is expected to list, in order of priority programmes/activities that demand attention. The next step is to spend within the budget limit of the school. Unplanned and extravagant spending should out rightly be avoided. The fourth step in creating a successful budget involves setting realistic expectations. Besides, budget plan should involve incorporating irregular or unplanned expenses. This is necessary since there are variations in the yearly programmes and activities. The sixth step is to build a monetary safety net. The school administrator should plan and safe for emergencies that could occur in the year.

3.2 Criticisms of Budget Preparation Practices of Educational Administrators.

There are several criticisms of budget preparation in educational institutions, be it secondary level or tertiary. The first criticism is that most educational administrators and planners do not involve their subordinates in budget making or preparation. Rather, this administrator prepare school budgets single-handedly. Such administrators see budget making or preparation as their own special preserve. Few of them particularly secondary school principals, provosts or vice chancellors, who style themselves liberal, all their bursars, finance officers and assistants to participate in budget preparation. One must say here that the practice of not involving other members of staff in budget preparation is obsolete, conservative and undemocratic. In institutions where the heads are undemocratic, we have mistrust, lukewarm attitudes and lack of cooperation by sub-ordinates who always complain that they are not considered as part of the system.

The second criticism of budget preparation practices of educational administrators, policy makers and planners is, that in most cases, they do not take time to study the general needs of their institutions. Some of the needs of educational institutions will include the needs of staff with respect to salaries, housing, vehicle loans and the procurement of teaching materials and equipment. It also includes the needs of various heads of departments or units, the non-academic staff and students. The fact that educational administrators, planners and policy makers do not take time to study the general needs of their institutions implies that some items of need are at times forgotten during the preparation of the budget. When these needs are forgotten, there is every likelihood that such items would be missing in the budget estimates.

The third criticism of budget preparation practices of educational administrators, policy makers and planners is that they do not take time to identify the problems that they are likely to encounter in procuring funds for financing the programmes and services articulated in the budget such problems include the delay in the release of funds by Ministry of Education or its agencies, inadequate funds or bureaucratic bottle necks associated with the release of funds.

The fourth criticism of budget preparation practices of educational administrators, policy makers and planners is that in most cases, budgets are prepared hurriedly such that important issues are ignored or lost sight of. Most educational administrators are always in a hurry prepare and submit estimates of their proposed income and expenditure to the government. Of course, in their hurry, some of them ignore important issues such that what will be spent in the rehabilitation of students hostels or the procurement of science equipment are forgotten.

3.3 Practical Measures to Address the Problems

Some practical problems are hereby proposed to address the problems or the criticisms in the budget preparation practices of educational administrators, policy makers and planners. The first practical measure is that Vice Chancellors of Universities, Rectors of Polytechnics, Provosts of Colleges of Education and Secondary School Principals should allow and encourage their staff to participate in the preparation of their budgets. The obvious advantage is that it removes once and for all the criticism that budget making is the monopoly of a few in the school administrative hierarchy. Indeed, heads of institutions should democratize so as to allow all participate in what happens in their schools.

The second practical measure is that educational administrators, policy makers and planners, bursars and finance officers should first study the general needs of their institutions. They must ask members of their staff to submit to them their needs with respect to possible salary increases, housing and vehicle loans as well as the procurement of science and teaching equipment. Non-academics should also submit to heads of institutions their needs and needs of their jobs. For instance, laboratory technologists should submit the list of science equipment and chemicals needed for their laboratories. Those in the music departments should submit the list of musical equipment like guitars, piano, key boards and xylophones.

The third practical measure is that educational administrators, policy makers and planners should take time to identify the problems that they are likely to encounter in procuring funds for their institutions. In preparing their budgets, they should think about how to overcome the delays in the release of funds and how to solve the problems of inadequate funds to their institutions. They should in fact think about their own sources for generating revenue to supplement government grants. They should always focus on important projects and leave out other ones that may not affect the achievement of the goals set out by the institution.

The fourth practical measure of solving the problems or criticisms of budget preparation practices of educational administrators, policy makers and planners is that budgets should not be prepared hurriedly. Rather educational administrators should take time to prepare their budgets so that important issues are not lost sight of.

3.4 Administration of the School Budget

The administration of the school budget here simply refers to the operation, execution and implementation of the school budget. The very first thing the administrator should do in administering a school budget is to provide himself with the necessary school account books for the purposes of entering both the detailed amount budgeted for, receipts and expenditures.

The second is to provide a double check on the expenditures. In fact, there should be a simple ledger in which expenditures can be entered showing either weekly or monthly balance.

A third important aspect of budget administration include the proper handling of reserve fund set up to handle special needs as they arise. In some budget systems, the switching of funds exists. This means that as long as the appropriation in any given fund is not exceeded, the

administrator may switch charges from one account to another within the coverage of the fund itself. Such switching, as Ezeocha (1990) puts it, provides flexibility and often makes possible the complete spending of appropriations. One must point out however, that care and caution must be exercised here. In budget administration, the administrator is bound to follow the budget, that is, follow the specifications of the budget carefully. Experts in educational administration including Adesina (1981), Ezeocha (1990) and Ukeje (1992) have warned that to charge this except as emergency demand means simply lack of foresight on the part of the administrator. However, as a matter of policy and for the sake of good governance, the administrator of the particular educational institution, be it secondary or tertiary should see that he and his staff adhere to the budget.

In the administration of the budget, the educational administrator or head of school should provide for wind-falls. This simply means that he makes ready for immediate requisition and delivery, special purchase lists so that he can always attract sudden and unexpected funds from other areas. Such funds attracted should always be put to immediate and worthwhile use. In other words, educational administrators should always guarantee that he uses funds so provided within a desired time-limit.

Self-control is very important in budget administration. Ojelabi (1981) cautioned that heads of institutions should not see themselves as money grabbers or ten percenters. In fact, effective administration of school budget calls for self-discipline on the part of the administrator who must make sure that all revenues and expenditures of the school are effectively controlled.

3.5 Budget Evaluation

Educational administrators the world over agree that the extent to which accurate financial forecasts have been made, can be seen when the budget is evaluated. The purpose of budget evaluation is to determine the goodness and badness of the budget, its quality and the extent to which it agrees with actual financial administration. Budget evaluation can either be made by a professional evaluator or by a lay man. But whichever is the case, the success of the budget should be judged by the extent to which its estimates and expenditures agree with the actual amounts received and expended. In the absence of emergencies, a well-prepared budget will agree closely with the actual figures shown in the annual reports.

4.0 CONCLUSION

It should seem obvious to you that in preparing the school budget, it is very important that people within the school who actually operates the educational programme have a large share. The head of the institution, the finance officers, the academic and administrative staff should collect the necessary data that will constitute the income and expenditures of the institution for the financial year. Several criticisms were made about the budget preparation practices of educational administrators and some suggestions made to solve the problems. In the administration of the school budget, the educational administrator should follow the budget and exercise self-control in its administration.

5.0 SUMMARY

In this unit, the preparation of the school budget is seen as a combined responsibility of the head of the institution, the finance officers as well as the academic and administrative staff. In other words, it should be a combined responsibility of all staff in the school system. The administration of the school budget is seen as the operation and execution of the budget. Budget evaluation should be made by a professional evaluator or by a lay man.

SELF-ASSESSMENT EXERCISES

- i. Specify the role that educational administrators play in the preparation of the budget.
- ii. What criticisms are leveled against educational administrators in the preparation of the budget?

6.0 TUTOR-MARKED ASSIGNMENT

1. What are the three major plans involved in the preparation of the school budget?
2. Identify two criticisms often levied against educational administrators in the preparation of the school budget.
3. Explain briefly the role of the educational administrator in the preparation of the school budget.

7.0 REFERENCE/FURTHER READING

Adesina, S. (1981). *Some Aspects of School Management*. Ibadan: Educational Industries Limited.

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UNIT 3 THE PRACTICE OF SCHOOL FINANCE

CONTENTS

- 1.0 Introduction
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 - 3.1 Basic procedures of managing funds in educational institutions
 - 3.2 Forecasting
 - 3.3 Managing the cash flow
 - 3.4 Maintaining Banking
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- 5.0 Summary
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1.0 INTRODUCTION

This unit is concerned with the basic procedures for managing funds in educational institutions. It guides you through a number of management functions which heads of institutions normally carry out to ensure that they manage funds effectively.

2.0 LEARNING OUTCOMES

By the end of this unit, you will be able to:

- describe the various procedures for managing funds at various levels of education.
- explain how institutions maintain banking relations.
- define forecasting as applied to cash management.

3.0 CONTENT

3.1 Basic Procedures of Managing Funds in Educational Institutions.

You need to ask yourself how you manage your salary or the money you get. Do you keep any record or just spend your money the way you like? Do you spend your money the way you like? Do you have a personal cash book? In managing funds in educational institutions, there are number of management functions which heads of the institution normally carry out to ensure that they manage funds effectively. The first is that they keep a record of all funds received, to be spent or spent

in vote books. In vote books, finance officers record all items and amounts of money approved to be expended for every term, semester or year. The book is normally consulted before spending is undertaken. Before salaries are paid or before any payment for any jobs are done, relevant vouchers have to be prepared. A voucher explains the reasons and authority for the expenditure.

In managing funds also, heads of institutions use what is called local purchase order. The local purchase order is used for identifying and authorizing local purchases voted for in the school. It is an agreement made between a school and a supplier certifying that the school is ready to purchase the item at an agreed price. Some examples of items for which an agreement could be made between a school and a supplier could be duplicating papers, foolscap sheets, stationeries, biro pens, ribbons, staplers, files and file tags, office pins, paper clips, etc. There is also the cash books where all transactions are recorded each day.

Heads of institutions should also make use of cheque books. A cheque can be described as a written order directing a bank to pay money to one whose name appears. Journals are very important for heads of educational institutions to record all financial transactions. The journal has to be written daily. It is the first step of the accounting circle in the school. Below is the sample of a journal entry.

Date	Purpose of Expenditure	Amount (=N=)
4/2/2018	50 bags of Cement	25,000.00
3/3/2018	Aluminum roofing sheets	200,000.00
15/5/2018	Stationeries	35,000.00
20/6/2018	Ceiling boards and nails	200,000.00
27/6/2018	Dusters and chalk	159,000.00

In every educational institution, heads use the cash book to record money which is disbursed for official purposes, while in the financial ledgers, they post information provided in the Journals. Actually, the purpose of ledgers is to record the financial transactions of an educational institution as they occur.

It is the duty of every head of institution, be it a Vice-Chancellor, a Rector, a Provost or a Secondary School Principal to give specific instructions to all staff involved in the management of funds in their institutions without specific instructions on how funds will be managed, accounting officers may embezzle funds entrusted into their care.

Every head of an educational institution is interested on how funds allocated to them are managed because they are the chief accounting officers of their institutions. Cash management is concerned with the

utilization of cash flows into and out of the organization, within the organization and the balances held by the organization at a point in time by financing deficit or investing surplus cash. It is made up of four elements, namely, forecasting, mobilizing and maintaining the cash flow, maintaining banking relations, and investing surplus cash.

3.2 Forecasting

A forecast indicates the most likely outcome of a future event based on what is currently known about the circumstances that will influence the event. In the context of cash management, the ultimate objective of a forecast is to guide appropriate and timely management action toward improved control.

When applied to cash management practices, forecasting can be defined as the ability to calculate, predict or plan future events or conditions using current or historical data. In general, forecasts which cover periods of one year are considered short term forecast, while those that extend beyond one year are considered long term forecasts. Forecasts form the basis of a cash budget.

A cash budget monitors how much money will be available for investments, when it will be made available and for how long. A number of factors make it difficult to construct an efficient cash budget for educational institutions. The first is that revenues and expenditures are not always well-coordinated. A significant time lag often occurs between the receipt of funds and their disbursements.

3.3 Managing the Cash Flow

Management involves three basic operations, namely, collection, deposits and disbursement. The techniques used to assemble funds and make them readily available for investment are known as cash mobilisation. The techniques employed to pay money out to the areas where they are needed are known as disbursements. It must be noted that efforts to mobilize cash will not be successful, unless tax payers make prompt payments.

3.4 Maintaining Banking Relations.

The maintenance of good banking relations with banks is an important part of cash management. Educational institutions always operate under strict financial regulations. Government always give instructions about which banks they should operate with and which ones to leave.

You must have heard or noticed that some banks in the country are distressed. Obviously, government cannot ask any of its educational institutions to relate with such banks or those soon to be distressed. It is proper for heads of educational institutions to bank all their allocation in good banks and then withdraw as and when necessary. An institution may have more than one account. It is always advisable to deposit its excess revenue on fixed deposit account, which generates higher interest. Some bank accounts that can be opened and used by schools include:

- (a) Current account of various types.
- (b) Savings accounts.
- (c) Fixed deposit account, where the customer is given a receipt and is only allowed to withdraw the money when the receipt matures.

Educational institutions should not use too many local banks. The reason for this is that it is always difficult to determine how much cash is available on a given day for utilization.

In secondary level educational institutions, the management of funds rests with the principal, who is the chief Executive and chief accounting officer of the school bursar and some accounts clerk. The collection of school fees and issuing of relevant receipts for such fees and issuing of relevant receipts for such fees are usually the responsibility of the bursary (who is delegated this duty by the principal). The bursar also collects parent Teacher Association levies or other levies imposed by the state School Board or Post Primary School Management Board, or Teaching Service Commission as the case may be. The bursar under the supervision of the principal raises a voucher for the payment of staff salaries in his school. The voucher is normally taken to the school board through the zonal offices for proper identification, authentication, certification and authorization before payments are made.

In some states, particularly the northern states of the federation, funds for the management of secondary schools are released by the various school boards or State Ministries of Education as the case may be. In Enugu State Secondary Schools, principals are authorized to use a certain percentage of the equipment fees collected by them for running their schools. Some schools do however supplement with funds realized from the sales of farm products, sports activities, raffle and lottery draws.

The next stage, after the receipt of funds by secondary school principals is the expenditure of funds. The procedure of expending school funds is referred to as the implementation stage of the budget. In practice, this is the implementation of planned school programmes. Such programmes

include the erection of classroom blocks, procurement of stationeries, acquisition of instructional materials, etc.

The Ministry of Education, the State School Board, the State Education Commission or the Post Primary Schools Management Board as the case may be usually issue specific instructions with regard to spending and accounting for funds. For instance, funds released by the Ministry of Education or School Board for procurement of sports equipment. The Ministry of Education or School Board also gives guidance to principals and their bursars on how much they can spend within the usual procedure on a particular time.

The instructions also compel them to obtain or approve authority for spending on items. Also, all expenditures incurred should be recorded in an acceptable manner. Secondary school principals are expected to seek written authority from the Ministry of Education or the Governing Body where the need for expenses arises contrary to the approved budget.

4.0 CONCLUSION

You must have learnt from this unit that it is the responsibility of every head of an educational institution to ensure that he or she manages funds effectively. The only way he or she can manage funds effectively is by ensuring that he or she is guided by the basic procedures for the management of funds. It is important that heads of educational institutions understand the use and functions of the voucher. Cash books, journals, and vote books. They should also maintain good banking relations.

5.0 SUMMARY

In this unit, we highlighted a number of management functions, which heads of institutions normally carry out to ensure that they manage funds effectively. These include recording all funds received, using payment vouchers, local purchase orders, journals and cheque books. You ought to have noticed that the maintenance of good banking relations is an important part of cash management.

SELF-ASSESSMENT EXERCISE

- i. Explain the ways in which school heads manage the funds in their schools.
- ii. What is a cheque?

6.0 TUTOR MARKED ASSIGNMENT

1. Explain the major difference between vouchers, vote books, cheque books and journals.
2. How should secondary school principal manage funds in their schools?

7.0 REFERENCE/FURTHER READING

Ogbonnaya, N. I. (2000). *Foundations of Education Finance*. Onitsha: Cape International Publishers.

UNIT 4 CLASSIFICATION OF EDUCATIONAL EXPENDITURE AND AUDITING OF SECONDARY SCHOOL ACCOUNTS

CONTENTS

- 1.0 Introduction
- 2.0 Learning Outcomes
- 3.0 Content
 - 3.1 Meaning of Educational Expenditure
 - 3.2 Types of Educational Expenditure
 - 3.3 Levels of Educational Expenditure
 - 3.4 Functions of Educational Expenditure
 - 3.5 Accounting for Funds in Secondary Schools
 - 3.6 Auditing of Secondary School Accounts
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Reference/Further Reading
- 7.0 Tutor - Marked Assignment

1.0 INTRODUCTION

This unit is concerned with the classification of educational expenditure by types and levels as well as the auditing of secondary school accounts. It guides you through the meaning of educational expenditure, types and levels of expenditure, the functions of educational expenditure and the ways in which school funds are accounted for.

2.0 LEARNING OUTCOMES

At the end of this unit, you should be able to:

- define educational expenditure.
- classify the different types of educational expenditure.
- discuss various levels of expenditure.
- state the functions of educational expenditure.
- explain how principals account for funds in their schools.

3.0 CONTENT

3.1 Meaning of Educational Expenditure

You spend money in the up-keep of your family. For instance, you spend money on food, clothing, house rent, electricity and water bills. This can be described as family expenditure. You may not have thought

of educational expenditure. Actually, educational expenditure simply refers to the action of spending money in providing goods and services for educational programmes. It includes money spend on salaries and allowances of teaching and non-teaching staff, textbooks, instructional materials, scholarships, and grants for studying in the country or abroad, maintenance of buildings and equipment, and the money spent on welfare services (hostels, canteens, transportation and boarding facilities). It also includes expenditure made on the purchase and development of lands, school buildings, classrooms, laboratories and fixed equipment, halls of residence or hostels.

3.2 Types of Educational Expenditure

One way of classifying educational expenditure is to do so from the sources of funding educational establishments. Under this approach, educational expenditure can be classified as expenditure from public funds (public educational expenditure) and that from private funds (private educational expenditure). However, under the recognize United Nations Educational Scientific and Cultural Organization (UNESCO) classification, educational expenditure can be broken down into two broad types. These are recurrent and capital expenditures. Recurrent expenditures can simply be classified as expenditure incurred on personnel, consumable supplies, repairs, maintenance and refurbishing during a given financial year. It is sometimes referred to as operating costs. Recurrent expenditure normally takes the largest share of the gross or total expenditure for a particular year. Capital expenditures can be described as expenditures on capital projects such as purchase and development of land (school sites), school buildings, classrooms, laboratories, hostels fixed equipment and other durable instructional equipment and machinery, etc. It however excludes the cost of their maintenance.

3.3 Levels of Educational Expenditure

Let us now look at the levels of educational expenditure. In order words, let us ask ourselves how educational expenditure is classified. Classification of educational expenditure by levels refers to expenditure at the different levels of education. Coombs and Hallack (1972) in their research project report for UNESCO/IIEP, identified four levels of education on which expenditures are made. These include primary education and secondary education, comprising:

- (a) General secondary.
- (b) Specialized secondary education (vocational and technical).
- (c) Skilled workers training schools (industrial, agricultural and commercial leading to certificate of vocational aptitude).
- (d) Other levels include Higher education which has three types, namely:
 - a. Advanced technical (Polytechnics) and specialized schools.
 - b. Teacher training colleges.
 - c. Universities and adult education in the form of evening classes and correspondence.

Agreeing with the above classification Adesina and Johnson (1980) reported that "the third national development plan has indicated staggering figures for educational expenditure and increased federal financial involvement in nearly all the levels of education. These levels according to them include primary education, secondary education including technical and vocational schools, teacher training colleges and universities. The plan shows that the Federal Government contribution was 99.64 percent for primary education level, 53.14 for secondary education level, 100 percent for teacher training and 82.95 for the universities.

It can therefore, be concluded from all the above that classification of expenditure in Nigeria by level of education will include primary, secondary, technical, teacher training, university and other sundry educational level. These other levels embrace other tertiary institutions (apart from the university) and adult education.

3.4 Functions of Educational Expenditure

Having looked at the levels of educational expenditure, it is now proper for us to begin to look at the functions of educational expenditure. Actually, education expenditure serves a number of purposes or, functions in educational institutions. These functions, according to Hallack (1969) include:

- a) Meeting the direct costs of the institutions which consists of recurrent expenditure on personnel and materials. Educational expenditure allows payment of salaries of academic and non-academic staff of educational institutions with their fringe benefits and other allowances (salary costs alone account for more than 60 percent of its recurrent cost in most than 60 percent of its recurrent costs in most educational establishments of most countries. Educational expenditure also enables payment to be made for provision of infrastructural facilities as well as the

- acquisition of the required instructional materials and supplies, and payments for maintenance.
- b) Carrying out payment on indirect costs of education: These indirect costs are estimated on general management overheads and common services and other costs which may be difficult to assign. All these are known as administrative costs.
 - c) Making payment for the costs of Encouraging School Attendance: These costs are sometimes variously referred to as intervention costs; transfer costs or social costs. These costs include payments for the provision of canteens, boarding facilities, transport and scholarship.

Educational expenditures may also be useful as instruments for analyzing the financial aspects of education and as parameters for projecting the trend of education systems. Hallak (1969) referred the former as diagnosis, and to the latter as "prognosis".

3.5 Accounting for Funds in Secondary Schools

Accounting for school funds involves checking to ensure that the order to pay is legal, that payment is effected and recorded in the general financial accounts covering all money spent in accordance with the budget (Federal Ministry of Education and Youth Development, 1993). This is entirely the responsibility of the principal who is assisted by the Bursar and accounts clerks.

The basic accounting processes include the preparation of financial statements such as income statements, balance sheets, reconciliation statement and flow of funds statements. It also includes the analysis and preparation of financial statements to arrive at hidden facts and draw corresponding conclusions; the preparation of comprehensive financial reports and the rendering of financial advice on decisions to be made in the light of the conclusions reached.

The duty of the secondary school principal as the financial officer of the school is to initiate plans for the Board of Governors or the Parent Teacher Association (PTA) to adopt. He is at the centre of the school financial plan and therefore needs to help those with whom he works to formulate proper plans.

Secondary schools, especially government owned ones are primarily concerned with two audiences in the accounting of their activities. The first audience is the government represented by the Ministry of Education or the State School Board as the case may be.

State School Board is mainly interested in the accounting for school fees.

The second audience is the Parent Teacher Association (PTA), which concerns itself with accounting for development fees and levies.

The usual practice is to record collections from each class separately from others. The record of the collections is made daily, weekly or monthly and then posted to the cash book. Aseehemie (1995) stated that the register may be aptly called a school fees journal. A second register kept with regard to school fees show the amount of collections paid to the school board or Ministry of Education as the case may be. The format of this register is represented as follows:

S/N	Name of Student	Receipt Number	Amount (=N=)
1	Samuel Nwankwo	033110 - 001	650.00
2	Inyang Eteng	033110 - 002	650.00
3	Abubakir Ismaila	033110 - -003	650.00
4	Paul Omale	033110 - 004	650.00
5	Mohammed Audu	033110 - 005	650.00
6	Nelson Ozoemena	033110 - 006	650.00

This second register of fees is necessary only if students do not pay fees directly into the government school fees account. Where a bank is located close to a school, students are normally required to pay their school fees into a special government account. But where the school authorities collect fees directly from students, a certain percentage for imprest is deducted from the collections made and the balance only paid to the government. Where school fees are paid directly into government account, a stamped copy of the bank teller is taken to the school accounting officer as evidence of payment. It is on the basis of this that receipt may be issued and the school fees journal drawn up.

3.6 Auditing of Secondary School Accounts

We defined auditing as the verification of records kept in the accounting system of an educational institution. Its importance, as we mentioned, lies in the fact that no financial management would be complete without an audit. It is the final stage in the process of managing school fund. Auditing has some objectives to achieve. Its main objective is to enable auditors to form opinions on the accuracy of the financial statement produced by the school for a given period. It also helps the school board to improve the school accounting system. Auditing helps to detect to prevent errors. It therefore improves the competencies of the school head in financial management.

Auditing of school accounts must be done with reasonable care and skill. In fact, the school auditor must be professionally trained and qualified. He must have an independent mental attitude about the school. He must have good personal qualities.

There is what is called internal auditing of the school account. An internal auditor is an employee of the school. For example, in some states, we have an accounting officer who is responsible for auditing school accounts. His main role is to ensure efficiency in the day to day management of school finances. The internal auditor is interested in finding out whether all financial transactions of the school have taken place according to the budget and according to set procedures.

There is also external auditing. External auditors give an independent report of the financial performance of the school in accordance with the terms of contract agreed with the school. The focus of external auditing is to establish the truth and to ensure fairness in the account.

4.0 CONCLUSION

You must have seen that one way of classifying educational expenditure is to do so from the sources of funding educational institutions and that under this approach, educational expenditure is classified under public and private educational expenditure. Educational expenditure, as you noticed, is classified according to the different levels of education. The functions of educational expenditure include meeting the direct costs of the institutions, carrying out payments on indirect cost of education and making payments for the costs of encouraging school attendance. The basic accounting procedure in secondary schools include preparation of financial statements such as income statements, balance sheets, reconciliation statement and flow of fund statements.

5.0 SUMMARY

In this unit, we highlighted a number of management functions which heads of institutions normally carry out to ensure that they manage funds effectively. These include recording collections from each class separate from others and auditing their accounts. We also saw there are various levels and types of expenditure in schools or educational institutions.

SELF-ASSESSMENT EXERCISE

- i. What is educational expenditure?
- ii. How can educational expenditure be classified?

Educational expenditure simply refers to the actions of spending money in providing goods and services for education. It includes money spent on salaries and allowances of teaching and non-teaching staff, textbooks, instructional materials, scholarships, maintenance of buildings and equipment and the money spent on welfare services. It also includes expenditure made on the purchase and development of lands, school building, classrooms, laboratories and fixed equipment and halls of residence. Educational Expenditure can be classified under:

1. General Secondary
2. Specialized secondary education (vocational and technical)
3. Skilled workers training schools
4. Advanced technical (Polytechnics) and specialized schools
5. Teacher training colleges
6. Universities, and adult education in the form of evening classes and correspondence.

6.0 TUTOR MARKED ASSIGNMENT

1. How can educational expenditure be classified?
2. In what ways can secondary school principals audit the accounts of their schools?

7.0 REFERENCES/FURTHER READING

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UNIT 5 FINANCE AND PAYROLL ADMINISTRATION

CONTENTS

- 1.0 Introduction
- 2.0 Intended Learning Outcomes
- 3.0 Content
 - 3.1 Meaning of payroll
 - 3.2 Types of payroll
 - 3.3 Responsibility for payroll
 - 3.4 Importance of payroll procedures on personnel administration
 - 3.5 Payroll procedures in secondary schools
 - 3.6 The Effect of payroll procedure on personnel relations and efficiency
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 Reference/Further Reading

1.0 INTRODUCTION

This unit discusses finance and payroll administration. It guides you through the meaning and types of payroll, responsibility for payroll, importance of payroll records on personnel administration and the effect of payroll procedures on personnel administration and efficiency.

2.0 LEARNING OUTCOMES

By the end of this unit, you will be able to:

- define payroll
- describe types of payroll
- discuss the payroll procedures in secondary schools.

3.0 CONTENT

3.1 Meaning of Payroll

As a worker you must be pay rolled before salaries are paid. But it has not occurred to many people to ask the question, "what is a pay roll? Payroll can be defined as a list of individual employees entitled to pay, with the amount due for each personnel and the services rendered. A typical example of a payroll for a secondary school is shown below.

Table 3.1:

S/No.	Name of Employee	Amount Due	Services Rendered
1	Umeh, Paul N.	55,000.00	Principal and Chief Executive
2	Okonkwo, Silas C.	48,000.00	Vice Principal
3	Ayibo, Grace I.	41,000.00	Dean of Studies
4	Mohammed, Lawal	40,000.00	Mathematics Mas
5	Adekunle Ojelabi	38,000.00	English Master
6	Inyang Ekpenyong	36,000.00	Economics Master
7	Jegede Peter	34,000.00	Geography Master
8	Yusuf Ismaila	33,000.00	Yoruba Master
9	Adesina Adenyi	33,000.00	Hausa Master
10	Okebukola, Philip	30,924.00	Physics Master
11	Ogbonnaya, Sampson	30,100.00	Chemistry Master
12	Olarewaju, Simon	30,050.00	Biology Master
13	Okoro, Johnson	15,000.00	Lab. Assistant

In educational institutions, pay roll is the list of staff (both academic and non-academic) employed by the School Board, Ministry of Education, College of Education, Polytechnics and Universities and the amount of money to be paid to each of them. Payroll is usually the responsibility of the bursary or accounts department of educational institutions. Payroll is different from pay slip in that pay slip is a piece of paper given to an employee showing how much he or she has been paid and how much tax, insurance, etc. has been deducted.

3.2 Types of Payroll

Government payments are of two types: The first is regular payments for services rendered which are processed on payrolls. The second concerns all other services, purchases, orders, contracts including invoices or claims. Of these two, the most important is the first.

3.3 Responsibility for Payroll

The administration of school payrolls is the responsibility of the State School Boards, the State Education Commission, Secondary Education Management Board or the Post Primary Schools Management Board, as the case may be. Schools do payroll their staff, but the payroll sheets or documents are normally taken to the school boards for clearance before salaries are paid.

Secondary school principals do not do payroll computations. Rather, this job is the responsibility of school bursars, who are of course under the direct supervision of the principals.

In some states, the person who prepares the payroll is called the payroll clerk. The following pieces of information are normally found in the payroll voucher.

- a) Name of Staff
- b) Present Salary Scale/Level.
- c) Amount to be paid or paid in cash.
- d) Signature or comments of the Principal.

There are no variations in payroll procedures of state or a school system. The work of the bursar, the accounts officer, or the officer handling the payroll is throughout closely related to that carried on in the personnel office, accounting office and by person or persons responsible for the budget. To many teachers, the most important points in their employment with the school board are their salaries and allowances, the number and size of periodic payments and the pay calendar.

The State School Board or the Secondary Education Management Board as the case may be or the officer in charge of teachers' salaries should therefore be very mindful of the functioning of the payroll procedures. They should at all times ensure that salary payments correspond exactly to the amounts prescribed in the salary schedules, that the time schedule is observed and that no credits are given for services not rendered.

3.4 Importance of Payroll Procedures on Personnel Administration

The payroll document is an important public record. It is because of this fact that the document should be carefully preserved among the school's various finance records. It shows exactly the amount of money spent on salaries in a particular educational level like the secondary school.

A second importance of payroll records furnishes other educational institutions, companies with information concerning those who have left their services. For instance, the information they gather from payroll records enables them to actually determine where to place a staff who is transferring or seeking new employment elsewhere.

Thirdly, the payroll gives valid and reliable information to the employer with regard to how the amount of money to be spent on one sector or area will affect another. For instance, the payroll tries to give

information to employers on whether the salaries to be paid to their staff will affect capital expenditures of any given year.

Finally, the payroll is subject to audit and in reference for many years in the future.

3.5 Payroll Procedures in Secondary Schools

There are six procedures that characterize payroll in secondary schools. These include

- (d) Maintenance of continuing payrolls or the creation of new ones.
- (e) Gathering evidence of service of employees, that is, time keeping.
- (f) Office procedures or the preparation of payroll documents.
- (g) Delivering payments to employees or methods of payments.
- (h) Sending the payroll to the accountant or accounts office in the form of cost distribution.
- (i) Preparation of reports based directly on the payroll.

Maintenance of Continuing Payroll or the Creation of a New One

In establishing payroll procedures, the revision or confirmation of the preceding payroll or the creation of a new one is the first step in payroll administration. For each pay period, the names of the academic or non-academic staff whose services may be legally compensated are listed accurately on the payment voucher.

Sometimes the operation requires only the exact reproduction of the names on the previous payroll. Sometimes, it requires that new names be added, for instance staff who are coming into service for the first time or those on transfer. Sometimes, it requires that some names be dropped. There are times when an entirely new payroll is prepared.

Gathering Evidence of Service or Time-Keeping

Gathering evidence of service is the second of the six provisions which constitute payroll procedures. It simply refers to evidence of service rendered by academic or non-academic staff. Of course, there must be evidence of service before an employee is paid. The gathering or preparation of this evidence of service is known as time keeping. Although the method employed in time keeping for teachers differ from those used in checking the services of non-teaching personnel, they should be carefully set up and followed. Both methods should produce evidence of service rendered by the worker.

Secondary school principals and their bursars should be able to defend themselves against charges of payroll padding by always having at hand evidence of service or absence by their staff. If a time book is used as record of service, the pay roll from which it is derived may be a secondary record in such a situation, the time book, as record of original entry is specially valuable as proof of service of academic and non-academic staff.

School or departmental responsibility is in the area of time-keeping. This embraces accurate recording and reporting of attendance, clearly stating reasons for absence, and allocation of substitution service to the proper vacancy. A School principal may also have certain responsibilities as pay master. All persons serving in individual schools or department payrolls should have their names checked off, day by day. For supervisors, administrators and those on special assignment, a weekly time report is preferred to a semimonthly or monthly reports.

Office Procedures or Preparation of Payroll documents

Payroll preparation is the core operation in the entire payroll procedures. After the time report or time book has been prepared and checked, the payroll preparations proper begins. In this single operation, as now generally performed, perhaps, either mechanically or manually, depending on the school size, four forms are prepared simultaneously, These forms are:

- (a) The employees salary cheque
- (b) The employees remittance advice.
- (c) The individual's earning ledger.
- (d) The payroll journal in as many copies as possible.

It is important to note that the preparation of the payroll is not one that can be hurried over or slighted, rather it should be an orderly, clearly defined and carefully scheduled operation. The reason is because finance officers are bound to make mistakes when they hurry over the preparation of payroll.

Delivering payments by employees or methods of payments:

This involves payment by cheques. It is customary to pay by cheques through the bank system. The hazards of payroll robbery or individual loss are far less in the use of cheques than in any system of paying by cash. In scheduling the delivery of cheques, the convenience of employees is an important consideration. In fact, cheques should be sent by bursars of schools to the individual accounts of the teachers and the non-teaching staff.

Transmitting the Payroll to the Account or Accounting Officer in the Form of Cost Distribution

Payrolls are tied in with cost accounts and budgetary controls. Sub-totals of expenditure, for different types of services, can be readily posted in the expenditure distribution ledger or record picked up for key punching. The headings to be entered may include for teachers, cost of instruction allowances.

Preparation of Reports based directly on the Payroll

The sixth operation, which constitutes part of the payroll procedures, is the preparation of reports based directly on the payroll. The importance and volume of work in report preparation has increased in the last two decades. They are income tax, social security and retirement reports to be made and the individual reports to be prepared. After the payroll has been rechecked and all subsidiary accounts have been reconciled, it is in shape for post-audit. Payroll must come under audit.

3.6 The Effect of Payroll Procedures on Personnel Relations and Efficiency

Payroll procedures affect personnel relations and efficiency. For instance, the time and method of paying salaries affect goodwill. The inclusion or exclusion of allowances affects teachers' morale and efficiency and may have economic consequences for the teacher. For example, leave allowances which are non-taxable will affect teachers' morale and efficiency. The same is true of sick or hospital allowance. The bursar, finance officer or payroll staff, can by their attitude and by the efficiency of their operation contribute greatly to strong personnel relations. For instance, the following practices may favourably or unfavourably affect morale by their presence or absence:

- a) A willingness or acceptance of the bursar or payroll officer to recompute Mallam Sani Mohammed's salary on request.
- b) A willingness to make payroll deductions.
- c) A willingness to explain interpretations on the salary table resulting in deductions or providing for allowances.
- d) A willingness to meet special situations by making salary cheques, depositing salary cheques in banks or carrying them for special delivery.
- e) A willingness to assist in the preparation of all required forms, and to acknowledge signatures.
- f) A willingness to go to the homes of staff or to hospitals to assist those faced with multiple choices at the time of retirement as well as rendering the same service in the office.

- g) A willingness to observe the employee's choice of spelling of names in writing cheques if consistent with other local records. The bursars department or accounts office should always give good or convincing reasons why the salaries of some staff are deducted. They should follow laid down standards in the preparation of payrolls of teachers' salaries. Ranks of staff or their positions should be well defined and classified.

4.0 CONCLUSION

You must have learnt that the payroll is a very important document since it is the list of staff (both academics and non-academics) employed by the School Board, or Ministry of Education and the amount to be paid to each of them. We can see that the administration of school payrolls is the responsibility of the State School Boards, the Secondary Education Management Boards or the Post Primary School Management Board as the case may be. Since the payroll is an important record, it should be carefully preserved among the school financial records.

5.0 SUMMARY

In this unit, payroll was seen as a list of employees entitled to pay, with the amount due for each personnel and the services rendered. It was noted that schools do payroll of their staff but that the payroll sheets or documents are normally taken to the school board for clearance before salaries are paid. Six payroll procedures that characterize payroll in every institution was comprehensively discussed. This was followed by the effect of payroll procedures on personnel relations and efficiency.

SELF-ASSESSMENT EXERCISES

- i. What is a payroll?
- ii. Who has responsibility for payroll in secondary schools?

6.0 TUTOR-MARKED ASSIGNMENT

1. Distinguish between a payroll and a pay sheet.
2. Discuss the importance of payroll records on personnel administration.

7.0 REFERENCES/FURTHER READING

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MODULE 3

UNIT 1 ROLE OF GOVERNMENT MINISTRIES IN THE FUNDING OF EDUCATIONAL PROGRAMMES IN NIGERIA

CONTENTS

- 1.0 Introduction
- 2.0 Intended Learning Outcomes
- 3.0 Main Content
 - 3.1 Organization of the Federal Ministry of Education
 - 3.2 General Functions of the Federal Ministry of Education
 - 3.3 The Role of the Federal Ministry of Education in the Funding of Education
 - 3.4 The State Ministries of Education
 - 3.5 General Functions of the State Ministries of Education
 - 3.6 The Role of the State Ministries of Education in the Education
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1.0 INTRODUCTION

This unit discusses the roles of government ministries in the funding of educational programmes in Nigeria. The role of the Federal and State ministries of education, the state primary education boards and the local government education authorities are presented and discussed.

2.0 INTENDED LEARNING OUTCOMES

By the end of this unit, you will be able to:

- a) discuss the role of the federal ministry of education in the funding of education
- b) state the function of the state ministries of education in the funding of education.

3.0 MAIN CONTENT

3.1 Organization of the Federal Ministry of Education

You are familiar with the Federal Ministry of Education. You also know that the ministry was transferred from Lagos to Abuja, the new Federal Capital. You should also know that this Ministry is the organ responsible for the administration, financing and control of education at the Federal level.

Actually, the ministry is headed by a Minister for Education. The minister is normally appointed by the President and approved by the Senate of the National Assembly in a democratic regime. The Minister has professional educational administrators and planners as well as civil servants under him. The Federal Ministry of Education has a Permanent Secretary who is directly under the minister. The permanent secretary in consultation and cooperation with the Minister of Education controls education at the Federal level. The organizational chart of the Federal Ministry of Education is shown in Figure 1.1.

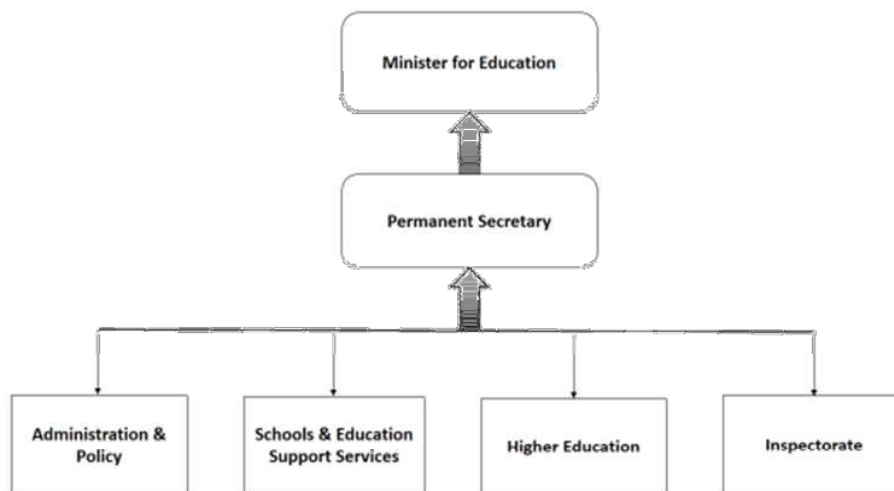


Figure 1.1: Organogram of Federal Ministry of Education

The Federal Ministry of Education has eight different departments, namely,

1. Personnel Management
2. Financial Management
3. Planning, Research and Statistics
4. Primary and Secondary Education
5. Post-Secondary and Higher Education
6. Technology and Science Education

7. The Inspectorate of Education
8. Education Support Services.

Several agencies are under the Federal Ministry of Education. These include:

- (1) The National Council of Education (NCE)
- (2) The Joint Consultative Committee on Education (JCC)
- (3) The Nigerian Educational Research and Development Council (NERDC)
- (4) The National Teachers Institute (NTI)
- (5) Joint Admissions and Matriculation Board (JAMB)
- (6) The National Universities Commission (NUC)
- (7) The National Board for Technical Education (NBTE)
- (8) The National Commission for Colleges of Education. (NCCE).

3.2 General Functions of the Federal Ministry of Education

The first major role of the Federal Ministry of Education is the determination and formulation of National policy on Education. Ukeje, Akabogu and Ndu (1992) stated that the Federal Government should lay down broad general educational policies covering such issues as:

1. The National Objectives of Education
2. The equalisation of educational opportunities
3. Management and Control of Educational Institutions.

Curriculum Principles

The Federal Ministry of Education collects and collates data for purpose of educational planning research and publication. The planning units of the Federal Ministry of Education collects, collates and interprets periodically educational statistical data needed for realistic forecast and planning. There is continuous dissemination of educational information through the country in the form of statistical digest, newsletter, pamphlets and periodicals.

Thirdly, the Federal Ministry of Education also ensures quality control. The ministry formulates general guidelines aimed at the maintenance of educational standards.

Fourthly, the Federal Ministry of Education develops curricular and syllabuses at the national level in conjunction with other bodies. The Federal Ministry of Education also provides advisory and consultancy service to school systems, state Education Boards and other

interested organizations requiring educational information and/or needing help of one sort or another.

Sixthly, the Ministry is also responsible for the coordination of external aid in education in Nigeria. The Federal Ministry of Education encourages and promotes education for national unity through the establishment of its own secondary schools known as unity schools.

The Federal Ministry of Education coordinates National School Examinations and relevant Teacher Examinations. It coordinates Adult, non- formal, and correspondence education. It also encourages international co- operation in education.

3.3 The Role of the Federal Ministry of Education in the Funding of Education

The Federal Ministry of Education finances fully all Federal Universities, Polytechnics and Colleges of Education. It provides grants to the National Universities Commission for disbursement to universities. It also provides grants to Federal Polytechnics and Federal Colleges of Education through the National Board for Technical Education and the National Commission for Colleges of Education respectively.

The Federal Ministry of Education also provides some matching grants for State Polytechnics and only provides bursary award to students of state colleges of education. The Federal Ministry of Education also funds Federal unity secondary schools popularly called Federal Government Colleges. It established these institutions in the states, employs teachers, provide basic infrastructures and teaching equipment. The ministry renders direct services to these colleges. Such services include provision of buses, libraries, books and medical services.

The Federal Ministry of Education also funds some special agencies and institutions under it. These are the Nigerian Education Research and Development Council, the National Teachers' Institute, the Joint Admissions and Matriculation Board, the National Universities Commission, the National Board for Technical Education Board for Technical Education and the National Commission for Colleges of Education.

3.4 The State Ministries of Education

The Federal Republic of Nigeria has a 36 state structure and Abuja. All these states have their respective Ministries of Education. The State Ministries of Education are the organs responsible for the administration, control and funding of education in the states. Each

State Ministry of Education is headed by a commissioner for Education. The commissioner is normally appointed by the state governor and approved by the state House of Assembly. The second person in rank to the commission is the permanent secretary. Under whom is a group of civil servants who manage the affairs of the various divisions sections and units of the Ministry.

The State Ministries of Education has some statutory management agencies under them. These include the Secondary Education Management Board (SEMB), the State Education Commission (SEC), the Teaching Service Commission (TSC) or the Post Primary School Management Board.

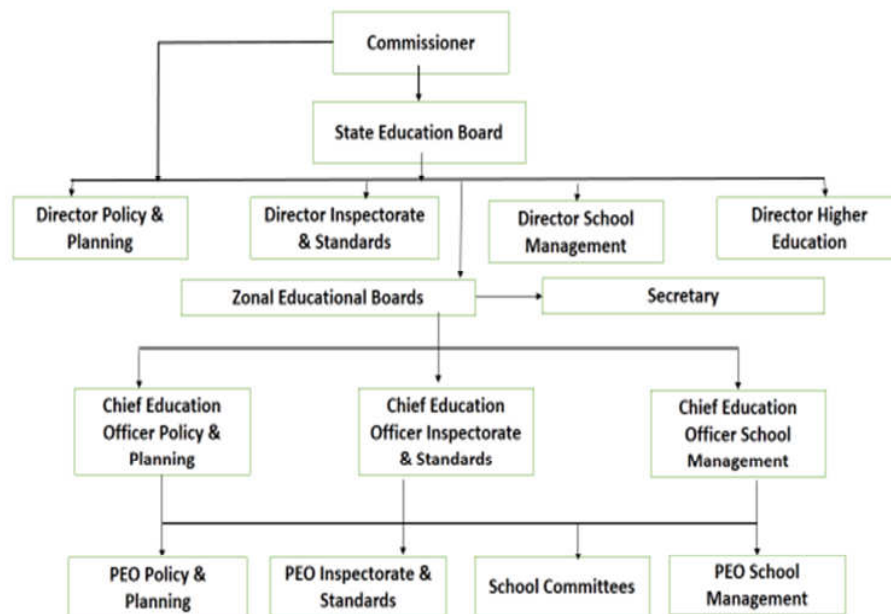


Figure 1.2: Organogram of State Ministry of Education

3.5 General Functions of the State Ministries of Education

The first major function of the State Ministry of Education is the implementation of National Educational policies at the state level. Actually, the State Governments under their respective ministries of education implements National Educational policies at their own level. They formulate educational policies, based on the broad national policies, for the guidance, direction and control of educational provisions and practices within the State.

Secondly, the State Ministry of Education also co-ordinate educational activities within the states because of their leadership positions, ensure that the different parts of the school system and the people within it works smoothly together. The states streamline the structure of the educational system to avoid multiple control, direction and management. In some states, we have the post primary school management Board or the secondary Education Management Board with their Zonal Boards.

Thirdly, the State Ministries of Education collects and collates data for purposes of planning, research and publication. The planning units of the state ministries of Education collects, collates and interprets periodically.

The State Ministries of Education provide regulations for the admission of pupils into state secondary schools as well as the withdrawal of pupils from schools. It is responsible for the examination and certification of school teachers as well as the establishment of a state Register of teachers. An important function of the State Ministries of Education is the regulatory functions of educational activities in the states. These include the opening and closing of schools, overseas educational aid and technical assistance, evaluation of teachers, staff conditions of service, coordination and control of the activities of the zonal and local boards (Ukeje, Akabogu and Ndu 1992 and Ezwocha 1990).

The State Ministries of Education also ensures quality control. It is reasonable to argue that the most important function of the State Ministries of Education is the Maintenance of Educational Standards. The Ministry inspects and supervises both the administrative and academic components of schools.

The State Ministries of Education formulates educational policies, based on broad of educational provisions and practices within the states. Such policies are always included in the State Education Laws and cover every aspect of educational provisions and practices.

The State Ministries of Education organizes seminars, conferences and workshops for teachers for the improvement of teaching methods and techniques.

The Statutory Management agencies under the State Ministries of Education are responsible for the recruitment and payment of teachers in the States.

They procure stationery, office equipment and materials and distribute them to schools. There is continuous dissemination of information throughout the states in the form of statistical digests, newsletters and pamphlets.

3.6. The Roles of the State Ministries of Education in the Funding of Education

The State Ministries of Education finances fully all the state universities, polytechnics and colleges of education. They provide monthly, quarterly or yearly grants to these institutions for their capital and recurrent expenditures.

The recurrent grants are used for the payment of staff salaries and allowances, the maintenance and refurbishing of equipment, supplies and repairs while the capital grants are for buildings, school sites, equipment and machinery.

The State Ministries of Education prepare budgets and award contracts within Existing States Tenders Boards guidelines and regulations. They establish conditions of service for all staff of post primary schools subject to the approvals of Commissioners of Education of the respective States.

The State Ministries of Education award bursaries and scholarships to deserving students of the states. It also funds the Grade Two Teacher Training Colleges approved for the purpose of training teachers for primary schools. The State Ministries of Education spend money to organize seminars, conferences and workshops.

The State Ministries of Education funds the Statutory Management agencies under them. In some states, these statutory management agencies are called Teachers' Service Commission. In some others, they are called State Education Commission or Secondary Education Management Commission or Secondary Education Management Board while in others, they are called Post Primary Schools Management Board. These statutory management agencies, by whatever name, they are called, are responsible for the payment of teachers' salaries and allowances, the purchase or procurement of teaching equipment, textbooks and the maintenance of the schools.

4.0 CONCLUSION

You must have learnt from this unit that the Federal Ministry of Education determines and formulates national educational policy, collects and collates data for purpose of planning and ensures quality

control of education. The Federal Ministry of Education finances the Federal universities, federal colleges of Education, Federal polytechnics and the unity schools. It also funds some special agencies and institutions under them. The State Ministries of Education also plays some vital roles in their states. They fund their own universities, polytechnics and colleges of Education. They are responsible for the recruitment and payment of secondary school teachers in their states and award bursaries and scholarships to deserving students.

5.0 SUMMARY

In this unit, we discussed the General functions of the Federal and State Ministries of Education. We saw that while the federal ministry of education is headed by a minister that of the state is headed by a commissioner. Both, of course, have permanent secretaries under them. While the Federal Ministry of education funds the unity schools, universities, polytechnics and colleges of education under them, the State Ministries are responsible for this levels of education in their states.

SELF-ASSESSMENT EXERCISE

- i. State four functions of the Federal Ministry of Education in the Funding of education.
- ii. Discuss five functions of the State Ministries of Education in the funding of education.

6.0 REFERENCES/FURTHER READING

Ezeocha, P. A. (1990). *Educational Administration and Planning*. Nsukka: Optimal Computer Solutions.

Ukeje, B. O., Akabogu, G. C., & Ndu, A. (1992). *Educational administration*. Enugu: fourth dimension publishers.

7.0 TUTOR-MARKED ASSIGNMENT

1. Discuss the roles of the Federal Ministry of Education in the funding of Education
2. What roles do the state ministries of Education play in the funding of Education?

UNIT 2 ROLE OF GOVERNMENT EDUCATIONAL AGENCIES AND PARASTATALS IN THE FUNDING OF EDUCATION

CONTENTS

- 1.0 Introduction
- 2.0 Intended Learning Outcomes
- 3.0 Main Content
 - 3.1 Functions of the State Primary Education Board in the Funding of Education
 - 3.2 Functions of the Local Government Education Authorities in the Funding of Education
 - 3.3 Origin of the National Universities Commission
 - 3.4 The Roles of the National Universities Commission in the Funding of Education
 - 3.5 Origin of the National Commission for Colleges of Education
 - 3.6 Functions of the National Commission for Colleges of Education
 - 3.7 The Roles of the National Commission for Colleges of Education in the Funding of Education
 - 3.8 The National Board for Technical Education
 - 3.9 The Roles of the National Board for Technical Education in the Funding of Education
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 Reference/Further Reading

1.0 INTRODUCTION

This unit discusses the roles of government agencies of educational programmes in Nigeria. The roles of the state Primary Education Boards, the local government education authorities, National Universities commission, National Board for Technical Education, and the National Commission for Colleges of Education are presented and discussed.

2.0 INTENDED LEARNING OUTCOMES

By the end of this unit, you will be able to:

- discuss the roles of the State Primary Education Board in the funding of education.

- state the functions of the National Commission for Colleges of Education and National Board for Technical Education in the funding of education.

3.0 MAIN CONTENT

3.1 Functions of the State Primary Education Board in the Funding of Education

The State Primary Education Board (SPEB) was established by Decree 96 of 1993. Its main functions were the management and funding of primary schools in the states. The State Primary Education Board performs numerous functions. All these functions, which they perform, have something to do with funding. One of the functions of the State Primary Education Board is the management of primary schools in the states. The second function is the appointment, promotion and discipline of teaching and non-teaching staff on grade levels 07 and above. It also includes the promotion and deployment of staff including inter-state transfers.

The State Primary Education Board is responsible for setting up an effective supervisory unit. Its function includes the retirement and re-absorption of teachers. It also has the responsibility for approval, training and re-training of teachers. It deals with leave matters, including annual leaves.

It is obvious that each of the State Primary Education Board cannot appoint or promote teachers where there are lack of funds. The Board cannot also post, retire, or re-absorb teachers without funds at its disposal. Also, the training and re-training of teachers requires adequate funds without funds at the disposal of the board, it would be difficult to organize refresher course for teachers or even plan seminars and workshops.

The State Primary Education Board disburses funds provided it from Federal and state sources. It is concerned with funding and assessment of the salaries and allowances of teaching and non-teaching staff based on the scheme of services drawn up by the state government. The State Primary Education Board embarks on capital project like the building of classroom and administrative blocks. To ensures the annual auditing of accounts of the board and that annual reports are rendered by heads of schools on teachers who serve under them.

Some funds are received by the State Primary Education Board for the management of primary schools in the states. There is fund received directly from the Federal Ministry of Education (In the past this money

used to be received by the then National Primary Education commission). This fund is distributed to various states Primary Education Boards as spelt out in part ICJ of the Decree amended as follows 50`9 on equality 25`9 to educationally disadvantaged states, 25% on enrolment and 10`1 on population.

The national fund is for capital projects. At the beginning of each quarter, the state primary Education Boards submit their action plan for capital projects to be approved by the Federal Ministry of Education before the release of funds.

In fact, 30% of National funds released to the state primary Education Boards is distributed to the Local Government Education Authorities for renovation and rehabilitation of primary schools. The 10% retained by State Primary Education Boards is for new constructions, provision of teaching aids, classroom furniture and equipment as wells as the general improvement of primary education in the states.

The state government contributions are the contributions of the State Governments for the funding of primary education in the states. The fund is meant for the payment of personnel employments and leave grants to staff of the boards and to meet overhead expenses at the board levels - It is also meant for the payment of sitting allowances to local government education authorities and District Education Committee members, Where there are surplus funds, these are sent to the local government education authorities.

The balance of 10% is for State Primary Education Board secretariat, purchase of new vehicles, office furniture and equipment and computer accessories.

3.2 Functions of the Local Government Education

The first point to note is that the functions of the Local Government Education Authorities are carried out subject to the controls of the State Primary Education Boards. The Local Government Education Authorities are responsible for the day to day administration. They are responsible for the distribution of school equipment, furniture, registers, diaries, chalk, dusters, etc. to primary schools. They are also responsible for employment, appointment, deployment, promotion and transfer of teaching and non- teaching staff on grade level 01 to 06. They handle disciplinary problems of staff of primary schools within their areas of jurisdiction. They stimulate and encourage communal participation in primary schools.

The Local Government Education Authorities are responsible for the payment of staff salaries, allowances and benefits to both academic and non-academic staff of the authorities. They collect approved dues and pay for any land acquired for educational development in their areas of jurisdiction.

They also submit annual estimates annual accounts and annual returns to the boards. With funds at their disposal, they undertake general maintenance of primary school buildings and infrastructure in their areas of jurisdiction. They also supervise all education committees in their areas of authority.

Each of the local government councils in the Federation contributes some percentage in funding of primary schools in their areas of jurisdiction. The funds contributed by the local government councils are used for the payment of staff basic salaries and allowances, leave grants and to cover over-head costs at the Local Government Education Authorities level.

3.3 Origin of the National Universities Commission

The National Universities Commission (NUC) was established in 1962 as a consequence of the recommendation of the Sir Eric Ashby Commission on higher education. It is recognized to have undergone three major evolution-cry developments since that time. These three stages as was reported by National Universities Commission Publications are the cabinet phase, the interim phase and the statutory phase.

The National Universities Commission existed as part of the Federal Cabinet between 1962 and 1968. It was merely an administrative department established by the Prime Minister - Alhaji Abubakar Tafawa Balewa in the cabinet office with the Head of Department, Dr. Okoi Arikpo designated as "secretary". It was purely an advisory administrative unit (with a board of \$2 members all non-academic). At the conclusion of this phase, there was a total of five universities in the country, two Federal and three regional.

During its interim phase (1968-1974), the National Universities Commission (NUC) remained advisory but bow had five academic discipline representatives on the board, a greater access to funds and a sixth university (Benin) to coordinate.

The statutory phase was the stage of evolution which commenced in 1974 with the appointment of a new Board with statutory powers on April 25, 1974. The National Universities Commission (NUC) could

now employ staff, had defined functions and legal instruments to enforce. But at this period, there were yet few rules to enforce and no office accommodation or facilities for staff.

The National Universities Commission (NUC) was changing rapidly by the end of the 1980s in the course of efforts to resolve financial and other crises in the university system. By 1992, virtually all the legal instruments that could be conceived had become operational. The National Universities Commission (NUC) increased its staffing and created professional department and committees. The purpose of the National Universities Commission (NUC) is to:

- 1) co-ordinate the activities of the entire universities in the countries.
- 2) grant approval for the establishment of all higher educational institutions offering degree programmes in Nigerian universities as well as granting approval for all academic programmes run in Nigerian universities
- 3) plan a balanced and co-ordinate development of universities to meet national needs.
- 4) advise the government on the financial needs of the universities and distribute such funds to universities when made available to them by government.
- 5) collect, collate, analyse and store data from the universities for use in advising the government on planning, creating new universities, conditions of service of university staff, setting up of visitation panels to universities, etc.

3.4 The Roles of the National Universities Commission (NUC) in the Funding of Universities

One of the roles of the National Universities Commission (NUC) in funding universities is its participation in universities' annual estimate hearings conducted by it, to determine the financial needs of the universities both recurrent and capital. Based on the data collected at the annual meeting, the commission makes an assessment of the needs of the various universities.

Secondly, the National Universities Commission (NUC) takes recommendations to the government on the needs of the universities. Requests for recurrent and capital expenditures are normally made to the National Universities Commission (NUC). The commission after thorough assessment of the needs of each university recommends a global picture to the Federal Government.

The commission is also in-charge of Budget preparation. The commission collates the various estimates of the federal universities and submit it to the Federal Government through the Federal Ministry of Finance. It also makes preparation of the commission's secretariat budget, including those of the overseas offices. The commission defends the budgets at various levels before the Federal government.

The commission also obtains fund from the Federal Government on quarterly or monthly basis and ensures that the allocated grants are released promptly and sent to various universities.

The National Universities Commission processes funds in volumes of billions of Naira every year on behalf of the Nigerian university system. A university accounts for the funds it receives by mails. The National universities commission officials analyze these and make recommendations for further release where justified.

The National Universities Commission coordinates the activities of the universities. It does this by having inputs into the national development plans.

It also monitors the development of universities indirectly by its financial control over the universities.

The National universities commission ensures that adequate and accurate financial records are kept and maintained for all local and foreign transactions. Finally, the commission monitors the manner in which the fund given to each of the universities are used. It does this by monitoring the capital projects of the universities, setting up committees to investigate into the problems of the universities. Each university gives account to the commission on how the money they received are used before releasing more to them.

3.5 Origin of the National Commission for Colleges of Education

The introduction of the Universal Primary Education Scheme in 1978 by the Federal Government brought about a tremendous increase in school enrolment. The increase in school enrolment overwhelmed the nation and exposed it to the scarcity of qualified teachers. This situation compelled the Federal Government to get involved for the first time in teacher training by providing buildings, equipment, teachers' salaries and bursary awards to all the students-teachers who enrolled in university department of education, colleges of education and teacher training colleges (Mgbodile, 1986).

The products of teacher training colleges needed higher education to update their knowledge and qualify for teaching in secondary schools. Thus the demand for higher education increased. More colleges of education were established especially during the second republic to meet the demand. This increase in the number of colleges of education and in school enrolment created problems which are called for a national body that will serve as an instrument for coordinating the activities of colleges of education. Thus, the National Commission for Colleges of Education was established by Decree (now Act) 13 of 17th January, 1989 (Amended Act 12 of 1993).

3.6 Purpose of the National Commission for Colleges of Education

The Commission was established to perform the following functions:

1. Make recommendations on the national policy necessary for the full development of teacher education and the training of teachers.
2. Lay down minimum standards for all programmes of teacher education and accredit their certificates and other academic awards after obtaining thereof prior approval of the Honorable Minister of Education.
3. Approve guidelines setting out criteria for accreditation of all Colleges of Education in Nigeria.
4. Determine the qualified teachers needs of Nigeria for the purpose of planning facilities and in particular prepare periodic master plans for the balanced and coordinated development of Colleges of Education.
5. Inquire into and advise the Federal Government on the financial needs of the Colleges to enable them meet the objectives of producing the trained qualified teachers of the country.
6. Receive block grants from the Federal Government and allocate them to the Colleges of Education.
7. Act as the agency for channeling all external aids to Colleges of Education in Nigeria.
8. Harmonise entry requirements and duration of courses at the Colleges of Education.
9. Collate, analyse and publish relevant information relating to teacher education in Nigeria.
10. Advise on and take measures to improve immediate and long term prospects of technical and business education teachers with respect to status and remuneration.
11. Provide encouragement for women to enter a wide range of pre-vocational courses in technical education.

3.7 The Roles of the National Commission for Colleges of Education in the Funding of Colleges of Education

First of all, the National Commission for Colleges of Education has the function of advising government on matters affecting colleges of education and in all aspects of teacher education. For example, on issues of establishing colleges of education, conditions of services of personnel. They study the situation of the various colleges and advice the government on how to handle them.

The commission inquiries into the financial needs of both recurrent and capital expenditure of the institutions and make recommendations to the Federal Government. This is to enable them meet the objectives of producing the trained qualified teachers of the country.

The commission also receives in bulk, grants from the Federal government and allocates them to colleges of education in accordance with the formula laid down. The commission also acts as the agency for channeling all external aids to colleges of education in Nigeria.

The National Commission for Colleges of Education also coordinates the activities of colleges of education. For, instance, it collates, analyses and publishes information that relate to teacher education for the benefit of the different institutions. The commission also reviews methods of assessments of students and trainees and develops a scheme of National Certification for the Various products of colleges of education in collaboration with the Ministries of Education and the Universities which the colleges are affiliated.

It also undertakes periodic reviews of the terms and conditions of service of personnel in colleges of education and recommends action through the Minister to the Federal Ministry of Education.

The commission controls the activities of the colleges by setting minimum standards to be attained and continually review such standards.

3.8 The National Board for Technical Education

The National Board for Technical Education was actually established by Decree 9 of 1977. This was preceded by the preparations for the Third National Development Plan, 1975-80. The Federal Government identified the acute shortage of technical manpower as a major constraint towards the execution of the development plan. In response to this, government in 1972 established the then National Science and Technology Development Agency (which later metamorphosed to

Federal Ministry of Science and Technology) which set up a Working Committee on Scientific and Technical Manpower and Science Education. The Committee produced a report on middle-level technical manpower and their training. The Committee further recommended that a National Board for Technical Education be created which should be charged with the implementation of its recommendations. Consequently, the Federal Government established the National Board for Technical Education by Act 9 of January 1977. In August, 1985 and January 1993 respectively, the Federal Government enacted Act 16 (Education (National Minimum Standards and Establishment of Institutions) Act) and Act 9 (Education (National Minimum Standards and Establishment of Institutions) (Amendment) Act). With these Acts, the functions of the Board were extended to include accreditation of academic programmes in all Technical and Vocational Education (TVE) institutions. Act No.9 of 1st January 1993 further empowered the Board to recommend the establishment of private Polytechnics and Monotechnics in Nigeria.

3.9 The Roles of the National Board for Technical Education in the Funding of Education

The functions of the Board are derived from Act No. 9 of 11th January, 1977; Education/National Minimum Standard and Establishment of Institution Act No. 16 of August 1985; and Amendments Act No. 9 of 1993. The functions of the Board are as follows:

1. advise the Federal Government on, and co-ordinate all aspects of technical and vocational education falling outside the universities;
2. determine, after consultation with such other bodies, the skilled manpower needs of the country in the industrial, commercial and other relevant fields....
3. preparation of periodic master plans for the balanced and coordinated development of polytechnics and such plans shall include:
 - a. the general programmes to be pursued by polytechnics in order to maximise the use of available facilities and avoid unnecessary duplication;
 - b. recommendations for the establishment and location of new polytechnics.
4. inquire into and advise the Federal Government on the financial needs, both recurrent and capital, of polytechnics and other technical institutions;
5. receive block grants from the Federal Government and allocate them to polytechnics in accordance with such formula as may be laid down by the Federal Executive Council;

6. act as the agency for channeling all external aid to polytechnics in Nigeria;
7. advise on, and take steps to harmonise entry requirements and duration of courses at technical institutions;
8. the establishment and maintenance of minimum standards in polytechnics and other technical institutions in the Federation,
9. accreditation of academic programmes in all technical and vocational education (TVE) institutions for the purpose of award of national certificates and diplomas and other similar awards

4.0 CONCLUSION

You must have learnt from this unit that government educational agencies and parastatals play crucial roles in the funding of educational programmes in Nigeria. The State Primary Education Board disburses fund provided it from the Federal and State Governments. It funds the salaries and allowances of teaching and non-teaching staff based on the scheme of services drawn up by the state government. The local government education authorities funds the salaries of teaching and non-teaching staff from Grade levels of 01 to 06. The National Universities Commission, the National Board for Technical Education and the National Commission for Colleges of Education provides recurrent and capital expenditures of Federal Universities, Polytechnics and colleges of Education respectively.

5.0 SUMMARY

The Roles of government educational agencies and parastatals in the funding of educational programmes were presented and discussed. Both the State Primary Education Boards, the Local Government Education Authorities, the National Universities Commission, the National Board for Technical Education and National Commission for Colleges of Education have various roles in the funding of education.

SELF-ASSESSMENT EXERCISE

- i. What roles do the National Commission for Colleges of Education play in the funding of Education
 - ii. Summarize the roles of the local government education authorities in the funding of education.
- :

6.0 TUTOR-MARKED ASSIGNMENT

Summarise the roles of the national universities commission in the funding of universities in Nigeria.

7.0 REFERENCE/FURTHER READING

Lucas, B. O. (2012). *Educational administration*. Lagos: Bluesign Publications Limited.

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UNIT 3 THE ROLE OF PARENTS, COMMUNITIES AND ORGANIZATIONS IN THE FUNDING OF EDUCATION

CONTENTS

- 1.0 Introduction
- 2.0 Intended Learning Outcomes
- 3.0 Main Content
 - 3.1 The Role of Parents in the Funding of Educational Programmes
 - 3.2 The Role of Local Communities in the Funding of Education
 - 3.3 The Role of the Religious Institutions in the Funding of Education
 - 3.4 The Role of Board of Governors in the Funding of Secondary Schools
 - 3.5 The United Nation Children's Fund (UNICEF)
 - 3.6 The Role of Foundation Bodies in the Funding of Education
 - 3.7 Finance - oriented school clubs
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 5.0 Reference/Further Reading

1.0 INTRODUCTION

This unit examines the roles of parents, communities and organizations in the funding of educational programmes in Nigeria, parents are seen as the fathers, mothers or guardians of pupils while local communities include towns and village associations age-grades and women associations. Organisations include the religious and such other organisations like the United Nations Children's Fund.

2.0 INTENDED LEARNING OUTCOMES

By the end of this unit, you will be able to:

- discuss the role of parents in the funding of Education
- state clearly the role of religious institutions in the funding of education
- discuss the role of the United Nations Children's Fund in the funding of education.

3.0 CONTENT

3.1 The Role of Parents in the funding of Educational Programme

You already know that parents are the fathers and mothers or guardians of pupils or students. You should also know that parents are responsible for the physical, moral, emotional and social upbringing of their children. In a school setting, parents are always in association with teachers. In fact, the association of parents and guardians with the teachers of a school is known as the Parent Teacher Association (P.T.A).

One of the major roles played by parents in the funding of education is the payment of school fees of their children or wards. These fees include Tuition fees, dormitory or hostel fees, equipment fees, library fees, studio and laboratory fees, caution fees, insurance fees and development fees. These fees are paid into the accounts units or bursary departments of various educational institutions.

The second major role played by parents in the funding of education is that the wealthy ones who are patriotic and philanthropic award scholarships to students in their communities. Besides, they could also donate instructional materials as well as construction block(s) of rooms for the use of the schools.

The third major role of parents in the funding of education is that they serve as resource persons at times in schools. For instance, some parents who are experts in engineering and Technology are invited by a school to teach students Mathematics, Physics or Introductory Technology. So the money which would have been spent in the payment of salaries of such resource persons is spent on other projects or programmes like sports, etc.

Perhaps, the best way to conceptualize the role of parents is through the Parent Teacher Association. The Parent Teacher Association can be described as a voluntary and welfare association of parents and teachers of a particular school, Ezeocha (1990) described it as an association, which prompts mutual understanding and cooperation between the home and the school and closes the gap between the two. The Parent Teacher Association contributes funds for the erection of classroom blocks in schools. At times, some parents do decide to donate cement, Zinc, trips of sand, nails and wood for the building. These materials can also be converted to money or funds. Parents also contribute to the funding of extra-curricular activities in schools, of course, the organ through which they realize or do it is through the Parent Teacher

Association, An example of an extra-curricular activity for which the Parent Teacher Association makes contributions or donations is in sports activities. The Parent Teacher Association donates money for the purchase of football, badminton kits, volleyball, basketball, lawn tennis, etc.

The Parent Teacher Association also levies itself to procure furniture (desks, tables and chairs) chalk, office equipment and instructional materials for schools. They also assist financially in the renovation and rehabilitation of school buildings and equipment.

3.3 The Role of Local Communities in the Funding of Education

Local Communities in the context of this discussion include towns, villages, various towns and village various towns and village associations including age grades and women associations. Local Community is being referred to as a group of people living in a geographical area and united with common interest, goal, culture, tradition, among others. The involvement of the local community in any educational system, with particular reference to Nigeria cannot be underscored due to the reciprocal influence which the educational system impacts on the community. Local Communities in this discussion does not include the Parent Teacher Association (P.T.A.) or the School Board of Governors. However, local communities support parents, families and guardians in the upbringing, socializing, and educating of their children.

First of all, local communities provide land for school buildings. They also contribute free labour to the school. All these of course, involve a lot of money. Local communities also provide funds for the construction of classroom blocks, the provision of furniture (desks, tables and chairs and the maintenance of physical facilities and equipment. Some communities in contributes immensely to the erection of structures that will ease teaching and learning in schools in their local environment. They have also provided and still provide funds for the procurement of science equipment for school laboratories.

Some local communities have contributed money in a common pool to be used in the award of scholarships to brilliant students of their communities.

Some local communities have donated books, audio visual materials and equipment with hundreds of thousands of Naira.

Some rich individuals in communities provide funds during special programmes. For instance, during inter house sports competitions, these

wealthy individuals, invited by the school, contribute generously for the upkeep and maintenance of games and sports in school.

3.4 The Role of the Religious Institutions in the Funding of Education

Prior to the advent of Islamic and Christianity education in Nigeria, there has been system of traditional education among the various ethnic groups. The nation operates an informal education where learning and instruction occur anywhere and anytime which was the primary responsibility of the parents and community. The Islamic education uses Arabic Language as a medium of instruction and strictly follow the injunctions from the Quran and Sunna (deeds) of Prophet Muhammad (peace be upon him). Learning takes place around the mosque, private houses or premises specially built for Quranic School (Lucas, 2013). Recent experiences shows that Islamic missionaries establish schools where Islamic education is combined with western education.

The western education started with the advent of missionary activities in Nigeria. The advent of Christian missionaries in Nigeria led to the establishment of schools, though with the initial intention of converting Nigerians to Christianity. Thus, in the early days when the missionaries came to Nigeria, they built churches as well as schools. The schools were establish to teach reading and writing. For example, the Methodist church built schools in Abeokuta, Lagos, Badagry, Calabar, The Roman Catholic church also built schools at Lagos, Onitsha, Calabar, and Ibadan. The Presbyterian and Qua Ibo mission also built schools. The missionaries paid for the services of teachers and gave incentives to pupils. The church also awarded scholarships to brilliant and indigent students and paid for the training of their members overseas.

Various churches - Roman Catholic Anglicans Methodists Presbyterians, etc. are still establishing secondary schools with their own funds, Most of them have training institution for their priests. For instance, the Roman Catholic Church has the Bigard Seminary in Enugu, The Protestants have the Trinity Union Theological College in Umuahia while the Methodists have training institutions at Umuahia Lagos and Ibadan. The church pays the salaries and allowances of teaching and non-teaching staff and train their priests in theological institutions.

3.5 The Role of Board of Governors in the Funding of Secondary Schools

Almost all public secondary schools have Board of Governors, The Board of Governors of a school is always made up of a chairman, the

officer in charge of the local government council area in which the institution is located or any other competent person from the community. The principal of the school, his vice principals(s), a representative of the parent teacher association of the institution and the other persons from the community in which the school is located.

The roles which Board of Governors play in the funding of secondary schools cannot be over-emphasized. First of all, they ensure that the school funds are utilized for the purpose for which they are meant. Secondly, they are involved in the preparation of the annual estimate of revenue and expenditure of the institution. They also ensure that the educational facilities of the school are maintained and fully utilized for the maximum benefit of the school. They orally advise on the physical development equipment and furnishing of schools.

The Board of Governors also assist the parent teacher association in the erection of classroom blocks and in the procurement of school furniture (desks, tables and chairs). The Board of Governors procure office equipment, stationeries, chalks, instructional materials to their schools. They also make donations of sports equipment like track suites; football, lawn tennis, volleyball and basketball.

3.6 The Role of Foundation Bodies in the Funding of Education

Primary and secondary schools may be founded by religious or charitable bodies, which are non-governmental organizations (NGOs) Each non-governmental Organization has specific objectives in opening and operating the school which usually involve the spiritual and moral well-being of children. Examples of non-governmental schools include the Montessori Primary and Secondary School in Port Harcourt, the Hillcrest primary school in Nsukka. These foundation bodies give financial support to their schools in various forms, such as the donation of land and buildings, equipment and personnel.

3.6 United Nation Children's Fund (UNICEF)

The United Nations Children's Fund was formerly known as the United Nations International Children's Emergency Fund. It is the only United Nations Organization dedicated exclusively to children. It works with other United Nations agencies, governmental and non-governmental organization to provide community based services in primary health care, nutrition, basic education, safe water and sanitation to the developing world.

The United Nation Children's Fund/formerly, United Nations International Children's Emergency Fund was created by the United Nation general assembly in 1946 to meet the emergency needs of children in the aftermath of World War II in Europe. In October, 1953, the organization became a permanent part of the United Nation's system with a broadened role to respond to the long term needs of children in poverty developing countries. Its name was shortened to the United Nations Children's Fund, retaining the original acronym, "UNICEF" by which it is known today.

The United Nations Children's Fund has been in Nigeria for more than three decades. It cooperates with the Federal Government and other development partners in planning and implementing programmes aimed at promoting children survival, development protection and participation.

Cooperation between the government and the UNICEF, is primarily through the different ministries and agencies. The programmes, jointly developed every five years, are articulated in a master plan of operation. A Basic Cooperation Agreement (BCA) provides the legal foundation for the United Nation Children's Fund operational presence and programmes in Nigeria.

The programmes of the United Nations Children's Fund are geared among other things towards access to Universal Basic Education programmes in Nigeria. The United Nations children's fund (UNICEF) provides funds for building the capacity of local communities in the planning, management and supervision of basic education. It provides funds to state primary Education Boards for Seminars, conferences and workshops on supervision of instruction. It lays emphasis on the education and empowerment of the girl- child, through increased enrolment especially in the Northern states. The United Nations Children's Fund focuses on reducing the gender gap and improving the quality of education through teachers training, strengthening of monitoring and supervision, the supply of teaching and learning materials and supporting inter-sectorial environment.

3.7 Finance - Oriented School Clubs

Some schools establish a number of clubs with the main purpose of generating funds for the school. The clubs open savings account from which funds are drawn up for the schools use as occasion arises. At times, schools organize the launching of projects and clubs in the school are called upon to donate funds. Some finance - oriented clubs in the school include Barber's club, photographic club, dramatic / cultural club and domestic science club. In the barbers, club, students and members

of staff patronize the club. The services are provided at cheap rates and the standard of performance are most often comparable to those outside the school. In the photographic club, club members take photographs at various celebrations in the community. The proceeds are kept in a bank. In the Dramatic or Cultural club, members perform Yoruba, Igbo or Hausa plays for local audiences. When a play is ready for performance, the school community is the first audience, Gate fees are collected and kept in a savings bank.

The Domestic Science club is organised and controlled by the domestic Science department of the school. The club provides services to the school as well as to the local people on festive occasions. Contracts for such services could be for weddings, naming ceremonies, house warnings, etc. Charges are based on the services provided such as snacks, food, drinks and the sewing of dresses. The proceeds are put in a saving account and released for school use as occasion demands.

4.0 CONCLUSION

You must have learnt from this unit that parents play some major roles in the funding of education. These include the payment of school fees the erection of classroom blocks and the provision of physical facilities and equipment. Local communities, the religious institutions, Board of Governors foundation bodies in primary and secondary schools including the United Nations children's Fund also play some major roles in the funding of educational programmes.

5.0 SUMMARY

In this unit, Parents and Parent Teacher Association, Local Communities, the Religious Institutions, Foundation bodies in primary and secondary schools as well as the United Nation Children's Fund (UNICEF) were seen to play some crucial roles in the funding of educational programmes in Nigeria. They erect classroom blocks, provide physical facilities and equipment and instructional materials, etc.

SELF-ASSESSMENT EXERCISE

- i. What are the challenges faced by the local communities in the funding of education?
- ii. Discuss the roles which parents play in the funding of education.

6.0 TUTOR-MARKED ASSIGNMENT

1. How does the Parent Teacher Association contribute towards the funding of Education?
2. Why should local communities contribute to the funding of education?
3. In what ways do the United Nations Children's Fund contribute to educational programmes in Nigeria.

7.0 REFERENCE/FURTHER READING

Lucas, B. O. (2013). *Foundations of education: A modern approach*. Lagos: Bluesign Publications Limited.

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UNIT 4 REASONS WHY THERE ARE FINANCIAL DISTRESS IN NIGERIAN UNIVERSITIES

CONTENTS

- 1.0 Introduction
- 2.0 Intended Learning Outcomes
- 3.0 Content
 - 3.1 Presentation of the Reasons why there is financial distress in Universities
 - 3.2 Discussion of the reasons for the distress in Nigerian Universities
 - 3.3 Practical Solutions for Improvement
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

1.0 INTRODUCTION

Nigerian universities have faced and continue to face problems of underfunding. The objective of this unit is to present the problems and offer some practical solutions.

2.0 INTENDED LEARNING OUTCOME

It is expected that after reading through this Unit, you should be able to do the following.

- discuss the reasons for the financial distress in Nigerian universities.

3.0 CONTENT

3.1 Presentation of the Reasons Why there is Financial Distress in Nigerian Universities

You are aware that there are financial problems in our institutions of learning. Many institutions, for instance find it difficult to pay salaries, procure facilities and teaching equipment. Nigerian universities also face problems of under-funding. Have you ever asked the reasons for the financial distress in Nigerian Universities? Let us enumerate them first.

- (1) Non-relevance of some university curricular to the nation's societal needs and aspirations.
- (2) Sole Dependence on Government for revenue.
- (3) Unprecedented demand for university education.
- (4) The dilemma of planned and exponential population growth.
- (5) Poor management and leadership
- (6) Haphazard planning due to insufficient end/or poor data.
- (7) Lack of agreed and consistent policy for funding the universities.
- (8) Attitude of foreign funding agencies.

3.2 Discussion of the Reasons for the Financial Distress in Universities

The financial insufficiency in Nigerian universities has been attributed to the non-relevance of university curricula to the nation's societal needs and aspirations. Nigerian universities still offer courses in History, Philosophy, Archaeology, Psychology and Religion Studies. These courses are always regarded as not being relevant to the nation's needs and aspirations. Udoh in Etim and Alaezi (1988) explained the financial insufficiency in Nigerian institutions of learning to non-relevance of the university curricula to the nation's societal needs and aspirations. There is therefore need to evolve new curricula which must be linked to the avenues for raising funds for Nigerian universities.

In Nigeria, higher institutions of learning of which the universities are one, constitute non-profit-oriented organizations which depend solely on government for funding. Governments, (federal and state, in turn) depend on the economic fortunes of the country to determine what should be allocated to the education sector. There is poor public support for education. Many people regard university education as solely government venture. This is different from, the situation in developed countries where individuals and organizations fund and support university education even more than the government.

There is unprecedented demand for university education and this proliferation of universities. There is demand for university education from Nigerian youths from all communities, local governments and states. Pressure for admission continue to mount, and the federal and state governments, seem to think that the answer to this is to create more and more universities in the country rather than expand and improve the existing ones. It is true that allocation to Nigerian federal universities have risen tremendously. However, the situation in these universities is such that there is need for more funds.

The dilemma of unplanned and exponential population growth is one of the reasons for the financial crisis in Nigerian universities. There is an

astronomical increase in students' enrolment in Nigerian universities. Some universities have more than ten thousand students. The university of Nigeria, Nsukka, University of Lagos, the University of Ibadan, the University of Benin, the Ahmadu Bello University, Zaria, and the Obafemi Awolowo University, Ile Ife have up to and above 10,000 students. So enrolment in Nigerian universities have passed the 300,000 mark, bringing with it excessive pressure on hostel accommodation, library facilities, laboratories staff and of course, funding.

Poor management and leadership problems contribute immensely to the present financial crisis facing Nigerian universities. Ukeje, Akabogu and Ndu (1992) have noted that poor financial management causes immense damage to progress and development in any organization. Nigerian leaders at industry, health institutions, ministries and educational institutions are interested in their pocket rather than improving the welfare of the institution they are appointed to head.

There is also the issue of haphazard financial planning due to insufficient and or poor data. The National Universities Commission has always requested universities to submit accurate data on students' enrolment, staff strength and number of facilities and equipment available in each university. Unfortunately, wrong, insufficient and poor data is always submitted to it making it difficult for the commission to know the particular funds it should allocate to the universities for development.

Added to this fact is that there is no agreed and consistent policy for funding the universities by the government. The result is that the universities and the National universities commission, end up getting from government, only "what the nation can afford". As Cookey Report (1981) puts it, the nation appears to be able to afford more universities than funds to allocate to them. A much more important fact is the image created everywhere that universities are rich. This fact results in a situation where those who ought to make substantial enrolment to the institution begin by asking for a contract. This fact is collaborated by Aminu (1985) who pointed out that individuals who should contribute to the funding of universities first ask for favours like contracts.

Some areas, departments of units take a lot of money to administer in Federal Universities. For instance, where there is proliferation of faculties and departments. Another area is where there is emphasis on staff increase at the expense of teaching and research materials. Then the provision of municipal services that is not readily available from public sectors like water, electricity and roads.

One must point out that the desire to break into smaller units is a common feature of the university system. The fact is that under the guise of specialization, faculties and departments are coming up every day with new departments, new "centres, new institutes and new sub-departments." At the University of Nigeria, Nsukka, we have sub-departments of Public Administration in the faculty of social science, sub-departments of Arts and Science Education of the Faculty of Education. The implication of this is that the university system becomes over administered resulting in huge expenditures allocated to the central administration. Indeed, some of the universities spend 44 percent of their budgets on administration and essentially less than this per cent on academic service units.

One of the reasons for the financial distress in varsities is the attitude of foreign funding agencies. Some foreign agencies include the United States Agency of International Development (USAID), the Canadian International Development Agency (CIDA), the United African company (UAC). These Agencies tend to hesitate to pledge funds into the Nigerian university system until they are assured of adequate managerial support by the institutions. The grantors will always like to know whether the recipients share their own values and purposes and would like to influence where and how the recipient deploy the resources. These facts have been corroborated by Benneh (1987) and Auwell (1994 in Ogbuehi (2001) who stated that unless the grantors are confident that the recipients share their own values and purposes, they would want to influence where and how the recipients deploy the granted resources and will require accountability for their usage.

3.3 Practical Solutions for Improvement

Having discussed the reasons why there is distress in Nigerian universities, we now offer some practical solutions for improvement. The first suggestion is that some universities should give international funding agencies the confidence that they will use the grants for the purpose for which they are meant. They should give these agencies managerial support.

There is need to evolve new curricular which must be linked to the avenues for raising funds in Nigerian universities.

The public, especially industries should assist the federal government in the funding of the universities. University education should no longer be regarded solely as government venture alone. In other words, individuals and organizations should contribute to the funding of universities. The education tax fund in which companies contribute 2 percent of their profit in the funding of education is a case in point.

Government should increase allocation to Federal universities to enable them pay staff salaries and maintain services.

Nigerian universities should provide the National universities commission with accurate and sufficient data for planning. There should be correct data on students' enrolment, staff strength and the number and quality of physical facilities and equipment. This is necessary as it will enable the commission know the amount to be allocated to each university.

There should be agreed and consistent policy of funding the universities. The number of students enrolled, staff strength, the courses available and needs of the universities should constitute criteria for funding.

Rich individuals, companies and individuals should continue to be encouraged to contribute to endowment in our universities. This is necessary since funds endowments have been used in building students hostels and the procurement of science equipment in our universities.

4.0 CONCLUSION

You must have learnt from this unit that there are financial distress in Nigerian universities arising from the attitude of some foreign funding agencies, non-relevance of some aspects of the universities curricular to the nation's needs and aspirations and unprecedented demand for university education. Others include astronomical increase in students' enrolment, poor management and leadership, insufficient and poor data as well as no agreed and consistent policy on funding.

Some practical solutions were put forward for improvement amongst which are the need to evolve new curricula which must be linked to the avenues for raising funds, providing the National Universities Commission with accurate and sufficient data and having a consistent policy of funding the universities.

5.0 SUMMARY

In this unit you learnt that there are many reasons why there is financial distress in universities. You also learnt some practical solutions for improvement. The Federal and State government should increase their financial allocations to universities. There should be consistent policy of funding, accurate data and improved management.

SELF-ASSESSMENT EXERCISE

- i. What do you think is responsible for the financial distress in Universities?
- ii. Suggest three solutions for improvement.

6.0 TUTOR-MARKED ASSIGNMENT

In your opinion, proffer solution to financial distress in Nigerian Universities.

7.0 REFERENCE/FURTHER READING

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UNIT 5 PROBLEMS OF FUNDING EDUCATIONAL PROGRAMMES IN NIGERIA

CONTENTS

- 1.0 Introduction
- 2.0 Intended Learning Outcomes
- 3.0 Main Content
 - 3.1 Listing the problems
 - 3.2 Problems of inaccurate statistical data and political instability
 - 3.3 Problems of lack of stable policies in Education Sole dependence on oil revenue and population explosion
 - 3.4 Problems of Limited Sources of funds and inadequate allocation of funds to the education sector
 - 3.5 Problems of indiscipline and corrupt Leadership as well as diversion of funds meant for Education to other Sectors
 - 3.6 Strategies to solve the problems
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 Reference/Further Reading

1.0 INTRODUCTION

This unit sets out to discuss the problems of funding educational programmes in Nigeria. Each problem will be presented and analyzed after which some strategies for solving the problems are suggested or proposed.

2.0 INTENDED LEARNING OUTCOMES

By the end of this unit, you will be able:

- mention or list the problems of funding educational programmes in Nigeria
- discuss the problems of funding educational problems in Nigeria
- list some strategies to solve the problems highlighted.

3.0 CONTENT

3.1 Listing of the Problems

You must have come to the realization that funding is a topical issue of interest among parents, a school administrators and policy makers. This is perhaps because of the realization that no educational programme can be effectively implemented without adequate funds. The second reason for the interest is that the education sector competes with other sectors of the economy in the allocation of funds. To put this discussion into perspective, let us categorize the problems of funding of educational programmes in Nigeria as follows:

1. Inaccurate statistical data
2. Political instability
3. Lack of stable policies in education
4. Sole dependence of the Federal Government on oil revenue.
5. Population explosion
6. Limited sources of funds available to education
7. Indiscipline and corrupt leadership
8. Diversion of funds meant for education to other sectors
9. Inadequate allocation of funds to the education sector
10. Methods of disbursing funds to various levels of education.

3.2 Problem of Inaccurate Statistical Data and Political Instability

The issue of inaccurate statistical data is one that faces every sector of the Nigerian economy. Wrong information and wrong figures make it difficult for the government to plan education effectively much less provide funds for education. In the statistics division of our ministries of education, we find inaccurate information. For instance, in some local governments where there may be about 100 English Language teachers, we find 90 recorded in the files. Also, a school may have a population of 3750 students (1500 boys and 2220 girls). But the figure in the ministry of education or the Post Primary Schools Management Board may be 1200 boys and 2000 girls.

It is expected that interested individual and those undertaking research in educational institutions should get accurate statistics from the government on such issues as students' enrolment, staff-students ratio, number of available facilities and equipment. This is because this data are needed for effective planning and funding of educational programmes. Since they are never available and at times inaccurate, administrators and chief executives of institutions face problems in funding.

Some heads of institutions are also in the habit of supplying wrong data to the Ministry or school board. Some give wrong information on the number of academic and administrative staff. This makes the government send inadequate funds to their institutions. More often than not they are suspicion, accusation and mistrust in the institution.

Political instability is also another problem of funding educational programme in Nigeria. Many developing nations of the world including Nigeria face problem of political instability. There are frequent changes in Government as a result of corrupt politicians or the selfishness of some military personnel who always refuse to relinquish power. Each government that comes into power, initiates its own programmes. Nigeria, for instance, has a chequered political history since independence.

At one time, it is a civilian government and at the other, it is a military government. More often than not, the emphasis of those who comes into power is never on education but on prestigious projects, which drain the economy of the nation. For instance, under the civilian regime of President Shehu Shagari (between 1979 and 1983) the Ajaokuta Steel Complex was commenced to the detriment of many education projects. But the previous military government of Rtd (Gen) Olusegun Obasanjo had commenced the Universal Primary Education Scheme (1976). This projects could not be sustained. So when a previous government has penchant for education, the in- coming one may not. This obviously affects funding.

3.3 Problems of Lack of Stable Policies in Education, Sole Dependence on Oil Revenue and Population Explosion

A stable policy is a firmly established course of action adopted by an individual, a group or an organization or a nation to accomplish set objectives. On the other hand, an unstable policy is one that changes frequently. One can state without fear of contradiction that there are inconsistency in the in the stability of policies in Nigerian educational system. Some specific examples here will suffice. In 1976, the Universal Primary Education Scheme was between 1977 and the late 1980s, the emphasis was on the 6-3-3-4 system. Today, the emphasis is more on science and technical or technological education. In 1982, the emphasis in most states of Nigeria was on the importation of introductory technology equipment. It is obvious that lack of stable policies in education will affect funding adversely. This is because the government that comes into power chooses its own projects or programmes and funds such to the detriment of other ones enunciated by its predecessors.

Another problem of funding education is sole dependence of the Federal Government on oil revenue. Crude oil has been the main source of revenue of the Nigeria economy. It is no secret that the Federal, State and Local Government make their budgets annually based on revenue majorly from oil. However, revenue from oil is inconsistent. Whenever there is a fall in oil revenue, then the funding of education will be seriously affected. This affected the funding of many educational programmes in Nigeria.

Population explosion is also one of the problems of funding education problems in Nigeria. Nigeria has an estimated population of 140 million people during the last census in 2006. Though, no census had been conducted by the Nigerian National Population Census, the estimated population is estimated to be around 200 million, which is about 2.6% of the world population. By implication, an increase in population will mean an increase in the number of school age children. This would imply an increase in the number of facilities and equipment to be provided by the government. An increase in the number of facilities and equipment means more money. When funds are inadequate, there are problems in the achievement of the desired objectives.

3.4 Problems of Limited Sources of Funds and Inadequate Allocation of Funds to the Education Sectors

The provision of education in Nigeria is often times viewed as an exclusive service of the government (the Federal, State and Local). Funding of education has been perceived as one of the root causes, if not the single most significant cause of problem in the education section. The challenge of achieving of Education for All in Nigeria through the several government efforts has been funds. The yearly budgetary allocation sees the education sector facing competition from the industrial, health, agricultural, communication and steal sectors of the Nigerian economy. However, education demands effective funding from the government. This has resulted into shortage of materials and human resources for education, lack of qualified teacher, shortage of classroom and a host of other problems. The budgetary allocation of the Federal and State Government to education are not enough to provide the basic and necessary conditions for teaching and learning.

Also, there are many programmes and services in education. There are mathematics and science programmes, Language programmes, Arts programmes and programmes in music and computer science. There are also service training programmes, workshops, seminars and conferences. There is also the issue of the payment of staff salaries and allowances, provision of science equipment and stationery. All these

certainly need or require adequate funding. However, funds made available to education are always inadequate as a result of these competing needs.

3.5 Problems of Indiscipline and Corrupt Leadership as well as Diversion of Funds Meant for Education to Other Sectors

Indiscipline and corruption have eaten deep into the fabrics of Nigeria society. In fact, indiscipline and corruption are today found in the industrial sector, in health institutions, in government agencies and parastatals and even in educational institutions that were once known for order and decorum.

In the ministry of education, some officials are known to embezzle funds meant for specific projects in schools. There are others who divert funds meant for education to other channels. For instance, some officials divert funds meant for the erection of classroom blocks into games and sports. Some others are known to insist on gratification for every task to be accomplished or any project to be undertaken. Some administrators receive gratification for the award of contract concerning the construction of science laboratories or the procurement of teaching equipment. Some university administrators are known to embezzle funds provided for some projects. For instance, some Vice Chancellors embezzle loans meant for academic and non-academic staff of their institutions. 'Where we have this kind of cases, then there are really problems in the funding of educational programmes.

The methods of disbursing funds to various levels of education also constitute problem to the funding of educational programmes in Nigeria. The reasons are obvious. One of them is the delay in the receipt of funds. The second is the risks involved in transferring huge sums of money from the headquarters or the zonal offices to the area where they are needed. In the primary education sector, for instance, funds meant for primary education are sent from the state primary Education Board (SPEB) to the Local Government Education Authorities (LGEA). There are bound to be problems in this method. The first problem is the issue of delay. The second problem may be the issue of diverting part of the fund to other sectors. In the universities, the bursars or his representative normally travel to the National Universities Commission headquarters in Abuja for grants. The weakness of this procedure is the daily in transferring funds from the headquarters to various Federal universities. In most cases, the bursar or the vice chancellor travel a number of times before funds are released to them.

3.6 Strategies to Solve the Problems

Having presented these problems, it is only proper that one should think about how to solve them. First of all, the Federal and State Ministries of Education, their agencies and parastatals should ensure that there are adequate statistical data in their offices. Proper information and accurate figures will make it easier for the government to plan education effectively and hence provide adequate funds for education. There should be accurate statistics on students' enrolment, the number, category and qualifications of staff, number of facilities and equipment and staff student's ratio. All these will make funding easier.

The emphasis in Nigeria and indeed most African countries should be the installation of a politically stable government. Military coups should as much as possible be discouraged and in fact outlawed. More so, any government that comes into power should continue with laudable education programmes enunciated by its predecessor.

There should be stable policies in education. In other words, any course of action adopted by the government should be completed without abandonment. If the policy of government, for instance, is to pursue science and technology programmes, it should do so religiously.

Nigeria should not depend entirely on its sales from crude oil. Palm produce, groundnuts, cotton, and solid minerals available in the country should also be exploited to yield revenue to the government. This is necessary since it will in one way or the other increase the level of government funding of education. Government should provide enough funds for education. This is necessary since there would not be any meaningful progress in the education sector without adequate funds.

Checks and balances should be put in place in the Federal and State Ministries of Education to avoid embezzlement of funds meant for education. Also, such checks should not allow diversion of funds to other areas where they are not needed. Administrators should not receive gratification as compensation for award of contracts. Stewardship should be encouraged and promoted among school administrators ((that is, Vice Chancellor, Provost, Rector, etc.) to avoid diversion of fund for selfish reasons.

Finally, the Federal Government should improve on its method of disbursing funds to educational institutions and seeing to its effective utilization from basic to tertiary education. This will positively impact on the effective implementation of educational programmes in such institutions.

4.0 CONCLUSION

You must have learnt that there are various problems of funding educational programmes in Nigeria. These include inaccurate statistical data, lack of stable policies in education, indiscipline and corrupt leadership of those in management positions in our educational institutions, population explosion, sole dependence of the Federal Government on oil revenue and inadequate allocation of funds to the education sector. Some strategies were therefore proposed to solve the problems highlighted. These included the need for accurate statistical data, stable policies in education, increased funding, ensuring that funds are not diverted to other sectors diversifying of revenue tether than sole dependence of the government on oil revenue.

5.0 SUMMARY

In this unit, funding was seen as a local issue of interest among educational Administrators, policy makers and planners because of the realization that no educational programme can be implemented without inadequate funds. The problems of funding educational problems were listed and discussed after which suggestions were put forward for increased and improved funding.

SELF-ASSESSMENT EXERCISES

- i. Identify the problems of funding educational programmes in Nigeria. Identify other ways through which poor funding of education can affect other sectors of the economy as well as the development of Nigeria.
- ii. How does inaccurate statistical data constitute problem in funding.
2. The ways in which inaccurate statistical data constitute problem are:

6.0 TUTOR-MARKED ASSIGNMENT

Identify six problems of funding educational programmes in Nigeria.

7.0 REFERENCE/FURTHER READING

Ogbonnaya, N. I. (2000). *Foundations of Education Finance*. Onitsha: Cape Publishers International Limited.

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In what ways does lack of stable policies in education as well as population explosion constitute source of problem in funding educational programmes.