Influence of Auditing on Financial Performance of Secondary Schools: A Case Study of Goromonzi District; Zimbabwe.

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Abstract:
Auditing, an internal financial control with high adoption in private sector has of late received great attention of the community in Zimbabwe calling for its adoption in public institutions. This is due to poor Corporate Governance practises not only parastatals, but in public schools as misappropriation of school funds scandals rock the nation since 2008. With the wake of 2015 government schools audit exercise, the research seeks an explanation of the relationship between auditing and financial performance of Goromonzi district secondary schools. With the absence of theory to explain the relationship in Zimbabwean education sector, the research aimed to establish the frequency schools need to be audited. Quantitatively, primary data were collected using questionnaires and personal interviews directed to government appointed and parent-elected School Development Committees (SDC) members, respectively. Secondary data from existing literature complemented primary data. Chi-square tests were used to analyse data to establish relationships existing between diverse variables. Carried tests indeed validated the existence of positive positive relationship between education attained by SDC members and their comprehension of auditing. Similar results were observed between audit frequency and performance of schools measured by standards improvement. Finally the research recommended how auditing can be implemented in schools as well as various strategies which can be adopted to ensure positive financial performance of schools.

Key Words: Auditing, Internal Financial Controls, Financial Performance, Schools.

1. Introduction:
Adoption of Financial controls in both private and public sector institutions has recently attracted attention of researchers, shareholders, investors and governments. This is premised on the general consensus that financial controls are key in ensuring best corporate governance practices. Schools cannot be exempted in this practise as Okon, Ukpong and Akpan (2011) premised effective schools administration on principals properly implementing financial controls. Parents can even measure quality of school administrators with financial management abilities they demonstrate (Chikoko, 2008). Auditing is among such financial control measures put in place to mitigate and or prevent fraudulent activities and misappropriation of funds. In the private sector, auditing is frequently done periodically for timely achievement of organisational goals.
Large firms and those with better financial muscle have prioritised setting a stand-alone internal audit department to conduct such a crucial role.

In Zimbabwean schools, audits are not novel practise. It has history dating back to 1980s, with less frequency compared to the private sector. The subject matter has of recent surged up its preference in Zimbabwean schools since the adoption of multicurrency system in 2009. With tension mounting between parents and respective school stewards; school heads and School Development Committees (SDC), over unprecedented allegations of funds and levies embezzlement by the later, financial management in schools came to spotlight of various stakeholders. Parental outcry on mismanagement of school funds alarmed government, which indicated its deep concern through anger expressed by education ministers, Honourable David Coltart and his successor Dr Lazarus Dokora. Corruption scandals which prejudiced schools millions of US dollars all over the country forced government to conduct a schools audit to ascertain the extent of rot in schools and curb misappropriation of school funds by authorities (Ndlovu in the Herald of 08 June 2015). Among reported fraudulent cases in schools:

At Milton High School in Bulawayo, SDC chairperson admitted at an Annual General Meeting (AGM) to have channelled funds from SDC coffers to his own business. Additionally through Paper Tek Enterprises, the chairperson supplied photocopied textbooks to the school with an invoice to the tune of US$7449. This forced parents to relieve the chair his duties with immediate effect – (News Day of February 18, 2011).

SDC chairperson at Coghlan Primary School in Bulawayo was being alleged to have diverted an undisclosed figure contributed by parents for teachers’ incentives to his own business – (News Day of February 18, 2011).

Assistant accountant at S’ Aidans Primary School in Chitungwiza appeared before Chitungwiza magistrate court on the 11th of June 2015 facing charges of misappropriating US$27260. The money varnished between September 2014 and April 2015 before the culprit could manufacture bank deposit sleeps to cover up for the offence – (The Herald of June 12, 2015).

Rugare Primary School head in Harare allegedly failed to account for US$20 each grade 7 pupil had paid for holiday lessons – (The Herald of 14 July 2015).

School head, salaries officer and bursar at Eaglesvale Senior School in Harare appeared before Harare magistrate for embezzling US$873 840, 56 through encashing their leave days and awarding themselves allowances without Board of Trustee approval – (The Herald of 24 September 2015).

Ineffective financial performance of schools as illustrated by massive diversion of funds from school treasuries to administrators’ personal accounts is born from lack of application of financial controls. Particularly infrequent checks in the form of audits were considered to have precipitated funds misappropriation. A problem which emerged after decision by Zimbabwean government to decentralise control over school finances to local administration comprised of school heads and SDC members in nineties (Masuka, 2010). The decision was purely to lessen bureaucracy and for efficient distribution of funds for development purposes (Samkange, 2013). The verdict failed to consider crucial role of audits in aligning personal goals to institutional intensions.

The purpose of this research study is to frame the role auditing play in ensuring effective use of finances for schools development and how frequent should auditing be done. Prior contexts were developed for private profit making businesses in developed nations. The same was found to be applicable to non-profit making organisations such as schools in developed countries. Literature review lacks any evidence to show any positive relationship between auditing and financial performance of schools in Zimbabwe.

2. Literature Review:

There is a general belief hinging myriad misuse and misappropriation of school funds to more autonomous decentralised school management system (Caldwell, 2005 in Barrera-Osorio, Fasih, Patrinos and Santibanez, 2009; Australian Education Union (AEU), 2012). Contrary to this belief is a general consensus that both developed and developing nations migrated from relatively uniform centralised schools administration
system to a school based education management in order to achieve effective administration (Yau and Cheng, 2011; Samkange, 2013). Similarly, Zimbabwean schools administration decentralisation was premised on relieving government of a huge education bill to fund salaries, furniture and equipment, improving pass rates and general quality of education (Chikoko, 2008; Nyandoro, Mapfumo and Makoni, 2013). With such a positive intention, poor performance shifted blame to absence or improper application of financial controls.

A decentralised system shifts authority from central government to local schools (Caldwell, 2005 in Barrera-Osorio, Fasih, Patrinos and Santibanez, 2009; Herman and Herman, 1993 in Yau and Cheng, 2011; Bula, 2015). In Zimbabwe the system allowed school heads to work with parents-elect SDC members to safeguard parental interests. This strategy actually perpetuated corruption in schools as SDC teamed up with principals to accomplice schools. It clearly indicated that schools administration system lacked controls to achieve best corporate governance practise. Thus controls are a deliberate intervention on the spheres of an agent with an intention of producing desired effects (Giraud, Zarlowski, Saulpic, Lorain, Fourcade and Morales, 2011). Chenhall and Euske (2007); Davila and Foster (2007); Sandino (2007) in Ho, Huang and Wu (2011) argue that controls can be used as a framework to ensure congruent alignment between employees’ duties and actions with organisation’s goals. In general, controls are organisational thoughtful mechanisms put in place to ensure employee duties and actions are in harmony with organisational set goals. Auditing come is as an appropriate financial control measure. Even though audits exclusive of other financial controls could not achieve desired results, their application is a welcome effort towards financial performance of schools.

Audits:

Just like any other forms of financial controls, audits are put in place to ensure agents entrusted with running of companies do so in the best interest of shareholders (Atieno, Sangoro, Atieno, Odongo, and Rono, 2015). Millichamp (2002) in Atieno et al. (2015) defined auditing as an activity of verifying the accounting data, determining accounting statement’s accuracy and reliability, and reporting of the findings to stakeholders carried out by an independent individual (auditor). Audits are not a novel idea in schools as Department for Business Innovation & Skills (2014) indicated that England has already fully embraced it with all schools subject to audit regime as per authority’s determination with regards to internal audit and the Audit Commission’s determination to authority’s external audit regime. In schools, audits are put in place to control principals/school heads and SDC members’ deviant behaviour of misappropriating school levies. However, auditing function is dependent on interest of top management (Lelis and Pinheiro, 2011). Of which interest is a subject of benefits accrued and knowledge acquired through experience and training. Hence the researcher came up with the first hypothesis:

\( H_0: \) There is no relationship between SDC members’ level of education and their knowledge of Auditing.

\( H_1: \) Level of education attained by SDC members influences their knowledge of Auditing

Audit frequency:

Atieno et al. (2015) ironed out that Government of Kenya (GOK) annually send auditors to schools as one of the measures to ensure effective school funds management. On the same note, Okumbe (2007) in Atieno et al. (2015) claimed that Kenyan government auditors audit schools annually. The American School Budget and Fiscal Control Act, Article 31, Section 447(a) stipulate that each local administrative school have to be audited its accounts soon after the closing of each fiscal year by a certified public accountant. Section 129 (1)(b) of the Australian Local Government Act of 1999 as indicated in LGASA (2015) requires the auditor to audit controls exercised by the council during the relevant year in relation to receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities. This is a clear indication that an audit should be carried out at least once annually to cover the just ended trading year. Auditing schools annually ensure discipline in leadership (schools heads and SDC members) in as much as financial matters are concerned. This will keep administrators alert that they should be accountable and their usage of school funds are always at check. With such assertions, second hypotheses was drawn:
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**H₀:** There is no relationship between Audit Frequency and School Performance.

**H₁:** Audit Frequency influences School Performance.

**Audit Independence:**

Apart from time, audit independence is a cornerstone for the determination of the audit quality and audit professionalism (Mohamed and Habib, 2013). In support of this, Atieno et al. (2015) argues that organisational reports and accounts credibility can be achieved by hiring the services of independent professionals (auditors) to investigate reports and accounts, and report their findings. Mohamed and Habib (2013) added that an independent external auditor should verify individual school’s annual financial statements properly presents its income, expenditure and financial position prior to the consolidation of the accounts so as to increase necessary assurance required. Nichols and Prince (1976) and Lu (2005) in Mahomed and Habib (2013) referred to Auditor Independence as the auditor’s refusal to support any forms of detected misstatements and willingness to stand against the client’s attempts to influence the audit report. Cameran, Di Vincenzo and Merlotti (2005) maintains that independence represents the state of mind considered to encompass the factors of integrity, objectivity and professional judgement. Auditor independence is said to be compromised by auditor-client excessive familiarity and long term attachment, which hinders the auditor from properly discharging his/her duties (Ainsworth, 2006), which is mitigated by auditor rotation (Mohamed and Habib, 2013). Consequently, auditor independence boosts public confidence in the firm’s financial information (Ghosh and Moon, 2004 and Cameran et al., 2005 in Mohamed and Habib, 2013). Thus, the success of any audit is dependent on the auditor's independence among other factors.

**The need for audits:**

Audit reports help stakeholders who are not directly involved in the affairs of the organisation to hold executives accountable and reduce information gap between stakeholders and executives (Roberts and Pollitt, 1994 in Mzenzi and Gasper, 2015). The information gap which need to be closed do exist due to separation of ownership and control of entities. In the case of schools, heads and SDC control whilst parents and government are stakeholders divorced from control.

From Manasseh (2002)’s definition of Internal Auditing as being a managerial tool acting as a watchdog covering the entire company’s internal control system, auditing do regulate the functioning of organisational control systems. Deloitte (2015) supported this by citing that the 2013 Indian Companies Act do compel statutory auditors to state whether the company possess adequate internal financial control system or not and how effective such controls are. This is a clear indication that auditing ensures establishment and monitoring of the functioning of the control system.

Audits strengthen internal control systems through constant checking of accounts, which acts as a preventative measure against fraud and errors (Atieno et al., 2015). Mitchell and Meacheam (2011) argue that agents pursue self-interests outside owners’ goals. Wherefore, audits are put in place to minimise if not eliminate such a behaviour. Also errors are inherent when preparing financial statements, and auditing is done to detect and correct such errors.

Atieno et al. (2015) point out that audits do independent appraisal of organisational activities for accounting records review. This will help to determine school financial standing, as well as credibility of accounting records (Atieno et al., 2015). Without auditing, stakeholders will hardly accept the credibility of school records as principals who prepare them cannot appraise themselves.

According to Atieno et al. (2015), auditing is futuristic in nature as it help to detect and prevent errors which are likely to happen in future. Which mean an audit report is more informative as it provides information investors need to make decisions (Schilder, 2013). This is contrary to Deloitte (2015)’s argument that an auditor’s opinion does not assure the future viability of an entity nor its management’s efficiency or effectiveness in how it conducted business of the entity. Although Atieno’s accession contradicts with Deloitte, it can still be regarded as correct since a risk audit do an assessment of risks which are likely to affect the firm in the future.
**Implications of Inadequate Auditing:**

A study carried out by Wichenje, Simatwa, Okwoma and Kegode (2012) indicated that in the period from 2007 to 2009, 17 head teachers were implicated for misappropriations of school funds in the former Western Province of Kenya. Such cases were reported to be as a result of a long period which elapsed before auditors could check books of accounts in schools (Atieno, 2015). Additionally Watsulu and Simatwa (2011) in Atieno et al. (2015) pointed out long time span taken before auditing in schools was due to shortage of auditors. Thus audit inadequacy renders school systems void of checks to monitor officials’ activities. Which ultimately lead to fraudulent activities and misappropriation of funds.

**3. Methodology:**

The researcher adopted an explanatory quantitative study using case study approach. Goromonzi district was selected through convenience sampling given the fact that the researcher is stationed in the district. Two government representatives (school heads and deputy head) and five parent elected SDC members from 37 secondary schools in the district formed the target population of 259 elements. After considering factors such as tolerable margin of error, non-responses, variation of population, types of analyses to be undertaken, time and costs, 111 respondents were drawn to make the sample size. This sample is selected through a stratified random sampling. The researcher divided secondary schools into two groups, which are boarding schools and day schools. Research elements from each group were further divided into two strata of ministry appointees and parent-elected representatives constituting SDC membership of each school. This ensured both government and parents interests are represented, where one ministry appointee (either school head or deputy head) and two parent-elected were chosen through a simple random sampling technique out of the five members.

| School Category | Number of Schools | Ministry Representative | Parent-elected Representative | Total |
|-----------------|-------------------|-------------------------|-----------------------------|-------|
| Boarding Schools | 4                 | 4                       | 8                           | 12    |
| Day Schools     | 33                | 33                      | 66                          | 99    |
| **Total**       | **37**            | **37**                  | **74**                      | **111** |

The researcher obtained primary data using personal interviews and personally distributed questionnaires from respondents. Triangulation with the use of questionnaires and interviews were used to ensure reliability in research data. Structured questionnaires were distributed by the researcher with the assistance of a non-administrative teacher at each station, specifically targeting parent-elected SDC members who are only available in schools when they attend SDC meetings and upon request from the school heads. Questionnaires are used in explanatory researches which aid examination and explanation of a relationship between variables (Saunders, Lewis and Thornhill, 2012). In this explanatory research, the researcher wanted to examine and explain the relationship between financial controls and school performance. Additionally, questionnaires are used in collecting responses from a large sample prior to quantitative analysis ((Saunders, Lewis and Thornhill, 2009:361). On the other hand structured interview questions were administered to either school head or deputy-head available at the station when the researcher arrived. Personal interviews helped to take note of hidden language (facial expressions and non-verbal cues) not shown by questionnaire responses. Secondary data from published journals, textbooks, and Ministry of Primary and Secondary Education (MPSE) data base provided a guideline to and complimented primary data.

Data was presented in contingency tables to examine interdependence between variables (auditing and financial performance). Cross-tabulation also grouped data to prevent tables from becoming too large. Research findings were analysed quantitatively using Chi-square test ($\chi^2$), which Saunders et al. (2009) claimed to be instrumental in testing whether two variables are associated. This purpose of this research was to test association between auditing and financial performance of schools.
4. Findings and Discussion:

Response Rate

Response rates for both questionnaires and personal interviews were very commendable as summarised in table 4.1 and 4.2 below:

Table 4.1: Questionnaire Response Rate for parent-elected SDC/SDA members

| Target Group | Distributed Questionnaires (DQ) | Returned Questionnaires (RQ) | Percentage Response Rate (%) = \( \frac{RQ}{DQ} \times 100 \) |
|--------------|---------------------------------|-----------------------------|--------------------------------------------------|
| Boarding Schools | 10                              | 6                           | 60                                               |
| Day Schools   | 64                              | 53                          | 83                                               |
| Total         | 74                              | 59                          | 80                                               |

Table 4.2: Interview Response Rate for ministry appointed SDC/SDA members

| Target Group | Number of Targeted Respondents (TR) | Actual number of Respondents (AR) | Percentage Response Rate (%) = \( \frac{AR}{TR} \times 100 \) |
|--------------|------------------------------------|-----------------------------------|--------------------------------------------------|
| Boarding Schools | 5                                  | 5                               | 100                                              |
| Day Schools   | 32                                 | 18                              | 56                                               |
| Total         | 37                                 | 23                              | 62                                               |

Out of 74 distributed questionnaires, 59 were returned, signifying 80% response rate and of the 37 targeted interviews to compliment and validate questionnaire data, 23 were conducted, signifying a 62% interview response rate. Both response rates are large enough to draw conclusions that responses obtained are a true reflection of the entire population. Saunders et al. (2009; 220) encourages researchers to obtain a high response rate possible to ensure that the sample used is representative of the entire population. Of which Baruch (1999) in Saunders et al. (2009; 222) justified a response rate of approximately 35% to be reasonable in academic studies involving organisation’s representatives or top management. Such high response rate is attributed to the researcher guaranteeing respondents confidentiality to their responses and a high interest in the subject.

Respondents Profiles:

Table 4.3: Parent-elect SDC members’ Level of Education

| Level of Education                          | Frequency | Frequency Percentage (%) |
|---------------------------------------------|-----------|--------------------------|
| Primary school                              | 12        | 20                       |
| Secondary school                            | 31        | 53                       |
| College (Diploma)                           | 9         | 15                       |
| University (Degree)                         | 6         | 10                       |
| Graduate school (Postgraduate)              | 1         | 2                        |
| Total                                       | 59        | 100                      |

Majority of respondents, about 73% have attained basic primary and secondary education as their highest academic qualifications compared to a paltry 27% who attained tertiary education. The spread of educational qualifications from primary level to postgraduate level in the SDC membership clearly indicate that educational qualification is not a factor considered for one to be elected into SDC board. Failure to consider level of education attained influence quality of decisions SDC members make. Quality of decisions made by...
SDC members increase as education attained increase also. Hence there is need to consider level of education attained when electing SDC members if decisions made in schools are to improve.

**Knowledge of Auditing**

| Ratings     | Frequency | Frequency Percentage (%) |
|-------------|-----------|--------------------------|
| Poor        | 9         | 15                       |
| Fair        | 36        | 61                       |
| Good        | 11        | 19                       |
| Very Good   | 3         | 5                        |
| Excellent   | 0         | 0                        |
| **Total**   | **59**    | **100**                  |

As being depicted by Table 4.4 above, majority of parent-elect SDC members (above 70% of the respondents) claimed to possess insignificant knowledge of auditing, which resonates with interview responses obtained from school heads and deputy heads. The researcher deduced that SDC members’ minimal knowledge of auditing makes it easier for school heads and bursars to misrepresent figures to parent-elect members. This facilitates diversion of school funds to personal use. Roberts and Pollitt (1994) in Mzenzi and Gasper (2015) highlighted that audits are mechanisms to hold executives accountable. Little knowledge of auditing in parental SDC members equate to heads lacking a mechanism to hold them accountable. Lack of comprehensive understanding of audit reports deprive schools of voices to call for audits. This is the reason why schools were going for years without being audited, only to be audited after minister of PSE, declared it to be done (Ndlovu, 2015).

**When Schools were Last Audited**

| Period Schools were last Audited | Frequency | Frequency Percentage (%) |
|---------------------------------|-----------|--------------------------|
| Last 3 months                   | 0         | 0                        |
| 4 – 7 months ago                | 0         | 0                        |
| 8 – 11 months ago               | 5         | 8                        |
| 12 months ago                   | 54        | 92                       |
| 2 years ago                     | 0         | 0                        |
| 3 years ago                     | 0         | 0                        |
| More than 3 years ago           | 0         | 0                        |
| **Total**                       | **59**    | **100**                  |

As shown in Table 4.5 above, majority of schools (92%) were last audited during the period when MPSE was in the district conducting the exercise. Thereafter, only 8% of schools did routine audits and it was discovered that all of them were boarding schools. This is a clear indication that schools are rarely audited if government fail to do so. This shows inadequacy of auditing in schools. Before government all schools audit, majority of schools had gone for more than 10 years without being audited. In all of the schools which were audited once in 10 years’ time, school heads and deputy heads indicated that they had errors discovered in their books of accounts. Even though auditors recommended them to correct observed errors, most heads indicated to be ignorant of most of the errors. Contrary to Zimbabwean schools’ frequency of audit, Government of Kenya (GOK) regularly audit schools, mostly annually (Atieno et al., 2015).

All respondents indicated that last audit carried out in schools was neither a routine audit nor annual general meeting (AGM) resolution; rather it was a Ministry of Primary and Secondary Education decree. This clearly shows audit inadequacy in education sector. It is a confirmation that auditing is a rare practise in education and are done as a result of an anomaly or directive from higher authorities. Of which auditing should be done regardless of irregularities, rather it is a managerial tool acting as a watchdog covering the
entire organisation’s internal control system (Manasseh, 2002). The reason schools were audited in 2015 was a fault-finding action rather than Atieno et al. (2015)’s argument of strengthen internal control systems through constant checking of accounts, which act as preventative measure against fraud and errors.

**Number of Audits in the Last 5 years:**

In response to number of audits conducted in a space of five years, 88% of respondents indicated that their schools were audited only once, 5% - twice and 7% - six times or more as presented in Table 4.9 below. In agreement with what Table 4.9 is depicting, school heads and deputy heads from only 4 boarding schools in the district indicated that besides MPSE carrying out an audit to all schools in 2015, their books of accounts were being audited every academic year end. These responses clearly show that schools are lacking application of a crucial internal financial control (auditing). It seems majority of schools operate without audits to reflect whether errors and fraudulent activities are happening or not. Due to lack of such a control measure, most school authorities were found on the wrong side. They were found to be deficient of any appraisal system of their accounting activities. This loophole was being utilised by most heads and bursars to syphon school funds.

**Table 4.6: Number of times respondents’ schools were audited in the past 5 years**

| Number of Audits | Frequency | Frequency Percentage (%) |
|------------------|-----------|--------------------------|
| 0                | 0         | 0                        |
| 1                | 52        | 88                       |
| 2                | 3         | 5                        |
| 3                | 0         | 0                        |
| 4                | 0         | 0                        |
| 5                | 0         | 0                        |
| 6+               | 4         | 7                        |
| **Total**        | **59**    | **100**                  |

**Chi-square Tests($\chi^2$)**

Chi-square tests ($\chi^2$) carried to validate or refute hypothesis and establish relationship between variables (auditing and financial performance) were as follows:

**Testing the relationship between level of education and knowledge of auditing**

$H_0$: There is no relationship between SDC members’ level of education and their knowledge of Auditing.

$H_1$: Level of education attained by SDC members influences their knowledge of Auditing

**Observed Frequencies**

**Table 4.7: Observed Frequencies for Respondents’ Level of Education and Knowledge of Auditing**

| Level of Education | Poor | Fair | Good | Very Good | Total |
|--------------------|------|------|------|-----------|-------|
| Primary School     | 9    | 3    | 0    | 0         | 12    |
| Secondary School   | 0    | 28   | 3    | 0         | 31    |
| College Diploma    | 0    | 2    | 6    | 1         | 9     |
| University Degree  | 0    | 2    | 2    | 2         | 6     |
| Graduate School    | 0    | 1    | 0    | 0         | 1     |
| **Total**          | **9**| **36**| **11**| **3**     | **59**|
Expected Frequencies:

Table 4.8: Expected Frequencies for Respondents’ Level of Education and Knowledge of Auditing

| Level of Education | Knowledge of Auditing |
|--------------------|-----------------------|
|                    | Poor | Fair | Good | Very Good | Total |
| Primary School     | 1.8305085 | 7.3220339 | 2.2372881 | 0.6101695 | 12 |
| Secondary School   | 4.7288136 | 18.915254 | 5.779661 | 1.5762712 | 31 |
| College Diploma    | 1.3728814 | 5.4915254 | 1.6779661 | 0.4576271 | 9 |
| University Degree  | 0.9152542 | 3.6610169 | 1.1186441 | 0.3050847 | 6 |
| Graduate School    | 0.1525424 | 0.6101695 | 0.1864407 | 0.0508475 | 1 |
| Total              | 9    | 36   | 11   | 3         | 59 |

Critical Value

Degree of freedom = (R-1)(C-1) = (5-1)(4-1) = 12

Significance level = 5%

Critical value = 21.026

Test Statistic = \[ \sum \frac{(O-E)^2}{E} = 73.2709 \]

Therefore the researcher rejected the Null hypothesis \( H_0 \) at 5% significance level and concluded that indeed there is a relationship between the level of education and knowledge of auditing. That is, the higher the level of education attained, the greater the appreciation of auditing the person may have. Majority of SDC members, about 75% lack or have little appreciation of auditing as confirmed by responses in Table 4.6 being influenced by level of education they attained. Majority of them (73%) accomplished basic education (primary and secondary education) as shown in Table 4.3. Such a relationship seems to be influencing the reluctance of schools to frequently do auditing. SDC members therefore cannot call to implement something they lack appreciation of.

Testing for relationship between audit frequency and school performance in terms of improvement in learning environment, pass rate and standards improvement

\( H_0: \) There is no relationship between Audit Frequency and School Performance.

\( H_1: \) Audit Frequency influences School Performance.
Observed Frequencies

Table 4.9: Observed Frequencies for Respondents’ responses on Number of Audits and Standards Improvement in schools

| Number of Audits in 5 Years | Standards Improvement |
|-----------------------------|-----------------------|
|                             | Deteriorated | Stagnant | Slight Improvement | Great Improvement | Total |
| 1                           | 6            | 28       | 18                 | 0                  | 52    |
| 2                           | 0            | 0        | 3                  | 0                  | 3     |
| 3                           | 0            | 0        | 0                  | 0                  | 0     |
| 4                           | 0            | 0        | 0                  | 0                  | 0     |
| 5                           | 0            | 0        | 0                  | 0                  | 0     |
| 6+                          | 0            | 0        | 0                  | 4                  | 4     |
| Total                       | 6            | 28       | 21                 | 4                  | 59    |

Expected Frequencies

Table 4.10: Expected Frequencies for Respondents’ responses on Number of Audits and Standards Improvement in schools

| Number of Audits in 5 Years | Standards Improvement |
|-----------------------------|-----------------------|
|                             | Deteriorated | Stagnant | Slight Improvement | Great Improvement | Total |
| 1                           | 5.28814       | 24.678   | 18.5085            | 3.52542            | 52    |
| 2                           | 0.30508       | 1.42373  | 1.0678             | 0.20339            | 3     |
| 3                           | 0             | 0        | 0                  | 0                  | 0     |
| 4                           | 0             | 0        | 0                  | 0                  | 0     |
| 5                           | 0             | 0        | 0                  | 0                  | 0     |
| 6+                          | 0.40678       | 1.89831  | 1.42373            | 0.27119            | 4     |
| Total                       | 6             | 28       | 21                 | 4                  | 59    |

Critical Value
Degree of freedom = (R-1)(C-1) = (6-1)(4-1) = 15
Significance level = 5%
Critical value = 24.996

Test Statistic = \[ \sum \frac{(O-E)^2}{E} = 64.5102 \]

Therefore the researcher rejects the Null hypothesis \((H_0)\) at 5% significance level and concludes that there is indeed a relationship between the Audit Frequency and School Performance in terms of improvement in Learning Environment, Pass Rate and Standards Improvement. Most schools were audited in 2015 after the MPSE decided to respond to parents’ foul play claims by school heads pertaining misappropriation of school fees and levies. The audit unearthed the rot which had gone unabated for years. Basing on the relationship
between audit frequency and school performance established above, lack of development in schools could be influenced by lack of monitoring emanating from audit inadequacy. Hence, Atieno et al. (2015) suggested that, schools like what Government of Kenya (GOK) does should be audited at least once annually to ensure efficient management of school funds. LGASA (2015) also argued that, to ensure development in institutions, an audit should be carried out at the end of every relevant year. The researcher noted from interview responses that, some schools had gone for more than 10 years without being audited. Thus lack of such a control measure as auditing to act as a check of how school funds are being handled lead to poor standards improvement in schools.

5. Conclusion and Recommendation:

The main objective of the study was to establish a relation between auditing as a financial control and financial performance of schools. Results of the study indicated that auditing is a rare activity in Zimbabwean schools. A number of factor contributing to failure to embrace auditing include unawareness of internal financial controls, and lack of auditing knowledge emanating from financial illiterate SDC board. It was discovered that such quality compromised boards are imminent as there are no stipulated academic or professional qualifications influencing one to be elected into the SDC board. Despite that, Chi-square tests analysis results substantiated existence of a positive relationship between education qualification SDC members possess and their knowledge of auditing. Ultimately more frequently audited schools surpass infrequently audited ones in terms of financial performance measured by improvement in Learning Environment, Pass Rate and Standards.

Consequently the researcher came up with the following recommendations:

MPSE should adopt a recruitment and selection criteria of SDC members which stipulate requisite auditing and internal financial control knowhow in general. Cut-off academic or professional qualifications should be set as minimum requirements to afford individuals chances of being elected into the SDC board. This will ensure right skills to make desired decisions are selected to improve school standards.

When chosen to be part of the SDC board, members should be inducted as well as exposed to workshops and other training programs to capacitate members with auditing skills.

Schools should consider auditing their books of accounts at least once each year in order to hold school authorities accountable to ways they handle school funds, reduce errors and fraudulent activities. At the end of each fiscal year, schools must be audited to allow correction of previous variances discovered in preparation for the coming fiscal year.

The researcher recommends future researches to focus on the influence of other financial controls such as budgeting, control over access to ICT, duty segregation, and financial reporting to financial performance of schools. There is also need to research on how to consolidate internal financial controls to enhance sound financial performance in schools.

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