MODULE 2

Financial Management of Institutions of Teacher Education

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PRELIMINARIES

Note for users

This module undertakes to upgrade the managerial capacity of heads/deputy heads of teacher education institutions (TEIs), as well as deans of faculties of education. These institutions receive funds from a variety of sources, mostly from state budgets. It is the managers’ duty to see to it that these resources are managed effectively and efficiently.

As managers of these institutions, you are expected to be informed about your accountants’ responsibilities in managing the resources at your disposal. For you to be able to do this, you need to be well acquainted with management tools and skills, like budgeting, using procedures in financial management, and with strategies for funds mobilisation and accountability.

The aim of this module is to equip you with the relevant knowledge and skills to enable you be cognisant of issues relating to financial management in your institution, and work well with your chief finance officer (CFO).

The module is generic, providing relevant information likely to upgrade skills and competences of managers from any one of the TEIs of different levels working in various contexts.

You are invited to adapt contents to your particular situation. You may be asked to do preparatory tasks prior to studying the module. The proposed questions for reflection below are a good start. You can add to them or modify them as you wish.

Module Objectives

It is expected that at the end of studying this module, you should be able to:

- Improve your financial management skills like budgeting techniques, resource allocation planning and utilisation, etc.;
- Be pro-active in mobilising resources to cover your institutions’ running and investment costs;
- Cite some examples of innovative ways of financial management and the reasons for change;
- Use mechanisms and tools for a transparent planning and utilisation of resources; and
- Plan for sustainable projects and expenditures geared at institutional development.

Questions for reflection

1 These institutions range from primary school teacher training colleges, in French, *Écoles Normales d’Instituteurs (ENI)* in Togo, Benin, etc., *Écoles de Formation d’Instituteurs (EFI)* in Senegal, to secondary school teacher training institutions, *Écoles Normales Supérieures (ENS)*. In addition, establishments like INSE in Togo and ISSEG (Institut National des Sciences de l’Education / ISSEG: Institut Supérieur des Sciences de l’Education en Guinée) in Guinea are also involved in secondary school teacher preparation and in training teacher trainers and supervisors. Similar kinds of levels of teacher training with their own designations also exist in English speaking Africa.
1. Most teacher education institutions are facing decreasing state funds for their programmes. How then can teacher education institutions remain innovative and relevant using these meagre resources?

2. What major changes can be envisaged to compensate for insufficient state funds?

3. What important aspects of the financial management structures and processes in your institution would you mention as priority areas that need improvement?

4. List other problem areas or obstacles to more efficient financial management in your institution. Consider ways to overcome them.

**Introductory remarks**

To achieve the objectives listed above, this module is structured as follows:

In Unit 1, we look into the organizational structures of financial management in public teacher education institutions. We then proceed with analysing different sources and mechanisms of financing of TEIs.

Unit 2 deals with improving TEI heads’ managerial skills, once they are well-acquainted with financial management functions or resource mobilization and utilization, regulating expenditures and accounting for funds’ utilisation issues.

It is also deemed necessary to inform managers about trends in financial management in dealing with teacher initial preparation, in-service teacher education and the distance mode of teacher learning in Unit III.

Finally, Unit IV examines policy issues by exploring strategies for TEIs’ financial management improvement both at national level, where some suggestions are discussed, and at institution level where trainees are invited to try out some innovative ideas.

The contents discussed and situations evoked may be somewhat different from your TEI contexts. In any case, we invite you to consider them for comparison sake. They can help you pinpoint the strengths and weaknesses of your own establishment. After all, this is part of a capacity-building process that the module aims at: to be able to compare in order to review and enrich your own professional practices.
UNIT 1. The Context of Financial Management in Teacher Education Institutions

Introduction

More often than not, financial management evokes acting on and from a budgeted income and expenditure within a given time span, mostly on a yearly basis. The TEIs’ mission requirements and their resources seem to be fixed ones in people’s minds. However, in a changing context of teacher education, their mission as well as their organizational structures of financial management needs revisiting. This unit will investigate training institutions’ funding sources and mechanisms to see how best you can apprehend them. Finally, the role of the private sector in the context of TEIs’ financial management is often overlooked, together with the principle of cost sharing. We will also shed light on these areas.

Unit objectives

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

- Discuss your organizational structure of financial management;
- Explore all possible sources of finance available for your TEI.

Key concepts

- Organizational structures of financial management
- Sources and mechanisms of finance
- Input-based funding system.

1.1 Mission of the institutions of teacher education

Most TEIs seek ways and means through which they can meet teacher education (TE) challenges. They endeavour to train teachers in difficult circumstances and too much hope lies on those teachers’ shoulders to deliver quality instruction. Institutions of TE are therefore expected to produce quality teachers both professionally and morally. This mission is often hampered by the scanty resources available to them.

1.2 The Organizational Structures of Financial Management in Teacher Education Institutions

In most Sub-Saharan African countries, TEIs’ structures are top down, imposing so many restrictions on fund utilization. As most funds are generally provided by governments, expenditures are submitted to public administration rules and regulations. An organization stands as a bureaucratic machine, with very rigid financial management. TEIs express their needs in budget formats which they convey to the central administration at the Ministry of Education or University. Resources are allocated accordingly, and often below expectations. Chief financial officers (CFOs) play a key role in the budgeting process and the accounting of the allotted funds.
In fact, the decentralized mode of financial management in TEIs has been slow in coming. However, attempts are being made to delegate parts of institutions’ resources to regional authorities to expedite their services.

### 1.3 Sources and Mechanisms of Finance, the Role of the Private Sector and Cost Sharing

**Activity 1/Mod2-Unit 1**

We are now going to discuss the various sources of and mechanisms of finance. But first, please, answer briefly this question:

What are the main sources of finance for your institution?

#### 1.3.1 General ministry budget provisions

The funds provided by the Ministry reflect public resources allocation and utilization rules and mechanisms as they are State funds. Strategic decisions are taken at the Ministry, and these are related to investments in infrastructure and equipment. When they entail heavy inputs, central authorities proceed by inviting bids. On the other hand, institutions’ departments, regional and decentralized structures, or TEIs themselves take routine financial decisions and implementation measures.

As you know, in this input-based funding system, we distinguish two types of financial and material inputs to ensure that TEIs carry out their mission: “investment budget” and “operating budget”, exclusive of salaries. By and large, public funds for the first type of budget are provided to meet the financial costs of inputs, namely heavy equipment and infrastructure. The second type caters for light equipment like furniture, purchase of computers, office supplies, teaching equipment, and running costs, including, consumable items, and other specific goods and services.

Institutional managers are required to spend the funds on the inputs for which they are provided, but within these constraints TEIs and Ministries decide what outputs to produce and the training time that will be needed.

Finally, the line item budget prevails in this mechanism of finance. Under this system, the institution receives state funds sub-divided into categories of expenditures, and the money can be spent only within these categories.

#### 1.3.2 Donor agencies

Donor agencies’ contributions are limited to occasional interventions and they aim at achieving specific goals. As pointed out in a recent UNESCO study report on *Capacity-building of teacher training institutions in Sub-Saharan Africa*, generally, the assistance of a large international organisation can serve in resolving certain technical problems or decisions due to serious poverty, for example: improving the capacities of communication, providing a basic library, setting up a resource centre or contributing in kind to an existing one, or, contributing to setting up training plan for teacher trainers, contributing to the development of training curriculum, providing basic equipment for a research centre, improving the capacity for diffusing research or tools in pedagogy, contributing to the organization of centres of
excellence and the establishment of UNESCO Chairs, organizing regional seminars, facilitating study visits, proposing didactic tools, contributing to training needs assessment…(p 46).

1.3.3 Private sector provisions

The private sector is active at university affiliated TEIs. The presence of the private sector infuses a certain dynamism and more entrepreneurial management procedures. Consequently, teacher education institutions deal with the private providers of a TE scheme as partners that can be customers or stakeholders. Generally caution is advised with cost sharing mechanisms. The fear is that clashes may originate from conflicting priorities and compromise the institution’s mission.

1.3.4 Students as contributors

Student teachers are the direct beneficiaries of their training. It is therefore fair for those who want a training to pay for it. The different ways as to how students could contribute to their education are analysed below.

Tuition Fees: the most direct way for students to contribute to their training is through tuition fees. In developing countries, these fees are paid in the form of grants from the government. The introduction of tuition fees payable by students (from their parents or loans) will help on accommodation and catering costs, among others.

Continuing Education Programs: in the context of in-service training courses, the beneficiaries should more and more be asked to pay part or the whole amount of the training costs.

Activity 2/Mod2-Unit 1

Reflecting on recent developments in your TEIs in terms of financial management

Has your context of financial management changed in the past years, making your TEI more capable to fulfil its mission? In case you think it has, please enumerate the changes in:

(i) your institution’s organizational structures of financial management;
(ii) sources and mechanisms of finance.

If you think your context of financial management has not changed at all, please mention the obstacles to its evolution and what you can do to improve the situation.

Summary/conclusion

In this unit, you have reflected on the planning, acquisition and utilization of public funds and the difficulties inherent in the process. You also discussed four sources of finance and how they work. We then finished the unit with activities seeking ways and means to make your TEI more capable financially.
Self-assessment

Please, think of realistic ways of making trainee teachers pay tuition fees both in initial professional preparation and continuous education.
Unit 2. Financial Management Functions

Introduction

Financial management functions ensure TEIs of the means of implementing their policies by using authorised channels to acquire and manage the institutions’ resources in order to meet their objectives. The key elements of the process can be encapsulated in planning the acquisition and utilization of funds, regulating expenditures and accounting for funds acquired and spent.

Furthermore, TEIs’ management functions include budget control to avoid over-expenditure, and especially to manage cash reserves in a transparent way. Finally, the two other functions of financial management often neglected consist firstly in producing useful indicators for management of finance that assist planning and effective general management of the institution, and secondly in establishing resource allocation mechanism that encourages individual TEIs and departments to generate their own incomes.

Unit objectives

By the end of this unit, you should be able to:
- Discuss the possibilities to mobilize funds;
- Acquire some basic notions on different types of budget and budgeting techniques;
- Learn more about ways of demonstrating a good utilization of resources.

Key concepts

- Resource mobilization
- Line item budget
- Formula base budget
- Zero base budget
- Accountability procedures
- Financial records
- Evaluation and auditing

2.1 Mobilization/Acquisition of Resources Including Income Generation

Most TEIs run their establishments with resources acquired from government allocations. Institution own-generated incomes are insignificant and other sources of incomessuch as private funds from non state sources, are not always well-negotiated.

Complementary contributions to state funds may come from additional incomes generated by TEIs through extra curricular activities and courses. They may also originate from funds levied for special purposes, students’ fees, fund- raising, research projects funds, consultation services, use of physical facilities, proposals for projects, etc. These modes of income generation are often unknown to TEIs that are ‘stand alone’, but are common to institutions accommodated within universities. However, even these are under-financed.
One of the obstacles TEI managers encounter in initiating resource mobilization schemes stems from the Ministry’s instructions forbidding rental of facilities to civic and religious organisations for fear of damage to property.

**Activity 3/Mod2-Unit 2: Developing advocacy skills and activities for resource mobilization**

As it is definitely established that public funds are not sufficient to help TEIs fulfil their mission, please, think of advocacy skills and activities you may develop to mobilize additional resources. In case you have already taken initiatives in that direction, share them with your colleagues.

You will be asked to draw a list of income generation possibilities and write a tentative advocacy note drafted for Ministry authorities, requiring from them to institutionalise income generation initiatives in TEIs.

### 2.2 Allocation of Resources Including Different Types of Budget

There are two aspects under this heading: resource allocation for budgeting purposes and budgeting techniques. Sensitivity to resource allocation does matter, since you generally want to avoid budget imbalance and over-spending on some items. In most TEIs, teachers’ salaries are not budgeted for, because governments pay them. Most of the administrative personnel also signs on government payroll. Only supplement staffs directly recruited on contract are paid by the TEIs. In this context, most academic staff are paid per teaching hours for nine months, and the non-academic ones have fixed salaries spread over twelve months.

We feel the necessity for you, not only to be discriminatory, but also to acquire some budgeting techniques designed for non-financial managers. Of course, your chief financial officer plays a key role in designing and implementing institution budget. However, you, as TEIs’ heads, are the ones who order the expenses, and must be prepared to account for this responsibility.

Below are presented three types of budget. The first one is usually practiced in public TEIs and is given as a a template. The other two are not as widespread in their use as the first one. It is important, though, for you to know them in their principles and be prepared to use them for particular incentive purposes.

#### 2.2.1 Global provisional annual and line item budgeting

The method of budgeting when a certain amount is added to the previous figure on a particular line, item or head, or total expenditure is called incremental, or line-item budgeting. It is the most traditional and popular way of estimating the expenditure as it secures the continuity of existing expenditure and does not require substantial new need assessment and costing. It is particularly convenient and common for public administration, such as Ministry of Education. In many countries, when the degree of accuracy in past expenditure and predictability for future requirements are sufficiently high, this method of budgeting is preferred.
The disadvantage of incremental method of budgeting is its input-oriented nature. Its main assumption is that the structure of the budget and the expenses made in the past were both appropriate and do not need serious revisions (which may not be the case). With this or that degree of detail, incremental budget, provides estimates for the next-period on the basis of past figures.

The general rule is to plan the next annual budget with projected increments. The margin generally admitted is 5% increase, compared with previous year’s expenditures. The allotted resources are assigned codified lines per item for control purposes. This also enables controllers to trace non-authorised line transfers. Administration expenses comprise missions, telephone, postage, supplies, and other expenses the details of which should be furnished.

<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>Incomes :</td>
<td></td>
<td></td>
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<tr>
<td>• Government allocations/funds</td>
<td>xxx xxx</td>
<td></td>
</tr>
<tr>
<td>• Private funds</td>
<td>xxx xxx</td>
<td></td>
</tr>
<tr>
<td>• Other contributions</td>
<td>xxx xxx</td>
<td></td>
</tr>
<tr>
<td>Total incomes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expenses :</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• academic staff salaries</td>
<td></td>
<td></td>
</tr>
<tr>
<td>($10/h/contract teacher x 36hrs x2)</td>
<td>1,440.00</td>
<td></td>
</tr>
<tr>
<td>• non-academic staff salaries</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(on contract) ($50/mth x 3 x 12)</td>
<td>1,800.00</td>
<td></td>
</tr>
<tr>
<td>• training costs for non residential students</td>
<td>NA</td>
<td></td>
</tr>
<tr>
<td>• residential training costs($40/student x 9 months x 100 students)</td>
<td>36,000.00</td>
<td></td>
</tr>
<tr>
<td>• library costs (books, journals, etc.)</td>
<td>500.00</td>
<td></td>
</tr>
<tr>
<td>• equipment (computer hardware, copier, etc.)</td>
<td>1,000.00</td>
<td></td>
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<tr>
<td>• administration costs</td>
<td>7,000.00</td>
<td></td>
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<tr>
<td>• cleaning services (per year)</td>
<td>1,200.00</td>
<td></td>
</tr>
<tr>
<td>• maintenance (per year)</td>
<td>1,200.00</td>
<td></td>
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<tr>
<td>• others/in cash/cash reserves</td>
<td>1,200.00</td>
<td></td>
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<tr>
<td>Total expenditures:</td>
<td>xxx xxx</td>
<td></td>
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<tr>
<td>Surplus/deficit</td>
<td>xxx xxx</td>
<td></td>
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</tbody>
</table>

(Costs in USD)
Activity 4/Mod2-Unit 2
Before we move on to the other two budget types, write down other reservations you may have against line item budgeting.

Comment: Line item budget surely looks easy to design. But that kind of budget does not reflect any strategic plan. It is not based on analysis of needs and does not prioritize anything for institutional development.

2.2.2 Formula based types of budgeting

These are input based or cash budget.

This is a budget which plans incomes and expenditures for a given period of time, as well as the cumulative effects on institutional cash flow or cash reserves. Cash budget allows administrators to foresee the scope and the timings of financial needs, which makes it possible to justify borrowings and plan reimbursements. The more precise the budget, the more it guides managers.

We can identify the following indicators or measures for formula based budget planning:

- salary disbursements spread over the year
- input or income periods spotted through the year
- turnovers (in connection with demands) planning. These budget estimates will determine most part of subsequent transactions
- number of students to enrol
- student unit cost
- provisions for resources and materials to meet the anticipated specific demand and its costs
- provisions of incomes and expenditures
- strategic plans, priorities, etc.

2.2.3 Zero-Base Budgeting

The third type of budgeting is zero-base budgeting. The idea behind this is to divide enterprise programs into “packages” composed of goals, activities, and needed resources and then to calculate costs for each package from the ground up. By starting the budget of each package from base zero, budgeters calculate costs afresh for each budget period; thus they avoid the common tendency in budgeting of looking only at changes from a previous period.

This type of budgeting has generally been applied to so-called support areas, rather than to actual production areas, on the assumption that there is some room for discretion in expenditures for most programs in such areas as marketing research and development, personnel, planning, and finance. The various programs thought to be desirable are costed and reviewed in terms of their benefits to the enterprise and are then ranked in accordance with those benefits.

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2 It increases with program types, some of them engendering heavy costs because of the documentation, the use of laboratory equipment, etc.
The principal advantage of this technique is, of course, the fact that it forces managers to plan each program package afresh. As managers do so, they review established programs and their costs in their entirety, along with newer programs and their cost (Koontz, H.; Weihrich, H. 2007, p.405-406).

2.3 Utilisation of Resources (Productions of Financial Indicators, Protection from Fraud, Management of Cash Reserves)

Accountability procedures include all aspects of resource allocation planning and utilisation. Meeting requests’ submission timing avoids delays in getting provisions. Furthermore, good built-in checks and balances institutional mechanisms increase TEIs’ credibility.

Disbursing timing is usually set by central authorities, and it does not always match with institution’s heavy expenditures periods. A typical period of that kind is TEIs training sessions’ beginning. This is where formula based budgeting can be preferred because its planning and implementation follow the timings of financial needs and provisions.

Lastly, reporting timing appears to be the critical period of the financial schedules and procedures. In the absence of a well understood report format, CFOs and TEIs heads are confronted with difficulties to submit their financial reports. Misunderstanding may stem from terminological ambiguity in interpreting elements of financial reports’ format. The aspects relative to presentation are quickly settled in the presence of a clear form to fill out or to reproduce. The whole reporting process to presenting your balance sheet, in most cases using budget line codes for income and expenditure statements. It is stressed that this cannot be achieved without proper financial record keeping and accounting for the money received and spent.

Furthermore, financial probity is seriously subject to doubt in the absence of a balanced income and expenditure, supported by well-kept financial records. That is an effective way for the institution to protect itself from fraud, especially when it comes to the management of cash reserves.

Of course, cash reserves are not so important in public TEIs we are concerned with, as most costs are not directly paid by the institutions themselves. However, they do exist in the form of petty cash and in bank accounts. TEI heads manage cash especially for indirect costs coming under administrative expenditures where you find petty cash purchases or liquidities for special purposes. These purchases and all authorized expenses, order requests and payment vouchers should be properly recorded in the Cash Analysis Book.

Below is a list of financial records compiled by the Commonwealth Secretariat³ for you to be acquainted with, their descriptions and functions. They have been adapted to the context of TEIs in sub-Saharan Africa. The ICT programs (or software) that are planned to support the teaching of this module will provide samples of these records.

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³ In Commonwealth Secretariat Resource Materials for Best School Series
Cash Analysis Book

The cash analysis book reflects the details of all transactions relating to income and expenditure on a daily basis.

The income side shows:

- the date
- the receipt numbers
- the amount paid into either the cash or bank account or income account
- a corresponding reference number.

The expenditure side should reflect:

- the date
- payment voucher number
- cheque number (if paid by cheque)
- the total amount paid out.

All entries into the cash analysis book must be done on a regular basis, preferably daily. Entries must be made in a chronological order in ink. Errors must be crossed through neatly and initialled by the person making the corrections. Rubbing out or the use of Tipex/correction fluid is not allowed under any circumstances.

The cash analysis book must be balanced at the end of each business day.

Bank reconciliation must be done as soon as a bank statement has been received.

Receipt Book

A receipt book is a book of accounts providing evidence of cash received or spent.

A receipt should indicate the following details:

- the payer of the money
- the purpose or account to which it was paid
- the amount of the payment in figures and words
- the date on which the money was received
- the signature of the person receiving the money
- the receipts should be numbered consecutively
- the reference number (student’s admission number for any fees paid)

Bank Statement

A bank statement is a record produced by the bank indicating deposits and withdrawals, including bank charges and interests earned. Each account will have its own bank statement, and it is used to reconcile the cash book, which means bringing about an agreement between the cash book and the bank account.
Cheque Book

- Wherever possible TEIs are encouraged to use a cheque book as opposed to liquid cash
- It is important to establish that cheques are signed by authorised signatories
- The counterfoils of the cheque book should be completed in detail in the cheque book
- It is important that funds and surplus be kept in interest earning accounts.

Order Request and Payment Voucher

A payment voucher is used to record details of every institution’s expenditure and includes:

- the date
- unique reference number
- name of the supplier
- description of the goods or services
- number (quantity) required
- unit cost
- total cost
- budget/vote heading

All purchases must be approved by the TEI head or any authorized authority.

An order request/purchase order/requisition/indent is used to identify and authorize purchases for the institution.

If not kept in a book, order requests should be properly filed. Only one order book should be opened at a time. Items purchased should only be for the institution rather than private use.

Petty Cash (impress)

- Petty cash or impress is an amount of money kept for the small daily purchases, which may not need authorization. However, such funds should be accounted for and there should be rules regulating their use.
- Auditors/Controllers should check if the size of the impress is relevant to the location and needs of the institution.
- Proper records of petty cash purchases should be maintained and finally recorded in the Cash Analysis Book
Activity 5/Mod2-Unit 2

Below is a financial report format. Please study it and discuss in your group how close or distant it is from the current one you use in your institution. If possible, propose an alternative format, and give your reasons for the proposed changes.

**Annual Financial Report**

Institution name: _________________________________

Period covered: __________________________

Completed by _____________________________, Chief financial officer

Financial report for the year ending on: _________________

Date of submission: _________________________

**BALANCE SHEET**

1. **ASSETS:**
   1.1 Cash
   1.2 Inventories
   1.3 Fixed assets (except real estate)
   1.4 Other Assets (furnish detail)
   1.5 Revenue statement in bank accounts

Total Assets (Add 1.1 – 1.5) ____________________ (A)

2. **LIABILITIES:**

2.1 Direct costs (directly linked to TEI’s mission)
2.2 Indirect costs (supporting TEI’s mission)

Total Liabilities (Add 2.1 and 2.2) ________________ (B)

3. **FUND BALANCE:**

3.1 Balance Dec. 31 of Prior Year
3.2 Net surplus (or deficit) Year-to-date

Total Fund Balance (add 3.1 –and 3.2) ________________ (C)

Total liabilities and fund balance (Add B and C) ________________ (D)

For the form to be filled out correctly (A) must equal (D)
2.4 Evaluation and auditing

These two mechanisms guarantee TEIs’ transparent management and call for reliable criteria and tools. As the situation of most TEIs stands, at least in francophone Sub-Saharan African countries, they are either public establishments (the ENIs at regional levels, the ENS in big cities) with sole government funds, or more or less independent ones (INSE in Togo, ISSEG in Guinea) with state funds directly perceived or channelled through university budget and other financing sources.

In both cases, internal evaluation and auditing mechanisms are carried out very rarely, if not nonexistent. Evaluators and auditors come from state services and are not always welcome. To streamline the internal process will involve setting up TEI governing boards or boards of trustees, or we may even call them advisory boards whose members will act as support providers as well as internal evaluating bodies. Performance indicators outlined in Module 1, Unit 4, sub-section 4.3 can help orient their actions. Internal controllers and auditors may draw up and make available to the TEIs a financial information flow chart summarising how information flows from primary documents to the financial control report. We suggest that members be institutional actors and other local and associative stakeholders.

The issues at stake in discussing evaluation and auditing are budget control and financial probity. TEI heads should ensure that at an agreed period, a statement of actual income and expenditure (financial statement) is drawn up, compared to the budget estimate and discussed with stakeholders in the interest of accountability.

Summary/conclusion

In working through this unit, you have learnt about your important role in the diversification of your TEI’s funding, and the planning and utilization of resources. You have also revisited the tools at your disposal to account for the utilization of funds. Finally, you have been prepared to undertake measures for internal evaluation and auditing of your accounts.

Self-assessment

What bothers you most about financial records keeping? Take the record types one by one and write your troubles down.
Unit 3. Trends in Financial Management of Teacher Education Institutions (TEI), and Examples of Good Practice

Introduction

In general terms, there is no room for flexibility or creativity with the rules pertaining to the utilisation of public resources. There is a pressing need for two important changes to occur in the financial management of TEIs. The two are linked to the legislative framework that would not allow (or would allow with difficulty) carry-over funds at the end of the year to be moved from one budget item to another. The same regulations make no allowance for recruitment of new student teacher clientele outside government recruited ones. Reports from TEI heads indicate their unsuccessful attempts, because of Ministry’s opposition, to initiate and run private initial teacher preparation or in-service teacher education courses whereby trainees will pay their tuition fees. Noticeably, the prospects for change are not very encouraging.

However, to free themselves from the government financial straightjacket, TEI heads revert to income generating activities to cover maintenance costs or petty expenses. If this practice in itself is laudable, the accountability of the extra funds is doubtful.

Unit objectives

By the time you finish studying this unit, you should be able to:

- Analyse trends in financial management of TEIs in general and in connection with pre-service and in-service TE;
- Discuss the cost-effectiveness of using distance learning mode as support to TE.

Key concepts

- Added value of in-service training programs
- Cost-effectiveness of distance learning mode

3.1 International Trends of Financial Management of Teacher Education Institutions in Pre-service and Distance Learning Mode

Discussions of pre-service teacher education and distance learning mode in the teaching profession focus on their characteristics and significance on the one hand, and on institutional capacities on the other. They seldom scrutinise the teacher learning continuum from the pre-service phase to the in-service one, in order to take a stand in favour of the distance learning mode as a means of continuous professional development.

The financial implications of each and the additional cost of distance learning support are also underscored to add to the criticisms related to structural fragmentation and conceptual impoverishment of pre-service teacher education and professional development, [for example] in the USA (Feiman-Nemser, 2001, quoted by Schwille and Dembele, 2007: 31). Researchers are more and more interested in the cost-effectiveness of using ICTs in distance education. The following quote is worth analysing in this regard.
‘New’ ICTs, and distance education delivery approaches, are popular among educational economists seeking cheaper ways of making education available (Dodds, 2001). Such tools generally substitute for personal classroom teaching and have a built-in cost advantage in that they obviate many of the personnel costs of conventional schools. This is particularly the case when students are widely dispersed or living in remote areas. Research suggests that distance education programmes for training teachers, for example, can be developed at a cost of between one-and two-thirds of conventional programmes (Puryear, 2002). Unfortunately, rapid development in ICT makes investment decisions risky, but, if used wisely, ICT can provide solutions to inequalities through its contributions to access and quality of education (Butcher 2003: 120).

Activity 6/Mod2-Unit 3
In your capacities as TEI managers, you should be sensitized to the issue of cost-effectiveness of using distance learning mode. After reading the above quotation, try to outline the investment costs of putting in place a distance learning program.

3.2 Sub-Saharan Trends of Financial Management of Teacher Education Institutions in Pre-service, In-service and Distance Learning Mode

3.2.1 TEIs financial management trends in pre-service context

Pre-service teacher education in sub-Saharan Africa is generally well institutionalised and funded as one of the State’s priority areas. Yet, it is insufficiently funded. This situation is currently leading to continuous reduction of teacher preparation duration. Nevertheless, financial management obeys public funds accountability rules as mentioned earlier, making operating costs traceable.

3.2.2 TEIs financial management trends in in-service context

Occasionally funded, construed to meet client’s demands, in-service education clientele varies as well as its sponsors. Costs of in-service teacher training in conventional TEIs are difficult to trace, so are the financial effects or benefits on institutional development. TEIs financial management of in-service education is not given as much attention as is the inefficiency of its programmes. The following situation, as depicted in Schwille and Dembele (2007) implicitly raises the question of cost-effectiveness of in-service training, and openly pins down its lack of added-value to the beneficiaries.

A commonly used approach to in-service teacher education is the one-time workshop or seminar, typically construed as a dissemination activity whereby “outside experts give inspirational lectures, report the latest research findings, and introduce new techniques and strategies” (Feiman-Nemser, 2001: 1041). Providing isolated training events to teachers may serve a limited purpose such as the introduction of a new textbook, raising awareness of gender disparities, learning a new pedagogical skill or orientation to standards-based teaching. However, there are many reasons why changed behaviour resulting in improved delivery of instruction is unlikely to occur after these events. Indeed, research indicates that this is an ineffective, inefficient and costly investment of human and fiscal resources. When the workshop is used in isolation, long-term improvement in the quality of teaching does not happen (Feiman-Nemser, 2001; Lieberman and Miller, 1991; NCRTL, 1993). As Feiman-Nemser puts it, “teachers have little say about the content of [such] sessions. There are limited
opportunities for a new meaningful interaction and follow-up. Teachers may go home with a
new idea, but the design of these sessions makes it unlikely that teachers’ practice will change
in any significant way” (Feiman-Nemser, 2001: 1041).

Schwille and Dembele (2007: 103-104)

3.2.3 TEIs financial management trends in distance learning mode

The same criticism levelled against in-service financial management comes back under
running distance education mode. As mentioned above, this is an accompanying mode to both
teacher initial preparation and professional continuing teacher development. There is a lack of
mastery over the financial planning and implementation of distance education using ICTs in
TEIs in sub-Saharan Africa. Because distance learning made is costly to set up, State funded
TEI budgets do not provide for infrastructure, hardware and programmes for its
implementation. More often than not, when donor agencies and NGOs supply the machinery
and programmes, the running costs do hamper successful utilization in mid-and long-term,
unless there is a long and sustainable foreign aid under the form of educational programme.
The following cases are success stories which do not tell the financial side.

Teacher Training with Technology in Namibia and Uganda

In collaboration with the USAID missions and education leaders in five countries, LearnLink
is implementing computer-mediated professional development activities that take advantage
of the potential of ICTs to improve training and support services for teachers. Two African
countries are involved, namely Namibia and Uganda, and the activities in each country are as
follows:

Namibia:
The Computer Assisted Teacher Training (CATT) project is part of a greater plan to improve
teacher training nationwide. The project is a collaboration among USAID/Namibia,
AED/LearnLink, and educational leaders in Namibia, and includes the following components:

- Developing computer assisted training courses for teachers, facilitators, and other
  educators
- Constructing a communication network linking educators through the Internet
- Designing prototype curriculum-based training materials for primary school students
- Introducing teaching/learning technology concepts into the national policy dialogue.

Uganda:
The CONNECT-ED (Connectivity for Educator Development) project is designed to improve
professional development for primary school teachers with a focus on computer assisted
teacher training. Multimedia teacher training laboratories in four primary teacher training
colleges in both rural and urban areas give teachers access to their training curriculum through
computer-mediated learning environments and digital library resources. A broad range of
activities involving computers and connectivity are being explored to determine the most
effective approaches

Source: Fontaine, 2000
Summary/conclusion

Trends in financial management of TEIs focus on pre-service and in-service TE. This unit has demonstrated that teacher initial preparation programs are well institutionalised, contrary to teacher continuous education ones. The cost-effectiveness of using distance mode of delivery of both types of programs, as discussed in this unit, has not been established for certain.

Self-assessment

Fill in this table, giving the advantages and reservations about of distance mode of delivery to maximize teaching and learning efficiency in training programs.

<table>
<thead>
<tr>
<th>Training programs</th>
<th>Distance delivery mode using ICTs</th>
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<tbody>
<tr>
<td></td>
<td>Advantages</td>
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<td>Reservations</td>
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<td>Pre-service</td>
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Unit 4. Strategies for Financial Management

Introduction

TEIs need to work out appropriate strategies for financial management that will enable them to carry out their mission in contexts marked by insufficient funding and limitations on managers’ room to manoeuvre. This fourth unit of Module 2 explores possible ways to come up with innovative ideas to augment the financial situation of your institutions.

Unit objectives

After studying this unit, you should be able to:
• Reflect on national strategies for financial management and contribute your ideas to improve them;
• Undertake your institutional ‘reform’, working out strategies for your TEI’s development.

Key concepts
• Legislative framework
• Procedures of budget internal arbitration

4.1 National strategies

TEI heads contacted report their attempts to obtain the following avenues likely to assist them accomplish their mission.

• On the relation between TEIs and Ministry or university central administration

We distinguish two broad categories of teacher education establishments: State funded institutions that report to central or decentralized administration, the vocation of which is essentially to train primary and secondary school teachers, and on the other hand, those that have some autonomy but evolve under the university cover, and have diversified funding sources, including that of public finance. Their vocation is to train secondary school teachers and teacher supervisors. When we mention the necessity to redefine the relationship between TEIs and their central administration, we think of redefining their status. This has all its importance as discussed in Module 1, sub-section 3.3.

• On the necessity to redesign TEIs legislative framework so as to induce entrepreneurial behaviour

The lack of flexibility in the utilization of allotted resources, and the central administration blockage of TEIs’ initiatives cannot develop any entrepreneurial spirit and behaviour. As pointed out concerning this matter, “the legislative framework also needs to be conducive to the generation of supplementary income and diversification of resources” (Sanyal, 1996: 30). It is the educational authorities’ duty to review the framework. However, it is your responsibility to raise decision-makers’ awareness through the proper channels, including producing good reports on the prevailing institutional situations.
On decentralizing TEIs
Paradoxically, many a government has undertaken to decentralize public administration, but TEIs in regions continue to look for their subsidies from central services. As regards financial matters, the inadequacy of resources and the inefficiency of the rigid bureaucratic model for decision-making (Sanyal, 2004) are insufficiencies that TEIs, especially the ones for the lower levels, placed under regional and decentralized administration’s wing can seek to remedy. Of course, this is a political decision that a joint effort by local authorities and the respective TEIs can obtain. We think that under the supervision of local administrations, training institutions for primary school teachers have more opportunities to solve financial and material problems. One simple reason is that, all those who are concerned, i.e. administrators, TEIs’ heads, trainee beneficiaries, local partners will be living the same realities and will have their say in matters regarding TEIs’ financial management. Moreover, when regions are in possession of their budgets, regional procedures of internal arbitration for resources allocation will be expected to be alleviated, that is to say be less rigid. This entails that you, as head of a TEI in this situation, must be prepared to defend your budgets.

4.2 Institutional strategies

On TEIs’ organization function
The organization of training institutions into units (or departments) of sciences, arts, humanities, etc., headed by well-qualified teachers can enhance management function and give a push to quality improvement. The responsibilities of those in charge of departments will be technical and pedagogical, seeing to programmes’ consistencies, library documentation, etc.

On TEIs’ funding
In producing financial data for decision-making in annual reports, the analysis of cost-per-student per annum and by discipline or by department is a practice that should be initiated in all TEIs. As we are aware, shifting from line item budget funding to formula funding is difficult to obtain in strictly funded public establishments. Resorting to incentive budgeting where additional government or donors’ money is deployed to achieve certain impacts can be salutary. Incentives might be directed towards more general goals, such as quality improvement, shortening of the duration of studies, or it might be focused on some specific goals such as influencing the subject group balance in favour of certain subjects. The main feature of incentive budgeting is a limited amount of funds with impacts on government priority areas (Sanyal, 2005). It is strongly suggested that TEI heads must draw incentive budgets for extra funds in parallel with a country’s annual budget. For the sake of the institution’s credibility, all money received and spent must be properly accounted for.

On income generation processes/mechanisms
There is a lack of advocacy culture for a certain room to manoeuvre in TEIs. This relates to institutional capacity to generate additional income, by primarily negotiating government agreement and support to do so. Modes of income generation may range from sale of services, sale of products, physical facilities rental for residences, catering and conferences/ceremonies to fund-raising activities, community supports, alumni’s supports, and returns on privately earned funds. Transparent management of extra funds remains an issue.
Activity 7/Mod2-Unit 4
Think of alumni’s supports in the framework of income generation processes for your institution and list the kinds of supports you would expect from them, and how you would go about getting them.

• On internal evaluation and auditing
Initiating TEI Governing Boards or Boards of Trustees as internal support and evaluating bodies has been discussed earlier and it is strongly recommend to set these up in TEIs to take advantage of their lobbying power to raise additional funding for the TEIs they serve.

Summary/conclusion
This unit has basically given you ideas about improving national and institutional financial management strategies.

Self-assessment
Go over the aspects of national and institutional strategies that have been mentioned in this unit and write a short paper about your experience on any one of them.
5. Concluding Remarks

In this module you have learnt about the context of financial management in teacher education institutions characterized by a rigid bureaucratic organizational structures and inadequate funding from public sources. The role of the private sector is limited and donor agencies’ contributions are often geared to occasional interventions and they aim at achieving specific goals.

The financial management functions related to resource mobilization and utilization, regulating expenditures and accounting for funds’ utilisation were discussed and different types of budget and their purposes explored.

Trends in financial management in connection with teacher initial preparation programs and in-service teacher education were analysed. And the cost-effectiveness of using distance mode of teacher learning was commented on.

Finally, we have explored strategies for TEIs’ financial management improvement both at national level, where you can make suggestions to educational authorities, and at your institution level, where you have been given ideas to try out.

It is hoped that you are now in a position to manage your establishments differently and nurture some ambition for them. You are invited to be proactive. The first step to take is to familiarize yourself with the rules and regulations governing financial management of teacher education establishments in your country. This module is not designed to replace those, but to allow you reflect on them and utilise some of the relevant suggestions.

6. Lessons learned

State funded teacher training institutions are surely working in difficult conditions which compel their managers to be proactive. Discussions with some of them reveal that they can overcome most handicaps through changing their management habits and practices.

For example, in the current governance structure, there is a highly concentrated power in the hands of the TEI’s head, which does inhibit inputs from close collaborators in terms of innovative ideas and financial management. The hierarchy descends from the Director or Director General to the Programme Director and CFO. Since no clear responsibilities are given to heads of departments, and as they are not granted any financial autonomy to manage funds or generate their own, they confine themselves in the role of civil servants or employees, leaving TEIs’ heads and CFOs to solve their financial management problems.

Furthermore, in the interest of financial probity, there is a pressing need for TEIs to initiate self-controlling Boards we mentioned in 2.4 above. The actual income and expenditure as presented in financial control report and audited statements of the institution are often dubious because of lack of clarity in the management of extra budgetary funds which are underscored or poorly recorded.
Selected readings

Butcher, N. 2003. *Technological Infrastructure and Use of ICT in Education in Africa: An Overview*. Working Group on Distance Education and Open Learning, Association for the Development of Education in Africa (ADEA), IIEP.


ICT Tools for Financial Management

Overview

A computerized financial management system is likely to be the first priority in terms of ICT tools to support TEI management. Tools to support the management of space or staff or the running of the institution overall may well be a new departure for many TEIs, but a tool to support financial management would be considered a necessity. TEIs may already have a package that suits them well, performing all the functions that they deem important. However, it should still be useful to reflect on some of the options available and make a comparison. In this section we describe one very strong free, open source software that has been designed by a group of universities with higher education institutions in mind – Kuali.

Open Source Financial Solutions

Kuali Financial System 2.2 – Kuali Project

The Kuali Financial System (KFS) is a free, open source modular financial accounting system designed specifically for managing accounting, billing, e-commerce, budget planning and other campus functions or needs of higher education institutions. It is designed to be modular and flexible.

Kuali Financial System 2.2 is the second in a series of planned releases in an effort to provide a richly featured financial system for use by higher education institutions. KFS enables a strong control environment and provides a complete financial system free of any software licensing fees. KFS is available under the Educational Community License and can be adopted by colleges and universities without licensing fees.

Kuali’s modular design includes a base system of Chart of Accounts, General Ledger, Transactions, Reporting and Workflow. Additional modules that can be implemented include: Accounts Receivable, Budgeting, Purchasing, Accounts Payable, Capital Assets Management, Endowment, Enhanced Decision Support/Reporting, Labour Distribution, Pre- and Post-Award Research Administration, Cash Receipting and Disbursement.

Kuali Financial System provides all the following advantages:

- Design is based on a higher education business model
- Proven and modular architecture
- Community source: The application is being built in a community source environment, which ensures that a user is not in this alone
- No vendor or licensing fees
- Opportunity for collaboration with other colleges which could expand additional resources and share other institutions’ perspectives on implementation, maintenance and new functions.
Case Study: Strathmore University - Kenya

Strathmore University, one of Kenya’s leading universities, has implemented the first instance of the Kuali Financial System (KFS). Strathmore University (SU) is running its new fiscal year accounting with KFS. SU saw KFS as a way to dramatically reduce the cost of enterprise software and saw the functionality of Kuali to be superior to the commercially available solutions.

The Kuali Financial System, an application built by education, for education, is the first open source financial application to go live in the education community in Kenya. “It is indeed a great occasion for us here at Strathmore University,” said Dr. John Odhiambo, CEO and Vice Chancellor of Strathmore University, “On behalf of the University Management Board, [we] express our gratitude for the support The rSmart Group team accorded to our functional and technical team. We are proud to be in such good company of universities and our SRCC team is making fruitful efforts to bring other Kenyan institutions on board.” (The rSmart Group is a support group working with the Kuali project).

http://www.businesswire.com/portal/site/google/?ndmViewId=news_view&newsId=20070706005324&newsLang=en

Commercial – Off the shelf financial systems

Management Information Systems

Open Source MIS

FreeMIS

http://project.freemis.net/

Commercial – Off the shelf financial systems

Agresso

Agresso Business World (ABW) is an integrated business management and information system. The key benefit of ABW is derived from the breadth and depth of its functionality, as its structure allows for unlimited dimensions of analysis. Agresso has a proven track record in Higher Education.

Agresso offers the following among other main features:

- Finance
- Student Records
- HR and Payroll
- Award Management
- Academic Database

Agresso is effective in financial management, planning, reporting and supports future growth needs.
Key areas of functionality:

- Agresso has all the features you would expect from a modern fully integrated financial application including general ledger, accounts payable, accounts receivable together with comprehensive budgeting, fixed asset and cash management features
- Agresso financial offers users multi institution, multi-currency and multi-lingual capabilities
- Powerful scheduling and automation features allow the user to define automatic cost allocation and distribution routines. These same features are used to facilitate accrual and prepayment processing and periodic and year-end routines

**Oracle PeopleSoft Financial Management**

Financial Management is a solution in Oracle's PeopleSoft Enterprise Financial Management family of applications.

PeopleSoft Financial Management can help an institution respond quickly to a changing environment, streamline financial operations and improve the accuracy of financial reporting. These applications create a consolidated view of financial data. With one consistent version of an institution's financial position across complex organizational boundaries, you can more easily monitor overall performance, adapt to changing requirements, and shift resources to where they are needed the most.

The Financial Management Product Modules that are part of this software include:

- Accounts Payable
- Accounts Receivable
- Advanced Cost Accounting
- Cash Accounting
- Expense Management
- Financial Planning and Budgeting
- Financial Reporting
- Fixed Asset Accounting
- General Ledger

**Further commercial products**

There are also commercial products such as Tally, Sage Pastel, Microsoft Dynamics and Intuit Quickbooks. These solutions require a proper evaluation of appropriateness, performance, cost and support requirements in terms of their implementation and use.

*Caution: As mentioned before in these ICT sections, if a TEI wishes to buy a commercial product it is important to check that the company offering it has a good reputation locally in terms of product quality, speedy and efficient support, etc. Decision-makers at the TEI should ask the company for local references which can be followed up.*
References

www.kuali.org
www.agresso.com
www.tallysolutions.com
http://www.sagepastel.com
http://quickbooks.intuit.com/
http://estore.peachtree.com/