# POOR ACCOUNTABILITY IN PUBLIC SECTOR AS A SUSPECT OF THE CLAIM OF INADEQUATE FUNDING OF TERTIARY EDUCATION IN OYO STATE, NIGERIA.

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## ABSTRACT

It is generally believed that education is poorly funded, this may be true in Nigeria, but, inefficient use of the available resources has not been seriously addressed. This is further compounded by the inability of many to appreciate the economists' theory of scarcity of resources and the high level of corruption in the educational sectors.

This study, therefore, evaluated the financial management systems of selected tertiary institutions of Oyo State, Nigeria.

The available data led to the conclusion that education in general in Nigeria and tertiary education in particular is inadequately funded. However, tertiary institutions are also inefficiently managed and this inefficiency may be made worse by fraudulent practices.

**Keywords: -**Education, Scarcity, Financial management, Corruption, Information.

# INTRODUCTION

In recognition of the importance of education to national development in Nigeria, the Federal Government took control of the four existing regional Universities in 1975 and established seven new ones. The programmes of the institutions were expanded and the increased Federal Government involvement in education made it necessary to establish regulatory bodies such as National Universities Commission (NUC), National Board for Technical Education (NBTE) and National Council for Colleges of Education (NCCE). However, it was not long before the Federal Government monopoly was broken because it could not cope with the demand from potential students. Therefore, many State Governments established their own Universities and private individuals and organizations were equally granted permission to establish their own Universities.

Batagarawa (2007), talking on the holistic approach plans of the government, asserts that 'from now on we see education as the collective responsibility of society as a whole', parents, religious and communities have to come together and 'move education forward" It was claimed that the thirst for education in Nigeria is great and the challenge for a government with lean resources at its disposal almost too daunting.

Higher education, in Nigeria, is confronted with formidable challenges and must proceed with radical change and renewal, so that our society, which is currently undergoing a profound crisis of values, can transcend mere economic considerations and incorporate deeper dimensions of morality and spirituality.

It is with the aim of providing solutions to these challenges and of setting in motion a process of in-depth reform in higher education worldwide that United Nations Educational Scientific and Cultural Organizations (UNESCO) has convened a World Conference on Higher Education in the Twenty-First Century: Vision and Action. UNESCO at its World Conference on Higher Education in 1998 was convinced that education is a fundamental pillar of human rights, democracy, sustainable development and peace, and shall therefore become accessible to all throughout life and that measures are required to ensure coordination and cooperation across and between the various sectors, particularly between general, technical and professional, secondary and post-secondary education as well as between universities, colleges and technical institutions. It was noted at the Conference that a substantial change and development of higher education, the enhancement of its quality and relevance, and solutions to the major challenges it faces, require the strong involvement not only of governments and of higher education institutions, but also of all stakeholders, including students and their families, teachers, business and industry, the public and private sectors of the economy, parliaments, the media the community, professional associations and society as well as a greater responsibility of higher education institutions towards society and accountability in the use of public and private, national or international resources.

It was agreed at the UNESCO World Conference on Higher Education of 1998 that the core missions and values of higher education, in particular the mission to contribute to the sustainable development and improvement of society as a whole, should be preserved, reinforced and further expanded. Higher education institutions should educate students to become well informed and deeply motivated citizens, who can think critically, analyze problems of society, look for solutions to the problems of society, apply them and accept social responsibilities. It is asserted that:

*This objective may requires governance that combines social vision including understanding of global issues, with efficient managerial skills. Leadership in higher education is thus a major social responsibility and may be significantly strengthened through dialogue with all stakeholders, especially teachers and students, in higher education. The participation of teaching faculty in the governing bodies of higher education institutions should be taken into account, within the framework of current institutional arrangements, bearing in mind the need to keep the size of these bodies within reasonable bounds.*

Knowledge, which is the bedrock of any useful development, is gotten from education. Education, according to Longman dictionary (Third Edition), is the process by which one's mind develops through learning at a school. The source of knowledge by which development is taking place is however said to be threatened by crisis of which major cause is the declining ability of government and relevant stakeholders of educational institutions to provide adequate fund to finance it. Many scholars: Sanda, (1992), Bello-Imam (2011), assert that adequate funding of education will make educational problems manageable.

However, it is doubtful whether there would be a time when there will be adequate allocation of fund to education especially, faculty, department and unit in tertiary institution in spite of the economic theory of scarcity of resources. Economists have concluded that the existing supply of resources is woefully inadequate.

According to Lipsey (1980), the nation's resources are insufficient to produce the quantities of goods and services that would be required to satisfy all of its citizens want. Thus, one must not ignore the economic theory of scarcity of resources. If we cannot ignore scarcity of resources, we may have to come into term with judicious use of available resources. What is the target and what are the resources necessary to achieve the target? What is the necessary information to be laid before the stakeholders to facilitate the judicious use of available resources? Would stakeholders not work against the attainment of the set target if the fact of the matter and its environment is obscured from them? With a cursory look at the above questions, one may like to further enquire on how efficient is the sourcing of resources and its distribution. What information may be necessary to persuade stakeholders to accept the sharing method of the resources in the face of perception of some stakeholders that not all the departments are justifiably given the share of the available resources.

Sanda (1992:20) opines that:

*Not all departments and units are equally indigent. The administrative support departments and units under the registrar were and are usually luckier, with disproportionately larger share of the university's financial allocations. One of the direct consequences of this situation is the usual over establishment in the administrative support units and under-staffing in the academic units, which are finding it more and more difficult to recruit younger intellectuals into the deteriorating academic environment. Government, however, feels that the real problem is not shortage of funds but absence of prudence and accountability p20.*

With this position and mind already set that certain unit had been unnecessarily favored in resource sharing, the possible disposition to whatever share is given to the unit considered short-changed may be lackadaisical and the resources may not be optimally utilized by the stakeholders in that unit.

## CALL FOR BETTER HUSBANDRY OF RESOURCES

The funding and management of higher education may require the development of appropriate planning and policy-analysis capacities and strategies, based on partnerships established between higher education institutions and state and national planning and co-ordination bodies, so as to secure appropriately streamlined management and the cost-effective use of resources. Higher education institutions may need to adopt forward-looking management practices that respond to the needs of their environments. Managers in higher education may need to be responsive, competent and able to evaluate regularly, by internal and external mechanisms, the effectiveness of procedures and administrative rules.

Accountants and Auditors have major duties and responsibilities to entrench better accountability into the management of institutions. Accountants are the like gate keepers, they can be likened to goalkeepers in a football match of one goal post where all others are players, playing to score. The Auditors are the referees, at times, they look elsewhere to allow offensive play to score goal and retained the score.

According to Balkaran, L (2010), quoting Harding Frank in his publication on "Corruption: Rising to the Challenge" in IFAC, May 1999, says, "Accountants are the first set of gatekeepers to ensure that transactions are valid, at arm's-length, captured, and properly recorded according to established standards. As professionals with a duty to protect the public interest, they are bound by rigorous codes of professional and personal ethics calling for the highest levels of integrity and objectivity. They are in key strategic positions within an organization, whether in an internal position or as external auditors, they, very often have access to highly privileged and confidential information".

Minister of Education, Prof. Ruqqayatu Ahmed Rufai, has stated that lack of transparency and accountability are the bane of service delivery in the basic education system in Nigeria. She further asserts that stakeholders in the education sector had harped on the need to improve funding for the sector, but added that she is of the belief that the sector would perform better if it concentrates on the challenges of appropriate resources utilization the same way it emphasizes on the scarcity of resources. Speaking at the opening ceremony of the zonal anti-corruption forum organized by the Nigeria Development Initiative (NDI) for state Universal Education Boards in the North-central geo-political zone in Minna, she further asserted that: "It is the daunting challenges that lack of accountability and transparency has brought on the overall performance of social service delivery mechanism and particularly that of the basic education delivery in Nigeria that has affected the sector."

The six years experience of the evaluator as head of Bursary Department (Eruwa campus) and five years experience as head of Finance Department of Continuing Education Centre at The Polytechnic Ibadan avail him the opportunity to observe and appreciate why there may be a need to direct the attention of stakeholders in education management toward judicious use of resources instead of outright set of mind that the resources allocated is not adequate especially when government feels that bad management is the major cause of problems in tertiary institution.

In corroboration of the feeling of the government, Mustapha A. Jaji, the Executive Secretary, Education Trust Fund (2007), in his paper at the round-table organized by UNESCO on University management has this to say: "The 1999-2006 intervention funds for higher institutions amounted to N103.46 billion out of which only N58.51 billion had been accessed by the relevant institutions, leaving a total outstanding of over N44 billion. These figures show a serious lack of capacity by beneficiary institutions to fully make good use of the ETF funds to drive human and national development,"

**MIND, A PROPELLING FORCE, IGNORANCE, A VEIL TO REALITY**

It is said that tertiary education is poorly funded, while little or nothing is said about the judicious management of the funds available to tertiary institutions. The emphasis on the inadequate fund being allocated to education is overwhelming and this has been for many years without much positive change in the allocation of fund to it. It is therefore imperative to look into other areas of educational management for possible solutions to some of the factors of crisis perceived in educational management. Among the areas to be investigated is the level of ignorance of the facts about the available resources and justifiable competing demand for it. Ignorance might be one of the reasons why the emphasis is much on inadequate funding of education.

There cannot be optimal use of resources allocated to a common objective if the user of the allocated resources believes that his unit has been short-changed. Mind is a propelling force that motivates, pushes or drags the effort of the body toward what it believes to be a right course. It is easily wounded by feeling that necessary information is deliberately or otherwise hidden from it and when it is in the state of wound, it pushes or drags the effort of the body knowingly or unknowingly to an activity that regresses rather than progresses the common goal. The effort of the government, if any, to alleviate the problems perceived in education may not be yielding expected result if some parts of the stakeholders are still in the state of ignorant of the environment. Members of society are not critical of what you spend on their behalf if you are able to prove the source and uses, to which you put their funds; says Bello-Imam in one of his lectures to doctoral students of Lead City University in April, 2007.

Education has generally been said to be poorly, inadequately, insufficiently, and inappropriately funded. This, at time, is associated with the perceived fall in education standard. Majority of the Deans, the Head of departments and other stakeholders are strong in their belief that education is poorly funded and in that token, what is allocated to the faculty, department and or unit is not sufficient to yield the expected results toward the attainment of the common goal. This position will most likely make the use of available resources sub-optimal.

In order for a country to place its economy on the path of technological advancement, it requires workers that are better educated and trained in an environment which is conducive to learning. This is the objective of education development. This is corroborated by James (1991) as follows:

> *The ability of people to use and modify new and existing technologies will be crucial in catapulting many countries on the path towards sustained growth. The government could play two roles, expanding better quality primary and secondary education, and the development of incentives to increase supply of and demand for more specialized technical training. Policies that encourage innovation and investment and increase the*

*demand for workers who are better educated and better trained, provide the crucial environment for development. p66.*

The importance of education cannot be overemphasized. Sanda (1992), is of the view that in spite of the importance of education, it is in Nigeria that government pays little attention toward its development.

*The chronic elements of contemporary Nigerian society derive from the decline in this society's quality of education. This is not to emphasize education above other factors of development engineering. It is however, meant to convey the strategic position which education occupies in imparting both the skills and relevant attitudes and values which enable the educated not only to be more productive but also to be less ignorant and consequently, more governable. The educated man is more productive both to himself and society. Regrettably, it is in Nigeria that lip service appears to be paid to this all important issue of quality. p 1.*

Over the centuries, the word has achieved a vast progress in social welfare, the ultimate goal of development. This achievement has been achieved because of advancement in knowledge of science and humanity which were taught in schools and colleges. It is therefore important that whenever there is a noticeable issue that may disturb the source of knowledge advancement, necessary evaluation of the issue should be carried out and recommendations made to enable sustenance of conducive environment for knowledge acquisition.

**THE PROBLEM OBSERVED AND STEPS TO AMELIORATE IT.**

It is generally believed, in Nigeria, that education is poorly funded and many stakeholders have equally expressed their views on the inadequacy of fund being allocated to education. However, these expressions have not yielded much expected positive result in allocation of fund to education. This has been, and is still the situation even as at now. Government, which is apparently the major stakeholder, by its ownership of many higher educational institutions, believes that it is not inadequate funding that is worrisome in education but absence of prudence and accountability.

These divergent opinions need to be harmonized to foster a united effort toward a common goal. This evaluation examines the financial management systems in selected tertiary institutions of Oyo State against the backdrop that the funding is poor with a view to identifying the available fund and the management of it in such a way that it will be clearer to stakeholders in education whether it is inadequate funding or bad management and accountability of the fund provided that constitute problem in education. Human beings exert their energy in the direction they believe would lead to their perceived attainable result which is mostly based on the information available to them.

**CONCEPT OF MANAGEMENT**

Management is a science of managing things and keeping them at their best level. To manage is to put an activity into a direction so it could be able to be active and stable for long. Management sciences are not new; their concept emerged in ancient days. In the old times, people use to act like managers to manage activities, Yolokun (2002).

It could be recalled that in the 18th century, Adam Smith, as a classical economist, came up with the management phenomenon. He was not alone, some other social scientists worked in this field. Later in 20th century, management sciences added human resources, finance, marketing and many other fields into it. Management is playing a vital role in improvement of various tasks. It has the same role of managing things or activities in all sorts of ways. According to Yolokun, (2002), in 21st century, public administration and public management were added to it. Now, it is wider than ever before. It is still under the process of development. I am sure; it has to add some more fields and relevant sectors under its big umbrella.

Management has existed for many years because the act of planning, organizing, leading and controlling activities have existed for thousands of years. The Egyptian pyramids and the Great Wall of China for instance are tangible evidence that projects of tremendous scope, employing tens of thousands of people, were undertaken well before modern times. The pyramids are particularly interesting example.

The construction of a single pyramid occupied more than 100,000 workers for 20 years. Who told each worker what to do? Who ensured that there would be enough stones at the site to keep workers busy? The answer to such questions is managers. Regardless of what managers were called at the time, someone had to plan what was to be done, organize people and material to do it and direct the workers and impose some controls to ensure that everything was done as planned. So this is all about the management and from recent times the daily routine worked resulted in the modern management.

Public confidence in public administration can be reduced to three fundamental principles of transparency, accountability and trust. Phillips, (2011), says that there is a persistent trend across the developing world that public confidence in public institutions is in a state of decline. Permeating this consideration is a range of contemporary issues.

**CHANGES IN GOVERNMENT:** According to Osborne (2007), across the globe, government is being, and has been, reinvented. The signs of changes are:

- fiscal stress
- increasing demand for public accountability
- demand for governments to be more responsive to its customers' needs
- demand for public sector agencies to be more responsive to government needs
- pressures of globalization and information technology
- commercialization, corporatization, and privatization
- Downsizing.

Basically, the growing complexity of social and economic structures at a national level and the globalization of many of the world's major financial trading and scientific systems have combined to render traditional concepts of government obsolete. And with growing community resistance to any increase in the revenue base, like increase in the cost of petroleum to meet the demands for new or increased services in the face of static or declining resources elsewhere has become a major challenge facing public sector managers today. Management, therefore, is the planning, organizing, leading, and controlling of resources to achieve organizational goals effectively and efficiently.

One of the most important goals that organizations and their members try to achieve is to provide some kind of goods or services that customer's desire. Organizational performance is a measure of how efficiently and effectively managers use to satisfy customers and achieve organizational goals. Richard, (2005), organizational performance increases in direct proportion, to increases in efficiency and effectiveness.

Efficiency is a measure of how well or how productively resources are used to achieve a goal. Organizations are efficient when managers minimize the amount of input resources needed to produce a given output of goods or services.

Effectiveness is a measure of the appropriateness of the goals that managers have selected for the organization to pursue, and of the degree to which the organization achieves those goals. Organizations are effective when managers choose appropriate goals and then achieve them. Harris, (2011), corroborating says, managers who are effective are those who choose the right organizational goals to pursue and have the skills to utilize resources efficiently.

According to Okemakinde (2011), the job of management is to help an organization make the best use of its resources to achieve its goals. This, as it may, is now being seen to be under the threat of ignorance and, possibly, corruption.

**A TYPOLOGY OF ETHICS REGIMES**

In trying to combat corruption and malpractices in functional areas of public management, various countries have implemented ethics programmes. In particular, many countries of the Organization for Economic Cooperation and Development (OECD) promote transparency and accountability by supporting the ethical behavior of civil servants through a mixture of rules and managerial incentives. Even among these tried programmes, ethics management varies. The OECD literature suggests a conceptual typology of such regimes (OECD, 1996).

In the conceptual typology, all countries and their ethics programmes can be placed on a continuum of approaches. At one end of the scale is the *teleological* or *integrity-based* approach to ethics management, which is consistent with New Public Management. Within this approach, the focus is on what values should be observed in carrying out official duties. The use of rules mainly deals with behavior that represents criminal or illegal acts. According to Hay, (2006), the emphasis is on what rather than the *how* something was achieved. It focuses more on good and honest behavior rather than on policing bad conduct and punishing error. Detailed codes of conduct for civil servants, and by extension for Human Resources Manager (HRM) practices, are not emphasized within this approach because it tolerates a greater margin of error or mistakes. The emphasis on overall values highlights the ethical responsibilities of line managers for the HRM functions that they perform. At the other end of the scale is the *compliance* or *rules-based approach* to ethics management.

The focus is on strict compliance with administrative procedures and detailed rules, which are often codified in legislation or formal regulations. They define what the civil servants should do and how and what they should avoid. There are usually detailed codes of conduct that focus often on what should not be done, with a "heavy emphasis on policing actions and catching wrongdoings."

The OECD literature postulates that the integrity–based approach is more likely to be used within the context of New Public Management (results orientation). The compliance–based approach would be more consistent with traditional public administration (rules orientation). The following chart illustrates the conceptual typology used in the study conducted by the OECD (1996) to analyze the various approaches to ethics management in the public sector.

The typology implies that there are varying systems with alternative combinations from among which countries can choose. Establishing a balance between aspiration and compliance (motivation and coercion) is one of the most difficult challenges confronting contemporary governments.6 Another OECD study (1997) was clear in indicating that no definitive conclusions can be drawn on the degree of success achieved by the various ethics regimes. It is possible, however, to draw conclusions about the suitability of ethics regimes and reform approaches. Thus countries using public administration approaches may choose ethics reform efforts that rely on a rules-based compliance system while those relying on managerial approaches choose integrity or values-based system. Public organizations operating within a primarily rules-based system but are using managerial approaches (e.g. public enterprises or commercialized public authorities) may consider adopting or transforming into a values-based rather than a rules-based ethics management framework.

The OECD study (1996) did not refer to the impact of the ethics regimes on the functional sub-systems of public management (e.g. HR, financial management, procurement, .etc.). However, it is possible to draw a number of conclusions for professional ethics in HRM:

For ethics provisions in HRM to be effective, they need to be generally consistent with the overall ethics regime and reform approach adopted by the public sector.

The risks of HRM roles and activities, whether public sector-wide or in a particular government agency, will require a set of rules and compliance-based codes of conduct to prohibit corrupt practices. These may be complemented by elements of an integrity-based ethics regime, which strengthens the professionalism among HR specialists.

Much of the ethics regime, whether integrity-based or compliance-based, deals with HR policies and practices, conducted by HR specialists and line managers. Human behavior in public organizations is the focus of both. Thus, the effectiveness of an ethics regime lies in the HR institutional framework that enables influencing behavior in the directions sought. According to UNDP, (2007), the question is, “what types of HR policies and practices are best suited for an integrity-based or a compliance-based regime?”

The documented experience of OECD countries offers some useful lessons in designing effective ethics regimes within varying HRM institutional frameworks. To design a well-functioning ethics regime, the desired behavior needs to be defined within the context of the overall ethical conditions present and management reform approaches. To begin, two conditions needs to be differentiated: high and low levels of corruption:

**High levels of corruption** imply a greater need for rules-based management, with control and sanctions, than low levels of corruption. High corruption situations imply low ethical standards and a high tolerance for wrongdoing. It is not advisable, when people are actively doing the wrong things to reform the system (at least for the short run) through moving into results-based management with the implied devolution of authority, discretion, and empowerment. ECA (2003), says, “Empowering ethically bankrupt people” (or institutions) “simply leads to corruption more quickly”. The same notion applies to societies characterized by nepotism and political corruption or lacking in democratic accountability. The suitable reform strategy to improve ethics in such situations is compliance or rules-based, perhaps with the enforcement of firm and strong penalties associated with corrupt practices.

**Low levels of corruption** imply the possibility of using integrity or value-based management. This, according to ECA, (2003), is where public sector employees are highly motivated to perform to the best of their abilities, integrity or values-based management is more likely to succeed. Where civil servants are not motivated or trying to escape responsibility, either by staying passive (not necessarily engaging in corruption) or by actively engaging in wrongdoing, such an approach will likely fail.

It is very much likely that corruption, if any, in educational management may take some time to curtail if financial statement takes a year or more to be available to the public after the year its report cover. As at the time of this report, The Polytechnic, Ibadan has its financial statements audited up to 2009, Ladoke Akintola University and Emanuel Alayande College of Education have their own up to 2006. For uniformity, I made do with period covering 2002-2006.

**ADAPTED INCOME AND EXPENDITURE OF LADOKE AKINTOLA UNIVERSITY 2002 - 2006**

| INCOME | 2002<br>N000,000 | 2003<br>N000,000 | 2004<br>N000,000 | 2005<br>N000,000 | 2006<br>N000,000 |
|---|---|---|---|---|---|
| Revenue Grant | 530.88<br>76.15% | 662.74<br>80.75% | 758.61<br>68.33% | 811.54<br>74.20% | 876.16<br>66.39% |
| Internally Generated Fund | 166.24<br>23.85% | 158.31<br>19.28% | 351.59<br>31.67% | 282.15<br>25.80% | 443.61<br>33.61% |
| Total | 697.12<br>100% | 821.05<br>100% | 1110.20<br>100% | 1093.72<br>100% | 1319.77<br>100% |
| EXPENDITURE | | | | | |
| Personnel cost/expenditure | 527.30<br>75.94% | 639.94<br>74.41% | 868.22<br>76.33% | 740.35<br>77.66% | 965.25<br>70% |
| Other Cost | 167.00<br>24.06% | 220.13<br>25.59% | 219.20<br>23.67% | 212.98<br>22.37% | 413.22<br>30.00% |
| Total | 694.39<br>100% | 860.07<br>100% | 1137.42<br>100% | 953.33<br>100% | 1378.97<br>100% |

Source: Ladoke Akintola University, Income and Expenditure Accounts, 2002-2006

In 2002, the aggregate of internally generated fund is 23.85% (N166.24m), while revenue grant is 76.15% (N530.88m). The personnel cost, (salary and allowances), is 75.94% (N527.30m) when other cost is 24.06% (N167m). Revenue grants covers, adequately, personnel cost. For clarity purposes, revenue grant (N530.88m) minus personnel cost (N527.30m) leaves a surplus of N3.58m. The total income (N697.12m) less total expenditure (N694.39m) provides surplus income of N2.73m.

In 2003, the total of internally generated fund is 19.28% (N158.31m), the revenue grant is 80.75% (N662.74m). Personnel cost is 74.41% (N639.94m) of the total expenditure (N860.07m), while other cost is 25.59% (N220.13m). In this year, again, Government grant in respect of revenue is more than personnel expenditure thus: revenue grant N662.74m minus personnel expenditure (N639.94m) gives surplus sum of N22.8m. The total income (N821.05m) less total expenditure (N860.07m) results into deficit of N39.02m.

In 2004, internally generated fund is 31.67% (N351.59m), Government grant on revenue is 68.33% (N758.61m). Personnel expenditure is 76.33% (N868.22m), while other cost is 23.67% (N219.20m). Government grant on revenue is less than the expenditure on personnel to the tune of N109.61m (grant N758.61m less personnel cost N868.22m). The total income (N1110.20) less total expenditure (N1137.42m) leads to a deficit of N27.22m.

In 2005, the aggregate of internally generated income is 25.80% (N282.15m), while revenue grant from Government is 74.20% (N811.54m) of the total income of N1093.72m. Personnel cost is 77.66% (N740.35m), the expenditure on others is 22.37% (N212.98m) of the total expenditure of N953.33m. In this year, the revenue grant is more than personnel cost to the tune of N71.19m (grant N811.54 less personnel cost N740.35). The total income (N1093.72m) minus total expenditure (N953.33m) results into a surplus income of N140.39m.

In 2006, internally generated fund is 33.61% (N443.61m), revenue grant from Government is 66.39% (N876.16m) of total income of N1319.77m. Personnel cost is 70% (N965.25m), while other cost is 30% (N413.22m) of the total expenditure of N1378.97m. Revenue grant of N876.16m is not sufficient to finance personnel cost of N965.25m to the tune of N89.09m. The total income (N1319.77m) less total expenditure (N1378.97m) gives deficit income over expenditure of N59.20m.

Therefore, it could be categorically said that in five years (2002-2006), Government released revenue grant to the tune of N3639.93m, the Institution generated internal revenue of N1401.90m which result in a total income of N5041.83m to finance personnel cost of N3741.06m and N1232.53m other cost which brings the total cost to the sum of N4973.59m. While revenue grant could not finance personnel cost to the tune of N101.13m, there is excess income of N68.24m over expenditure when the totality of income and expenditure is taken into consideration for the period under review.

- Approximated to two other currencies as follows:

| | NG N | US $ | JP Y |
|---|---|---|---|
| Government grant | 3,639.93m | 23.48m | 2,348.34m |
| IGR | 1,401.90m | 9.04m | 904.45m |
| **Total Income** | **5,041.83m** | **32.53m** | **3,252.79m** |
| Personnel cost | 3,741.06m | 24.14m | 2,413.59m |
| Other cost | 1,232.53m | 7.95m | 795.18m |
| **Total cost** | **4,973.59m** | **32.09m** | **3,208.77m** |
| **Surplus Fund** | **68.24m** | **0.44m** | **44.03m** |

We should bear in mind that whatever an organization generates belongs to the owner of the organization. Therefore, internally generated income is an integral part of income that could be reasonably categorized as part of funding the institution which Government allowed.

**ADAPTED INCOME AND EXPENDITURE OF THE POLYTECHNIC IBADAN 2002 - 2006**

| INCOME | 2002<br>N000,000 | 2003<br>N000,000 | 2004<br>N000,000 | 2005<br>N000,000 | 2006<br>N000,000 |
|---|---|---|---|---|---|
| Revenue Grant | 519.98<br>63.15% | 596.52<br>64.86% | 722.45<br>59.27% | 701.27<br>58.23% | 1043.93<br>69.73% |
| Internally Generated Fund | 303.42<br>36.85% | 323.38<br>35.14% | 496.38<br>40.73% | 503.02<br>41.77% | 453.10<br>30.27% |
| Total | 823.39 | 919.70 | 1218.84 | 1204.29 | 1497.04 |
| EXPENDITURE | | | | | |
| Personnel cost/expenditure | 654.20<br>75.34% | 726.98<br>78.74% | 852.95<br>74.23% | 1031.54<br>73.85% | 1098.32<br>79.60% |
| Other Cost | 214.10<br>24.66% | 196.31<br>21.26% | 296.11<br>25.77% | 365.38<br>26.15% | 281.55<br>20.40 |
| Total | 868.30 | 923.29 | 1149.06 | 1396.92 | 1599.87 |

Source: The Polytechnic Ibadan, Income and Expenditure Accounts, 2002-2006.

In 2002, internally generated fund is 36.85% (N303.42m), revenue grant from Government is 63.15% (N519.98m) of total income of N823.39m. Personnel cost is 75.34% (N654.2m), while other cost is 24.66% (N214.10m) of the total expenditure of N868.30m. Revenue grant of N519.98m is not adequate to finance personnel cost of N654.20m to the tune of N134.22m.

In 2003, the total of internally generated fund is 35.14% (N323.38m), the revenue grant is 64.86% (N596.52m). Personnel cost is 78.74% (N726.98m) of the total expenditure (N923.29m), while other cost is 21.26% (N196.31m). In this year, again, Government grant in respect of revenue is less than personnel expenditure thus: revenue grant N596.52m minus personnel expenditure (N726.98m) gives deficit sum of N130.46m.

In 2004, internally generated fund is 40.73% (N496.38m), Government grant on revenue is 59.27% (N722.45m). Personnel expenditure is 74.23% (N852.95m), while other cost is 25.77%

(N296.11m). Government grant on revenue less than the expenditure on personnel to the tune of N130.5m (grant N722.45m less personnel cost N852.95m).

In 2005, the aggregate of internally generated income is 41.77% (N503.02m), while revenue grant from Government is 58.23% (N701.27m) of the total income of N1204.29m. Personnel cost is 73.85 % (N1031.54m), the expenditure on others is 26.15% (N365.38m) of the total expenditure of N1396.92m. In this year, the revenue grant is less than personnel cost to the tune of N330.27m (grant N701.27 less personnel cost N1031.54).

In 2006, internally generated fund is 30.27% (N453.10m), revenue grant from Government is 69.73 % (N1043.93m) of total income of N1497.03m. Personnel cost is 79.96 % (N1098.32m), while other cost is 20.40 % (N281.55m) of the total expenditure of N1379.87m. Revenue grant of N1043.93m is not adequate to finance personnel cost of N1098.32m to the tune of N54.39m.

It could be categorically said that in five years (2002-2006), Government released revenue grant to the tune of N3584.15m, the Institution generated internal revenue of N2079.30m which result in a total income of N5663.45m to finance personnel cost of N4363.99m and N1353.45m other cost which brings the total cost to the sum of N5717.44m. While revenue grant could not finance personnel cost to the tune of N779.84m, there is overall income deficit of N274.18m over expenditure when the totality of income and expenditure is taken into consideration for the period under review.

- Approximated to two other currencies as follows:

| | NG N | US $ | JP Y |
|---|---|---|---|
| Government grant | 3,584.15m | 23.12m | 2,312.35m |
| IGR | 2,079.30m | 13.41m | 1,341.48m |
| **Total Income** | **5,663.45m** | **36.54m** | **3,653.84m** |
| Personnel cost | 4,363.99m | 28.15m | 2,815.48m |
| Other cost | 1,353.45m | 8.73m | 873.19m |
| **Total cost** | **5,717.44m** | **36.89m** | **3,688.67m** |
| **Deficit** | **274.18m** | **1.77m** | **176.89m** |

We should recall that whatever an organization generates belongs to the owner of the organization, therefore, internally generated income, as stated previously, is an income that could be reasonably categorized as part of funding of the institution which Government allowed.

**ADAPTED INCOME AND EXPENDITURE OF EMMANUEL ALAYANDE COLLEGE OF EDUCATION (2002 – 2006)**

| INCOME | 2002 N000,000. | 2003 N000,000 | 2004 N000,000 | 2005 N000,000 | 2006 N000,000 |
|---|---|---|---|---|---|
| Revenue Grant | 295.91 48.06% | 385.88 77.98% | 448.29 79.22% | 520.33 82.75% | 490.84 87.42 |
| Internally Generated Fund | 319.78 51.94% | 108.99 22.02% | 117.56 20.78% | 108.48 17.25% | 70.62 12.58% |
| Total | 615.69 | 494.87 | 565.85 | 628.81 | 561.46 |
| EXPENDITURE | | | | | |
| Personnel cost/expenditure | 400.55 64% | 387.15 74.55% | 493.48 80.60% | 575.43 80.32% | 544.26 86.49% |
| Other Cost | 225.32 36% | 132.15 25.45% | 118.76 19.40% | 140.99 19.68% | 85.03 13.51% |
| Total | 625.87 | 519.30 | 612.24 | 716.42 | 629.29 |

Source: Emanuel Alayande College of Education, Income and Expenditure Accounts, 2002-2006.

In 2002, internally generated fund is 51.94% (N319.78m), revenue grant from Government is 48.06% (N295.91m) of total income of N615.69m. Personnel cost is 64% (N400.55m), while other cost is 36% (N225.32m) of the total expenditure of N625.87m. Revenue grant of N295.91m is not adequate to finance personnel cost of N400.550m to the tune of N104.64m.

In 2003, the total of internally generated fund is 22.02 % (N108.99m), the revenue grant is 77.98 % (N385.88m). Personnel cost is 74.55 % (N387.15m) of the total expenditure (N519.30m), while other cost is 25.45% (N132.15m). In this year, Government grant in respect of revenue is less than personnel expenditure thus: revenue grant N385.88m minus personnel expenditure (N387.15m) gives deficit sum of N1.27m.

In 2004, internally generated fund is 20.78% (N117.56m), Government grant on revenue is 79.22 % (N448.29m). Personnel expenditure is 80.60 % (N493.48m), while other cost is 19.40 % (N118.76m). Government grant on revenue is less than the expenditure on personnel to the tune of N45.19m (grant N448.29m less personnel cost (N493.48m).

In 2005, the aggregate of internally generated income is 17.25 % (N108.48m), while revenue grant from Government is 82.75% (N520.33m) of the total income of N628.81m. Personnel cost is 80.32 % (N575.43m), the expenditure on others is 19.68 % (N140.99m) of the total expenditure of N716.42m. In this year, the revenue grant is less than personnel cost to the tune of N55.1m (grant N520.33m less personnel cost N575.43m).

In 2006, internally generated fund is 12.58% (N70.62m), revenue grant from Government is 87.42% (N490.84m) of total income of N561.46m. Personnel cost is 86.49% (N544.26m), while other cost is 13.51% (N85.03m) of the total expenditure of N629.29m. Revenue grant of N490.84m is not adequate to finance personnel cost of N544.26m to the tune of N53.42m.

It could be categorically said that in five years (2002-2006), Government released revenue grant to the tune of N2141.25m, the Institution generated internal revenue of N725.43m which result in a total income of N2866.68m to finance personnel cost of N2400.87m and other cost of N702.25m which brings the total cost to the sum of N3103.12m. While revenue grant could not finance personnel cost to the tune of N259.62m, there is overall deficit of N236.44m over expenditure when the totality of income and expenditure is taken into consideration for the period under review.

- Approximated to two other currencies as follows:

| | NG N | US $ | JP Y |
|---|---|---|---|
| Government grant | 2,141.25m | 13.81m | 1,381.45m |
| IGR | 725.43m | 4.68m | 468.02m |
| **Total Income** | **2,866.68m** | **18.49m** | **1,849.47m** |
| Personnel cost | 2,400.87m | 15.49m | 1,548.95m |
| Other cost | 702.25m | 4.53m | 453.06m |
| **Total cost** | **3,103.12m** | **20.02m** | **2,002.01m** |
| **Deficit** | **236.44m** | **1.53m** | **152.54m** |

**DECISION MAKING**

Decision-making is an everyday activity of a manager. This is because the manager has to make a choice among competing available alternatives. Therefore, decision-making is very significant and remains a major responsibility of all organizational managers. Simon (1994) points out that management is a process of rational decision-making that involves the behaviour of the organization. For organizations to be effective and function properly, the managers must have the ability to make good decisions. In fact, an organization would not function until decisions are made.

Decision- making involves making judgement among available alternatives. Macfarland (1990) observes that there are various types of decision-making in an organizational setting. The five basic functions of anyone occupying managerial position are generally identified as planning, organizing, mobilizing resources, directing and controlling the activities of man and machines towards the attainment of some goals. The performance of these functions put the manager in a decision situation. One way or the other, the manager is involved in decision-making, and decision- making involves problem-solving. In fact, decision-making is central to all the activities of a manager in the work environment. Decision-making is therefore the process of generating and evaluating alternatives and making choices among them.

A manager is anyone who is involved in supervision and controlling the activities of other people in order to attain a defined set of objectives. According to Herber, (1986), in organizations, a decision is usually the result of choosing between available anticipated options, and it is often taken on grounds of future projections, and is subject to uncertainty and risk.

Therefore, decision-making is a reasoning or emotional process which can be rational or irrational, can be based on explicit assumptions.

**FINANCIAL MANAGEMENT**

According to Kishore, (2004) financial management is the area of business management, devoted to a judicious use of capital and a careful selection of sources of capital, in order to enable a spending unit to move in the direction of reaching its goals. This definition points to the four essential aspects of financial management which are:

- Financial management is a distinct area of business management - i.e. financial manager has a key role in overall business management
- Prudent or rational use of capital resources -proper allocation and utilization of funds.
- Careful selection of the source of capital; determining the debt equity ratio and designing a proper capital structure for the organization.
- Goal achievement - ensuring the achievement of business objectives viz. wealth or profit maximization.

According to Ogunyankin, (1985) financial management entails planning, organizing, directing and controlling the financial activities such as procurement and utilization of funds of the enterprise. It means applying general management principles to financial resources of the enterprise, which often than not requires proper or efficient decision making.

**ELEMENTS OF FINANCIAL MANAGEMENT**

1. Investment decisions includes investment in fixed assets (called capital budgeting). Investment in current assets is also a part of investment decisions called working capital decisions.
2. Financial decisions - They relate to the raising of finance from various resources which will depend upon decision on type of source, period of financing, cost of financing and the returns thereby.
3. Dividend decision - The finance manager has to take decision with regards to the net profit distribution. Net profits are generally divided into two:

    a. Dividend for shareholders- Dividend and the rate of it has to be decided.
    b. Retained profits- Amount of retained profits has to be finalized which will

depend upon expansion and diversification plans of the enterprise.

The essential objective of financial management can be categorized into two broad functional categories namely: - recurring finance functions and non-recurring or episodic finance,functions.

- Performing the regular finance functions including financial planning including assessing the funds requirement, identifying and sourcing funds, allocation of funds and income and controlling the use or utilization of funds towards achieving the primary goal of profit/wealth maximization.
- Performing the non-recurring functions including, though not exclusively, the preparation of financial plan at the time of promotion of the business enterprise, financial readjustment during liquidity crisis, valuation of enterprise at the time of merger or reorganization and such other episodic of great financial implications.

## OBJECTIVES OF FINANCIAL MANAGEMENT

The financial management is generally concerned with procurement, allocation and control of financial resources of a concern. The objectives can be:

1. To ensure regular and adequate supply of funds to the concern.
2. To ensure adequate returns to the shareholders which will depend upon the earning capacity, market price of the share and expectations of the shareholders.
3. To ensure optimum funds utilization. Once the funds are procured, they should be utilized in maximum possible way at least cost.
4. To ensure safety on investment, i.e., funds should be invested in safe ventures so that adequate rate of return can be achieved.
5. To plan a sound capital structure-There should be sound and fair composition of capital so that a balance is maintained between debt and equity capital.

## FUNCTIONS OF FINANCIAL MANAGEMENT

**Estimation of capital requirements:** A finance manager has to make estimation with regards to capital requirements of the company. This will depend upon expected costs and profits and future programmes and policies of a concern. Estimations have to be made in an adequate manner which increases earning capacity of enterprise.

**Determination of capital composition**: Once the estimation have been made, the capital structure has to be decided. This involves short- term and long- term debt equity analysis. This will depend upon the proportion of equity capital a company is possessing and additional funds which have to be raised from outside parties.

**Choice of sources of funds:** For additional funds to be procured, a company has many choices like-

**a).** Issue of shares and debentures

b). Loans to be taken from banks and financial institutions c). Public deposits to be drawn like in form of bonds.

Choice of factor will depend on relative merits and demerits of each source and period of financing.

**Investment of funds:** The finance manager has to decide to allocate funds into profitable ventures so that there is safety on investment and regular returns is possible.

**Disposal of surplus:** The net profits decision has to be made by the finance manager. This can be done in two ways:

a). Dividend declaration - It includes identifying the rate of dividends and other benefits like bonus.

b). Retained profits - The volume has to be decided which will depend upon expansion, innovation, diversification plans of the company.

**Management of cash:** Finance manager has to make decisions with regards to cash management required for many purposes like payment of wages and salaries, payment of electricity and water bills, payment to creditors, meeting current liabilities, maintenance of enough stock, purchase of raw materials, etc.

**Financial controls:** The finance manager has not only to plan, procure and utilize the funds but he also has to exercise control over finances. This can be done through many techniques like ratio analysis, financial forecasting, cost and profit control, etc.

Financial reporting is a crucial element necessary for the corporate governance system to function effectively. Accountants and auditors are the primary providers of information to capital market participants. The directors of the company should be entitled to expect that management prepare the financial information in compliance with statutory and ethical obligations, and rely on auditors' competence. Current accounting practice allows a degree of choice of method in determining the method of measurement, criteria for recognition, and even the definition of the accounting entity. The exercise of this choice to improve apparent performance (popularly known as creative accounting) imposes extra information costs on users. In the extreme, it can involve non-disclosure of information.

One area of concern is whether the accounting firm acts as both the independent auditor and management consultant to the firm they are auditing. This may result in a conflict of interest which places the integrity of financial reports in doubt due to client pressure to appease management. The power of the corporate client to initiate and terminate management consulting services and, more fundamentally, to select and dismiss accounting firms contradicts the concept of an independent auditor. Changes enacted in the United States in the form of the Sarbanes-Oxley Act (in response to the Enron situation as noted below) prohibit accounting firms from providing both auditing and management consulting services. Similar provisions are in place under clause 49 of SEBI Act in India.

The Enron collapse is an example of misleading financial reporting. Enron concealed huge losses by creating illusions that a third party was contractually obliged to pay the amount of any losses. However, the third party was an entity in which Enron had a substantial economic stake. In discussions of accounting practices with Arthur Andersen, the partner in charge of auditing, views inevitably led to the client prevailing. However, good financial reporting is not a sufficient condition for the effectiveness of corporate governance if users do not process it, or if the informed user is unable to exercise a monitoring role due to high costs.

**CONCEPT OF ACCOUNTABILITY**

The new structures and approaches in turn provide their own challenges for public sector accountability - for it has dawned on senior management that all organizations, whether public or private, need to be ultimately accountable to the community in which they exist. And now it is necessary for this accountability to be exercised in a way which supports rather than inhibits the effective management of the agency. The crisis in the Arab world is more than a signal but opened pages for whoever cares to learn to learn that even if you are honest to a fault, people are much interested in being adequately carried along in decision that has any semblance of relationship with them.

In administration, there is a strong necessity to have checks and balances for efficient administration. The theory of separation of power is in consonant with internal control in the case of financial management. This is amplified by Bello-Imam (2005) that:

> *There would be an end of everything, whether the same man or the same body, whether of the nobles or of the people, to exercise those three powers, that of enacting laws, that of executing the public resolutions, and of trying the cause of individual. P2.*

He however, alluded to the issue of corruption as one of the effects of concentration of power in an individual or group of individuals. While quoting CNN, he further says:

> *Corruption Leads to poverty, suffering, underdevelopment and hence, leaves hospitals and schools without drugs, equipment and qualified personnel and in the end everyone pays dearly for it.*

The writer shares the view that there should not be concentration of powers in a single person or group of persons if corruption is to be put at bay. Bakre, (2010), in a paper presented at APIRA Conference in Australia in July 2010 on privatization in Nigeria, he stated that Senior Staff Association of Statutory corporation (SSASC) and government owned companies in respect of the privatization of Nigerian Ports Authority (NPA) has shown that privatization of government owned companies is not the solution to problems in government owned organization. Quoting SSASC:

> *The case of Roll – in – Roll – out (RIRO) port when it was in private hands is still fresh in our minds as a glaring testimony of the anathema of privatization. The RIRO terminal, which was for many years managed by a private company, claimed to have generated paltry monthly revenue of fifty four million naira (N54,000,000) out (US $450,000) out of this amount it claimed that above forty-eight million naira (N48,000,000) (US $400,000) (representing about 80 percent of total income) was used to pay salaries and other sundry expenses. This left a profit of six million naira (N6,000,000) (US $50,000) about*

*50 percent of which was paid to the NPA as profit. However, when the NPA took on operations, NPA recorded a staggering sum of sixty million naira as revenue (N60,000,000) (US$500,000) out of this amount only six million naira (N6,000,000) ( US $50,000) was used for payment of salaries and other overhead cost leaving a total of forty-five million naira (N45,000,000) (US$450,000) in the coffers of the government.*

Accountant, represented by the Bursar in the management team of the institution, remains critical to effective change in financial management of Institution. Accountant must ensure the integrity of the internal control mechanisms that entrench the needed transparency and accountability in the Institution financial management systems. Committed Accountant will reduce the vices of corruption, frauds, wastage and inefficiency.

Going by a casual look at the enviable infrastructural development of privately owned institutions in Nigeria, particularly, Lead City University, Ibadan, one may be tempted to suggest that government owned institution be privatized. This could not be advised because, according to Bakre (2010):

*The biggest challenges facing the Bureau of Public Enterprises (BPE) at the moment is that out of over 400 government owned companies privatized since 1999, less than 10 of them are performing well. The privatization of most companies was carried out in a hurry and lacked effective regulation. We are particularly worried that some of the privatized companies now owned by foreigners are defrauding Nigerians by repatriating their earnings to their countries while failing to file returns to the Nigerian government. p*56.

Financial report is not an end in itself. The Enron collapse is an example of misleading financial reporting. Enron concealed huge losses by creating illusions that a third party was contractually obliged to pay the amount of any losses. However, the third party was an entity in which Enron had a substantial economic stake. In discussions of accounting practices with Arthur Anderson, the partner in charge of auditing, views inevitably led to the client prevailing. However, good financial reporting is not a sufficient condition for the effectiveness of corporate governance if users don't process it, or if the informed user is unable to exercise a monitoring role on it.

As at the time of this research (2011), The Polytechnic Ibadan has 2009 audited account in place, Ladoke Akintola Univeristy has 2006 available while Emmanuel Alayande College of Education also has 2006 on ground. A question to be answered is, how would a financier provides further fund for a project which level of completion subject to the already provided fund is not known? Financial statements must not only be ready within the first quarter of the financial year following the end of the financial year in question, the auditor must be able to deliver the audited accounts to the Governing Council within the second quarter of the said financial year of the Institution.

Adesina (1981) opines that educational finance connotes the means usually employed to provide for the expenditure involved in the staffing, equipment and maintenance of educational institutions. Adamolekun (1989) however notes that education is no longer solely financed by individual but by government because of the advancement in the curriculum of the institution. He asserts that:

> *There has been a considerable change in the nature of the University since its origin. In the beginning, the University was established as a community of scholars' and students. It was private and voluntary, being based on the individual thirst for knowledge and mankind's search for truth. Academically, the emphasis was on enlarging the reservoir of knowledge and elucidating and transmitting the same. The curriculum, though limited, was fluid and courses were leisurely. For instance, as late as the seventeenth century, Milton spent seven years at Cambridge for his Bachelor of Arts degree, and of course, his paradise lost gives a glimpse of the wide range of knowledge for which he must have acquired foundations at the University. These early Universities did not depend upon the government for their finances but thrived on private endowment and benefactions. The state had no interest in their curricula. Their independence and autonomy was complete, and consequently the state could not call upon them to share its aspiration for education as a means of attaining an egalitarian society or increased manpower resources or research in aid of national development, etc. There was no question of the university being obliged to make its curricula relevant to social needs or whether its facilities and programmes of higher education were adequate for such needs. In fact, public utilitarian values have loomed large only in relatively recent times p 2.*

Today, the University seekers are no longer a community of voluntary seekers of knowledge, university are funded and organized by government in a big way. It then means that higher education seekers are no longer a community of voluntary seekers of knowledge, higher institutions are now being funded and organized by governments in a big way. The resources made available and other sources of resources should be diligently managed.

Monday 23rd April, 2007 heralded the beginning of two-day national workshop on "Tertiary Education Financing: Which Way Forward". The workshop which brought together eminent Nigerians like former Minister of Education, Mrs. Obiageli Ezekwusili, Director of Tertiary Education, Dr. Jumaila Shuarau, Chairman NBTE, Nuru Yakubu, all heads of tertiary institutions and a host of others, brought to light salient issues on tertiary education. Nigerian Tribune of Friday 27 April, 2007 published the following on the workshop.

> *In five years, the Federal Government has reduced the budgetary allocation to education by five percent in spite of the continuous increase of university's needs. In 2003, government allocated 15 percent to education but tactically reduced to 10 percent in 2007, in fact government could only allocate four percent to education in 2005 contrary to 25 percent standard required by the United Nations Education, Scientific and Cultural Organization. p31.*

It is amazing that in the same workshop, it was asserted by the Director of MacArthur Foundation, Dr. Kole Shettima that international donors' fail to help Nigeria on education because the country had problem of accountability and transparency, wastefulness and economic instability. According to him, MacArthur Foundation had released about N820 million to support education in Nigeria since 2000 but that the foundation found it ridiculous that the country could not account for the money it puts down. This is corroborated by the paper presented by Dr. Jamila Shuarau, that there has been a lot of mismanagement of fund by educational boards.

It is not difficult to notice from the papers presented that government alone cannot fund education adequately but proper financial management of the available resources is also in doubt. All these have contributed to paucity of financial aid from organizations that could have helped. Nwankwo (1981), is of the view that education is unique in its requirements and expenses that may not be related to the output. He is of the view that cost has different meaning in education because of the following:

(a) It is domesticated, i. e. its longevity does not necessarily depends on its marginal productivity but rather on the fact that it must be socially demanded.

(b) It pursues multiple objectives some of which are not easily determined.

(c) It has a long production cycle spanning sometimes over 20 years

(d) It operates with a fairly rigid hand craft technology handed over from one generation to another.

(e) It purchases most of its inputs at administered prices. The term cost of production is ambiguous because it's meaning and types differ with sectors.

(i) For example, the term production cost has meaning only when it is related to output of a particular commodity.

(ii) It has a variety of meanings to various producers; such meanings could be total fixed cost, i. e. cost independent of changes in output, or variable cost, i. e. cost changing with output.

(iii) Provision of environments conducive for learning requires huge fund which must be judiciously managed. Sanda (1992) has this to say:

> *There is often a temptation on the part of University Managers to attribute the decline in quality of University education, or in the fall in standard of services rendered by the university principally to the inadequacy of financial resources. While government under investment in University education in recent years has had devastating consequences for teaching, research and services to society to at large, the paucity or low quality, obsolescence of some other resources have similarly contribute to the decline in quality of University life. p52.*
>
> A second major source requirement which has to be mobilized for the university is money. The latter may be in the form of enlarged governmental subvention in spite of the other competing objects of government expenditure. However, government will be well advised to encourage the private sector to embrace the funding of new universities

instead of taking over already established universities or even in addition to running away from establishing new publicly funded ones.

Within the Universities themselves, the quantum of funds available may be better utilized through the limitation of students' admission to maximum number with which the available financial and other resources can cope. Besides, a policy of recovering the cost of those services which students enjoy within each University (e.g health services, or accommodation) over and above free tuition may further enable the universities to cope effectively with the problem of quality of services to the students in the universities.

In addition, the university companies and other profit centres which after five years gestation period cannot provide financial returns to the university concerned should fold up and the manager prevented from managing such establishment in the future.

What is most significant is the need for viewing the current financial strangulation of the universities more as a challenge which requires innovative responses from those who are entrusted with the management of the universities. One of the other frequent causes of financial austerity in the universities is administrative, especially financial mismanagement. While much of the allegations are speculation, the fact that universities have also joined the group of public sector institutions with a sizeable number of uncompleted or abandoned projects suggest the need for better husbandry of available financial resources.

Finally, on the financial health of the university, the exploitation of the linkages of the university with the interest groups in its environment, most especially with the alumni association and the business community should yield some financial support for university initiated research, endowment of chairs, scholarships for deserving students and grants to specific units of the university. For the university to benefit maximally from this potential source of financial support, the chief executive (i.e. the Vice-Chancellor) or his deputy must give considerable attention to the marketing of the university and its potential services to the societal interest groups in and out of its immediate community. The various institutions representing the government (including the ministries of education and National Universities Commission) must be constantly fed with such promotional information even during the period of relative calm in the Universities (Sanda, 1992).

It can be seen in the above that while seeking for more fund mobilization from government and outside the government to the institution, he however emphasized better husbandry of available financial resources which is the area of concern to this research. Furthermore, this researcher agrees with the submission that education management requires enhanced managerial capacity to overturn the current perceived inadequacies in educational management.

Our researches, according to Sanda (1992), suggest that enhanced managerial capacity is crucial in the following eight spheres of university administration if the actual output or goal attainment potential is to be very high:

(1) Financial administration

(2) Student administration
(3) Administration of academic programmes
(4) Administration of the committee system
(5) Personnel administration
(6) Welfare administration
(7) Administration of the reward system
(8) Administration of physical facilities.

Each of these critical areas of emphasis in university management requires elaborate education. The first is financial administration, which involves the planning and administration of both capital and recurrent grants, the administration of salaries, research grants and rational budgetary allocation to different units of the university, the assurance of waste avoidance and cost recovery from profit centers. Many of the organizational problems can be resolved through prudent and efficient financial management in the University. It is crucial to mention that Sanda has identified personnel administration and financial management as some of the critical areas of further education in the university administration.

The Education Trust Fund (ETF) was set up in 1993 to use funding with project management to improve the quality of education in Nigerian. ETF generates its fund from 2% education tax on assessable profit of all registered companies in Nigeria. ETF is mandated by the Education Tax Act No. 7 of 1993 and its amendment Act No. 40 of 1998, to disburse the fund to Primary, Secondary, Tertiary and other educational institutions in Nigeria with necessary and effective monitoring of projects executed with the monies released to the beneficiaries. With the mandate spelt out, ETF could only release fund to institution when the institution meets its requirements which are all about efficient management of fund being disbursed to it.

In order to address the observed inability of institutions to access the available fund properly, the Education Trust fund (ETF) Organized capacity building workshop 2011 for Bursars and Financial Return Officers at All Season Hotel, Owerri between 15$^{th}$ and 16$^{th}$ September 2011.

The Executive Secretary, Tertiary Education Trust Fund Prof. Mahmood Yakubu stated at the opening session of the workshop that “in the past, it was observed with dismay that after funds would have been allocated to beneficiaries, these funds were not accessed for two to three years. This has resulted in accumulation of billions of naira un-accessed by the beneficiaries. The Board of Trustees at various meetings considered this issue and concluded that it is not acceptable to them. It therefore becomes very important to use this medium to rub minds to address the issue of un-accessed funds and strategize to ensure timely delivery of quality projects nationwide.

At the workshop, the reviewed accounting manual on intervention fund for the use of beneficiary institution was given and discussed. The background to the said reviewed manual was based on the report of Consultants, Federal Auditors, Federal Treasurers’ and others, revealed inadequacies regarding record keeping and report by beneficiary institutions. These are:

- Poor record keeping
- Misappropriation

- Non adherence to accounting policies and procedures e.g Financial Regulation, Procurement Act.

**OBSERVED LAPSES:**

- Non maintenance of separate cash books
- The accounting codes for transactions not in use
- Non-maintenance of stale cheques register
- Non-maintenance of vote book
- Wrong computation of VAT and withholding tax
- Fixed assets register not kept
- Cheques register not in place (Issues and Received)
- Payment procedure not in accordance with provision of the manual
- Procurement items not charged to stores (No SRV or SIV)
- Relevant documents not attached to vouchers
- Confusion on application of Vat/Act (exempted items)

## SUMMARY AND RECOMMENDATIONS

### SUMMARY OF THE FINDINGS

This study evaluates the impact of financial management systems on performance of tertiary institutions of Oyo State.
Purposeful sampling method was adopted to administer 150 copies of a questionnaire to Governing Council Members, Deans and Heads of Departments at the 3 researched institutions. An ex-post-facto study design was employed. Five years Audited financial statements of the Institutions were collected and analyzed. The accreditation reports by National Board for Technical Education (NBTE), National Universities Commission (NUC) and National Commission for Colleges of Education (NCCE) on the institutions and the published reports of Education Trust Fund (ETF) on utilization of fund released to the institutions were also collected and analyzed to establish justification for the outcome of this evaluation.

Findings reveal that efficient financial information is crucial to judicious utilization of resources available to educational institutions.
The paper examined the aspect of fund management in educational administration with a view to direct the thinking of stakeholders to a better utilization of available resources as against the usual call for provision of more fund.

- There is significant difference in the management of allocated fund between stakeholders that were not ignorant and the ones that were ignorant of available resources.

- Provision of adequate information on financial position enables users to be disposed positively to a better use of the allocated fund to their faculties/departments.
- There is significant difference in the financial management of institution if a finance expert other than the Bursar of the institution is included in the governing council of the institution.
- There is significant difference in financial management of the institutions when efficient financial information is provided to the governing council.

- It is evidently clear from this evaluation that economic theory of scarcity still holds sway in our day to day activity and is not only that it should be made known to the users of resources, it must be imbibed in their disposition to the use of resources allocated in a way that every unit of the resources will be efficiently utilized. As at 2006, the institutions used for the study had un-accessed fund with Education Trust Fund.
- Budget provision of government on grants to the institutions were seen, in most cases, to be mere paper work which in most cases had no bearing with fund released to the institutions.
- Institutions prepared and submitted their audited financial statements more than twelve calendar months after the financial year end for which they were reporting to the provider of resources (owner), in this case, government, who was expected to provide fund for the next year which has also, unfortunately ended. In essence, there were more than one year outstanding financial reports.
- There is yet to be a stable administration in the researched institutions as the headship (Vice Chancellor, Rector and Provost) changed more than two times within a period of five years (2006-2011) due to political interference in the institutions.
- The best financial management system could not bring out a better result than what the environment in which it is operated would allow. Therefore, instability in the administration of the institutions retrogress possible positive result of its financial management, because, budget, which is a financial implication of the vision and mission of the managers, who are now being changed irregularly, could not be implemented as planned.

- Findings from the study has led to the conclusion that it could not be well justified to assert, without reservation, that higher education was inadequately funded but inefficiently managed, and this inefficiency, if critically examined, may be tinted with inept on the part of management to bring all realizable income to the cover of the Institution, unethical practices and political interference in the appointment and removal of the headship.
- Institutions generate income from students' tuition and other charges which was seen to be held and used for institutions' financial activities. Similarly, faculties and departments generate fund from students' registering in their faculties and departments. The collection of this from students was seen to have been centralized into the bursary department, to be accessed by the faculties and departments for much better utilization of fund for the development of the faculties and the departments. However, students still complain of individual's faculty and department collecting some sort of money from them which does not get to the cover of the institutions.

- The three institutions used for this evaluation had educational programmes (part-time and other outfits) that is self accounting and could be likened to a private educational institution or business venture that generate sizeable fund for the institutions. However, the grip of the institutions on income being generated from all their supposed internally generated income sources was in doubt, that is, not all the total amount the institutions supposed to generate from their various centres are being realized. This situation would be further worsen where officers misbehaved and panel was set up, but all relevant documents on such issue could not be traced in the personnel file of the officers within a short period to prevent it from having effect on such officer's promotion and integrity. This could even influence those with integrity to have a change of mind in a negative manner.

**RECOMMENDATIONS**

The following recommendations are made based on the findings of the study:

- Institutions should appoint officers to office on the basis of capability not just on seniority, to create enabling environment for progressive and healthy competition.
- The belief being held and attention being paid to the perceived inadequate funding of education should be redirected to efficient management of available resources. This would ensure best use of available resources and discovery of yet to be discovered areas of interest and better and practical impartment of efficient utilization of available resources into the life style of learners who would go to the societies to practice the knowledge imparted in them.
- It is also recommended that efficient management of available fund must be accorded much importance than provision of more fund to educational institutions and all management systems.
- It is recommended that for the Governing Council of a tertiary institution of higher learning, like University, Polytechnic or College of Education to achieve the institutions goals and objectives effectively and efficiently, at least one of its members should be a financial expert. In this respect, the Bursar of the institution, because of his insider's knowledge of the resources of the institution which gives him an edge over and above every other finance expert that is not in charge of financial resources of the institution to provide graphic information that is informative on financial position of the institution to the Governing Council.
- Therefore, statutory inclusion of the Bursar in the governing council is critical to making financial management efficient, and all known system aiding fraud and fraudulent practices must be checkmated.
- Appointment into office should be based on capability and expertise rather than just on seniority which is seen to aid those who could not discharge the duty of their office to be appointed. This would prevent entrenching lukewarm attitude to assigned duty from those who could do better but knew the unsuitability of the officer appointed to head them.
- Appointment should be based on genuine needs and must be within the approved number of appointment that could be made.
- It is strongly recommended that internal and external advertisement be made for any vacancy to be filled.

- It is also recommended that conversion from one line to another must be outlawed. Any officer who has additional qualification should respond to advert relevant to his new qualification when vacancy is available.
- It is recommended that statistical records of the whole employees of the institution and the financial implication be provided to the appointment and promotion committee at each of every meeting to appoint or promote staff to guide against overshooting the agreed number of employee.
- It is also recommended that the institution list the ventures it is operating, the statistics of the students it has in the full time, part-term and out-reach centers with the income realized on them.
- It is recommended that certificate of the institution be serially numbered and the number of certificate being issued should fall within the numbers of students in the financial statement.
- Government should provide adequate fund to the institutions to pay salary and wages, the institutions should have grip of their internally generated fund to finance developmental (capital assets, human resources development and accreditation). For instance, in an advertorial statement of the Registrar of Ladoke Akintola University of Technology (LAUTECH) in The Nation news paper of Thursday 7 April, 2011, he claimed that LAUTECH has about 25,000 students who were paying N40,000.00 each then but to be paying N90,000.00 per session. If N90,000.00 multiply by 25,000 students will generate N2.25 billion from undergraduate regular students in a session, what could be generated from other educational ventures that are not regular students is left to imaginations.
- It should not be an end to pronounce inadequate funding of the Institution on its own, if an Institution is unable to cover its total expenditure with grants and internally generated fund in a year or more until all available sources of funding and judicious use of available resources are adequately exploited.

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