

ASSESSMENT OF FINANCIAL CONTROL SYSTEM IN COLLEGES OF LEGAL AND ISLAMIC STUDIES IN NORTHERN STATES, NIGERIA

DR. A. S. OMOSIDI,

A. A. ATOLAGBE, PH.D

&

PROF. D. O. DUROSARO

Department of Educational Management, University of Ilorin, Ilorin, Nigeria.

Email: abdulrahmanomosidi@yahoo.com

Abstract

This paper assessed the financial control system in Colleges of Legal and Islamic studies in Northern States, Nigeria. The study was carried out with the use of descriptive research design of survey type. Eight out of twelve colleges of legal and Islamic studies in Northern States, Nigeria were selected for the study. The eight colleges were stratified based on the three existing zones in the Northern part of the country. Random sampling technique was used to select participants of the study in each of the sampled Institutions. The participants were 450 principal officers comprising of Registrars, Bursars, Deans, Unit Directors and Heads of Departments. The study adapted an instrument entitled "Financial Control System Questionnaire" (FCSQ). The instrument was face and content validated, while split-half method was used to determine its reliability with coefficient of 0.68 which was a good value for the instruments reliability estimate. Three research questions were raised and answered through descriptive statistics of percentage. The results showed that 259 (57.6%) agreed that preliminary control system was effective as a mechanism in the preparation of annual financial budget. Two hundred and sixty-five (58.9%) also agreed with the effectiveness of concurrent control system on the process of available funds utilization in the sampled colleges and 255(56.7%) disagreed with the belief that feedback control system does not provide adequate evaluation of the funds available and utilized. The study recommended that more emphasis should be made on financial control system to include other stakeholders of the institutions on the financial decisions of the colleges to improve on the present mechanism of preparing annual financial budget.

Key words: Financial Control System, Preliminary Control System, Concurrent Control System, Feedback Control System.

Introduction

The growth of tertiary institutions both in number and in enrolment has been particularly remarkable during the past two decades. However, in recent times, various demands by other sectors of the economy have placed a lot of pressure on the government and this has in turn adversely affected the budget for education. The great drop in budget and actual expenditure of these tertiary institutions may, perhaps, be due to a high inflation and drop in the price of crude oil in the international market. This had led to a consequent reduction in the amount of resources made available for distribution among various sectors of the nation's economy in which education is inclusive (Kpolovie & Obilor, 2013).

Over the years, the government's budgetary allocation to education in Nigeria leaves much to be desired. For example, a cursory look at the trend between 2009 and 2013 showed that, the percentage of financial allocation to education was 6.54%, 6.4%, 1.49%, 10% and 8.7%, respectively (Central Bank of Nigeria, 2013). The same trend applied to most of the state governments in Nigeria. For example in Kwara State, between 2009 and 2013 the percentage of financial allocation to education was 8.4%, 9.7%, 10.2%, 6.9% and 5.4% respectively (Ministry of Finance, Budget Division, 2014). This is a trend that has the tendency to affect the access to education; a trend that negates the values education holds; a trend that may be injurious to the citizens of this great nation, Nigeria; a trend that can be likened to a deliberate attempt to cripple education and consequently national development.

To bailout education from this kind of malicious trend and to ensure that the noble aspiration of using education as an effective tool for social development is achieved, it becomes necessary to apply effective strategies of controlling and managing the scarce financial resources available to these educational institutions. This would enable the institutions to adequately manage and control the available funds allocated to them judiciously. It is against this background that this study was carried out to assess the financial control system in Colleges of Legal and Islamic Studies in Northern States, Nigeria, with a view to help manage the scarce financial resources given to them and preventing financial malpractices.

The Concept of Financial Control System

Control includes all activities the manager undertakes to ensure that the actual outcome conforms to planned results. In this regards, for any budget to be meaningful there must be checks and balances, that is, efficiency and effective control. This measure can therefore be achieved through proper auditing of funds made available from time to time to every aspect of the education sector.

Adesina (1981) opined that in administering the school's budget, the primary concern is to ensure that the result achieved justified the financial outlay. Adidu (1989)

viewed this position as an important aspect of management, because things do go wrong where there is no control or when existing controls are either inadequate or ineffective or both.

Abubakar (1989) also posited that control is designed to ensure that the business of government as reflected in its expenditure (both capital and recurrent) is carried out in accordance with laid down procedures, rules and regulations particularly as codified in the existing government financial guidelines (instructions/regulations/memoranda). The concern is not as many believe, to direct attention and keeping expenditure in line with what the plan specified when emphasis is laid too much on the amount to be spent or keeping expenditure within the limits, the value of educational outcomes it then played down.

Ogunsaju (1990) described evaluation as a method of assuring or knowing the outcome of the management plans. It helps the management to understand whether the set down goals and objectives of the institution are achieved or not. The extent to which accurate financial forecasts have been made can be seen when the budget is properly controlled through evaluation or auditing.

In addition, according to Lawal (1988), it is imperative that the providers of money for education have to be satisfied that the spending is legitimately used. Abubakar (1989) observed that the central focus of financial control should be to ensure that funds made available are used for the purpose they are meant and that financial records are kept in strict adherence to laid down rules and procedures.

The view expressed by Igboke (1997) is that financial control system should have some basic characteristics like:

- i. Focusing on the financial objectives (as stated in the financial budget),
- ii. Comparing actual with expected results, and explaining any variations,
- iii. Correcting weaknesses and errors and
- iv. Extending beyond the financial department.

The techniques of ensuring effective control, according to Igboke (1997) include:

1. Compliance with legislation, financial regulations and policies
2. Budget discipline,
3. Well-structured and staff financial department and
4. Adequate accounting and internal control system.

Managers are expected to make sound decisions based on either their personal knowledge or information provided by others. In the past, a key problem facing decision makers was how and where to obtain information. With today's "information explosion", the major problem facing managers lies in determining which

of the vital information available is appropriate and accurate for use in decision making (Taylor, 2008). Towards this end, standard must be established. Standards are targets. To be effective, they must be stated clearly and related logically to objectives of the organization. Standards are the criteria against which future, current or past actions are compared. They provide the basis for identification of type of information need to be collected in order to make valid comparisons. Standards are measured in a variety of ways, including physical, monetary, quantitative and qualitative term (Bamiduro, 1998). Heads of institutions must provide information that reports actual performance and permits comparison of the performance against standards. For example, the University of Ilorin Secondary School normally set a 100% success target for the Senior Secondary School Certificate Examination each year. The actual performance is compared with the standard set at the end of each exercise.

Managerial actions to correct deviations depend on the discovery of the need for action and the ability to implement the desired action (Daft & Macintosh, 1984). Officers responsible for taking corrective steps must know they are indeed responsible and that they have the assigned authority to take the action.

In summary, the control system involves the implementation of methods that provide answers to the following three basic questions: what are the planned and expected results? What corrective action is appropriate from which authorized person? All of the planning in the world will be of little value if management fails to establish some types of control systems.

Purpose of the Study

The main purpose of this study is to assess financial control system in Colleges of Legal and Islamic Studies in Northern states, Nigeria. Specifically, other purposes of the study include to:

- ♦ assess the effectiveness of preliminary control system available in the preparation of the annual budget in these colleges
- ♦ assess the effectiveness of concurrent control system in the process of available funds utilization in these colleges
- ♦ examine if the feedback control system provides evaluation on the funds utilized

Research Questions

Three research questions were raised to guide this study.

RQ₁: What is the level of effectiveness of preliminary control system (PCS) on the preparation of annual budget in the Colleges?

RQ₂: What is the level of effectiveness of concurrent control system (CCS) on the utilization of available funds in the Colleges?

RQ₃: What is the adequacy of the feedback control system (FCS) on the evaluation of funds available for use?

Methodology

The study was carried out with the use of descriptive research design of survey type. There were 12 Colleges of Legal and Islamic Studies in Northern part of Nigeria that spread across the three geo-political zones of the country. The zones were North-Central, North-East and North-West. Eight colleges were chosen on the existing zones using stratified random sampling techniques based on 66.7%. The colleges were Colleges of Legal and Islamic Studies, Ilorin, Kano, Minna, Bauchi, Jigawa, Yola, Kebbi and Maiduguri.

Random sampling technique was used to select 450 Principal Officers which comprises of Registrars, Bursars, Deans, Unit Directors and Heads of Departments from the sampled institutions.

The study adapted the instrument used by AbdulKareem (1998) and Omosidi (2007) which was Financial Control System Questionnaire (FCSQ) that comprised of six item statements on Preliminary Control System (PCS) and seven item statements each on Concurrent Control System (CCS) and Feedback Control System (FCS) respectively. The useful comments and suggestions of experts enhanced the face and content validity of the instrument. The reliability of the instrument was determined using split-half method and the reliability coefficient obtained was 0.68 which was a good value for the instrument. The returned copies of questionnaire were analysed descriptively through percentage counts. In the discussion of results, both strongly agreed and agreed were merged to become AGREED, while disagreed and strongly disagreed were also merged to become DISAGREED respectively

Results

Research Question 1: What is the level of effectiveness of Preliminary Control System available on the preparation of annual budget in these colleges?

Table 1: Analysis on the extent of the Preliminary Control System on Annual Budget Preparation

S/ No	STATEMENTS	AGREED		DIS- AGREED		TOTAL	
		F	%	F	%	F	%
1.	Decisions on the management of the colleges financial resources are exclusively reserved to college management	305	67.7	145	22.3	450	100
2.	The college council/college management is promptly and adequately informed of the college financial position	290	64.3	160	35.7	450	100
3.	The college management demands for sufficient and justifiable evidence for the use of funds before releasing these to schools/departments/ or other divisions of the college	263	58.5	187	41.5	450	100
4.	Users of funds have to follow certain approved procedures before obtaining such funds in the college	248	55.1	202	44.9	450	100
5.	Sectional heads are provided with all funds needed to carry-out their functions	181	38.7	275	61.3	450	100
6.	Emphasis is laid on efficient use of college funds	271	60.2	179	39.8	450	100
	AVERAGE TOTAL	259	57.4	191	42.6	450	100

Table 1 shows the extent of the effectiveness of preliminary control system available on the preparation of annual budget in the colleges of legal and Islamic studies in Northern States, Nigeria. It revealed that 259 (57.4%) strongly agreed that preliminary control system was effective as a mechanism for the preparation of annual financial budget. While 191 (42.6%) disagreed that preliminary control system was effective in the preparation of annual financial budget in these colleges.

Research Question 2: What is the level of effectiveness of concurrent control system have on the process of available funds utilization in these colleges?

Table 2: Analysis on the extent of the Effectiveness of Concurrent Control System

S/No	STATEMENTS	AGREED		DIS-AGREED		TOTAL	
		F	%	F	%	F	%
7.	Grant from government is spent on college programmes specified by the government	306	68.1	143	31.9	450	100
8.	Revenues generated by the college are judiciously spent on the college programme alone	220	48.9	239	51.1	450	100
9.	The college management spend the college funds on favourite programmes	172	38.2	278	61.2	450	100
10.	Available college funds are spent on the maintenance of college's physical facilities as in financial plan	318	70.7	132	29.3	450	100
11.	College funds are spent on changes and innovations in the college programmes	209	46.4	241	53.6	450	100
12.	Payment of salaries and allowances takes more than 75% of the government monthly subvention	360	80.1	90	19.1	450	100
13.	Caution and breakage fees paid by students are used to supplement monthly salaries and allowances	271	60.1	179	39.9	450	100
	AVERAGE TOTAL	265	55.8	185	41.2	450	100

Table 2 indicated the extent of the effectiveness of concurrent control system on the process of available funds utilization in colleges of legal and Islamic studies in Northern States, Nigeria. It was revealed that 265 (55.8%) agreed that concurrent control system was effective for the process of available funds utilization in the sampled colleges in this study. On the contrary, 185 (41.2%) disagreed on the effectiveness of concurrent control system in these institutions.

Research Question 3: Does the feedback control system provide adequate evaluation of the funds utilized?

Table 3: Analysis on the extent of the Effectiveness of Feedback Control System

S/ No	STATEMENTS	AGREED		DISAGREED		TOTAL	
		F	%	F	%	F	%
14.	Government yearly allocation on current expenditure is adequate in your college	142	31.7	308	68.3	450	100
15.	Government yearly allocation capital expenditures is adequate in your college	134	29.8	316	70.2	450	100
16.	Accountability is stressed in the use of college funds	284	63.2	166	36.8	450	100
17.	The college has competent and conscientious financial personnels in its bursary/ account section	254	56.5	196	43.5	450	100
18.	The college keeps proper and adequate financial records to safeguard school funds from loss or misuse	252	56.0	198	44.0	450	100
19.	College budget estimates on capital expenditure is usually in disagreement with government budgetary allocation	162	36.0	288	64.0	450	100
20.	College budget estimates on current expenditure is usually in disagreement with government budgetary allocation	140	31.2	310	68.8	450	100
	AVERAGE TOTAL	195	43.5	255	56.5	450	100

Table 3 also revealed the extent to which feedback control system provides adequate evaluation of the funds available and utilized in colleges of legal and Islamic studies in Northern State, Nigeria. Based on the average total responses, 195 (43.5%) strongly agreed that feedback control system provides adequate evaluation of the funds available and utilized in these institutions. While 255 (56.5%) strongly disagreed that feedback control system does not provides adequate evaluation of the funds available and utilized in these colleges.

Discussion

Research question one determines the extent of the effectiveness of preliminary control system availability on the preparation of annual budget in Colleges of Legal and Islamic Studies in Northern States, Nigeria. It was revealed that 259 (57.6%) agreed that preliminary control system was effective as a mechanism in the preparation of annual financial budget.

The implication of this is that most decisions on the financial resources of the institutions were exclusively reserved for the college authorities to approve. While in the same vein, emphasis is laid on effective use of the institutions' funds. This finding collaborates with the finding of Omosidi and Abdulkareem (2012) and that of Adelodun (2014) which stated that financial control system has a strong measure that guide against illegal spending in Nigeria higher institutions. However, the result also agrees

with Taylor's (1990) believed that preliminary control system begins with the determination of future objectives of an organisation.

Research question two deals with the extent of the effectiveness of concurrent control system on the process of available funds utilization in colleges of legal and Islamic studies in Northern States, Nigeria. The study revealed that 265 (58.9%) agreed with the effectiveness of concurrent control system on the process of available funds utilization in the sampled colleges.

The implications of this findings is that grants from government are spent on college programmes specified by the government. It also shows the revenue generated by the colleges are judiciously spent on the college programme alone, which means that available college funds are spent on the maintenance of college's physical facilities as indicated in the financial plan.

Concurrent control system is a sub-set of internal control measures which according to Nzeh (2013) is developed to limit fraud, incorrect allocations, irregular, unauthorized, fruitless and wasteful expenditure and to create procedures for transparent financial system. This is in line with findings of Omosidi (2007) which reveals that there was a significant relationship between concurrent control system and organisational effectiveness in colleges of legal and Islamic studies in Nigeria.

Research question three was about how the feedback control system provides adequate evaluation on the funds utilized in colleges of legal and Islamic studies in Nigeria. The finding shows that 255 (56.7%) disagreed that feedback control system does not provides adequate evaluation of the funds available and utilized in these colleges. This implies that government allocation on current and capital expenditures were inadequate in these institutions. This shows that college budget estimates on current and capital expenditures were usually in disagreement with government budgetary allocation in the institutions.

The finding collaborates with the finding of Adebayo (2010) who discovered that feedback mechanism has no significant relationship with institution effectiveness, while the findings of the studies of Afolabi (2004), Omosidi (2007) and Adelodun (2014) whose in their individual studies found that there was a positive significant relationship between feedback control system and organisational effectiveness in tertiary institutions in Nigeria contradicts the finding of the current study.

Conclusions

Preliminary control system was an effective mechanism in the preparation of annual financial budget in the selected institutions.

Concurrent control system was an effective measure on the process of utilizing available funds in the sampled colleges.

Feedback control system does not provide adequate evaluation of the funds

utilized in these Colleges.

Recommendations

Based on the findings, discussion and conclusions drawn from the study, the following recommendations are proposed to relevant educational authorities:

1. More stakeholders of the institutions such as Directors and Dean of Schools should be included in the financial decisions of the colleges to improve on the present mechanism of preparing annual financial budget. Because they are generators of budgets and users of funds.
2. There is the need to increase the present inadequate annual financial grants to the colleges by their various owners to be in line with financial plans that can enable the institutions develop and maintain more of their physical facilities.
3. The present mechanism of controlling spending should be improved by maintaining checks and balances during the implementation of financial plans and actual utilization of funds allocated which is the basis of concurrent control system of avoiding financial fraud.
4. Feedback is a method of assuring or knowing the outcome of financial plans. There is the need therefore to improve on the existing feedback device in the colleges. Budget performance and evaluation reports should be a pre – condition for acceptance and consideration of current budget and financial proposal for the incoming year.

References

- AbdulKareem, A.Y. (1988). *Impact of school resources management on schools effectiveness in selected secondary schools in Kwara State. Unpublished Ph.D Thesis*, Dept. of Educational Management, University of Ilorin, Ilorin, Nigeria.
- Abedian, I. (2000). Management controls and ethics in public financial management. *Journal of institute for public finance and auditing*, 2 (3).
- Abubakar, H. (1989). *The scope of financial management in the public sector*. Seminar organised by the college of administrative and business studies, Kaduna Polytechnics, Kaduna, 22nd -27th May.
- Adebayo, A. O. (2010). *Effective management of financial resources in public tertiary institutions in Nigeria. A case study of Kwara State College of Education. A postgraduate project on financial management*, Ondo State University, Ado-Ekiti.
- Adelodun, S.S. (2014). *Financial resources provision, control system and organizational effectiveness in Nigerian colleges of education. Unpublished Ph.D Thesis*, Department of Educational Management, University of Ilorin, Ilorin.

- Adesina, S. (1981). *Introduction to educational planning*. Ile-Ife: University of Ife Press.
- Adidu, F.A. (1996). Financial management in the public sector: Concepts, Issues, and Problems. *International Journal of Educational Management (IJEM)*, 2 (2).
- Afolabi, S.O. (2004). *Influence of resources utilization on organisational effectiveness in Kwara State government owned tertiary institutions*. Unpublished Ph.D Thesis, Department of Educational Management, University of Ilorin.
- Bamiduro, J.A. (1990). Effect of planning and control of the Nigerian educational system: A management concept approach. *International Journal of Educational Management*, 2 (2).
- Central Bank of Nigeria (2013). Statistical bulletin and information. Retrieved June 6, 2013 from <http://www.nigeria.gov.ng>
- Daff, A.L. & Macintosh, N.B. (1984). The nature and use of formal control system for management control and strategy implementation. *Journal of Management Spring*, 7 (3).
- Igboke, B.O. (1997). Issues in public sector financial management. A discussion paper presented at a workshop on school based budgetary, auditing and school mapping. Organized by the National Primary Education Commission at Empire Hotel, Umuahia, Abia State, 27th – 29th April. *International Journal of Educational Management (IJEM)*, 2 (2).
- Kpolovie, P.J. & Obilor, I.E. (2013). Education Funding in Nigeria: Adequacy-Inadequacy? *Journal of Education in Developing Areas (JEDA)*, 21(1), 276-294.
- Lawal, S. (1988). *An analysis of sources of funding secondary schools in Ondo State*. Unpublished Ph.D thesis, University of Ilorin.
- Ministry of Finance, Budget Division (2014). *Annual statistical reports*, Kwara State.
- Nzeh, E. (2013). Impact of Government's Budgetary Allocations and policies on Nigeria's Educational System. Retrieved June 10, 2013 from <http://www.impact.com/impact/newsone.php?article=63>
- Ogunsaju, S. (1990). *A guide to school effectiveness in Nigeria*. Ibadan: Lavilla Publications.
- Omosidi, A.S. (2007). *Relationship among funding, control system and organizational effectiveness in colleges of legal and Islamic Studies in Nigeria*. Unpublished Ph.D Thesis, Department of Educational Management, University of Ilorin.
- Omosidi, A.S. & Abdulkareem, A.Y. (2012). Financial Control System and Organizational Effectiveness in Colleges of Legal and Islamic Studies in Nigeria. *International Journal of Educational Management (IJEM)*, 10(1), 9-19
- Taylor, B. (1990). *Corporate planning for the 1990s: The New Frontiers*. Long Range Planning.
- Taylor, K.A. (2008). *Financial Resource Management Manual*. Online @www.uscg.mil/forms.