Internal control management in budget of basic school under the office of Kalasin Primary Educational Service Area 2

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Abstract

The main purpose of this study is to recommend guidelines on the internal control management in budget of Basic School under the jurisdiction of the Office of Kalasin Primary Educational Service Area 2. The researchers explored the situation of internal control management and compared the differences of internal control management in budget of Basic School in terms of the different sizes of schools. The methodology employed in this study was the mixed mode method, survey design and structured interview and focus group discussion. This study was carried out in three phases. The findings showed that the officers lacked knowledge and comprehension in the determination of policy and practice, experience and skill in work practice, information technology system without continuous follow-up. Guidelines focusing on control environment management, risk evaluation, control activity, information communication and technology, and follow-up and evaluation were proposed and recommended.

Keywords: Internal control management; budget; basic school; school sizes.

1. Introduction

There was a rapid change in globalization. Managing budget in a certain basic school is one of those. The National Education Act (1999) as well as the Revised Issue (the Second Issue, 2002) aimed to enable Thai people to become good citizens and to be competent and happy to live with others. In the process to accomplish this important goal effectively and efficiently, applying decentralization and participation approaches involving every division is a necessity. This was supported by the objective of the Constitution of the Kingdom of Thailand (2007) which is to provide the structured management system and study the process of Thai Educational Management with emphasis on obtaining unity in policy as well as variety in practices.

The educational institutions as juristic entities would have the specified right and duty, responsibility and objective in law as a bureaucratic sector with legal individuals according to the stated law as official management of the Ministry of Education, under the jurisdiction of the Office of Basic School Commission, aimed for Thai
people to be at their best physically, mentally, intellectually, and in knowledge and virtue, as well as morally and culturally, happy to live with other people. Therefore, school administrators, having the direct power and functions, have to take responsibility for reinforcing the specified functions to be carried out.

Subsequent to the gaining of power and duty as well as responsibility to practice, it was indispensable to implement and manage the academic functions, budgeting, staff and general works to ensure that they are efficient under school based management, and that they also fulfill the principle of national management in order to achieve a good society. This good society is focusing on legal principle, virtue, participation, responsibility, being worthy, as an instrument in putting the vision and policy into practice (The Office of Basic Education Commission, 2007)

2. Statement of the problem

According to the findings of the survey of internal control of auditing unit which has been carried out by the investigating officers of the Office of the Audit Council, it was revealed that there were some shortcomings in their control system. Although most of the public work units already have existing control systems, they are still facing several weaknesses and problems that they need to strengthen and overcome. Examples of these are that the system did not follow policy, rules and regulations, statutes, resolution of Cabinet and determined guidelines for work practice, to name a few. There were many work units facing insufficient and inappropriate internal control. In short, there is an emergent need to improve the existing internal control system (The Audit Council Commission, the Office of Audit Council, 2004).

Since the school administrators are in charge of determining the policy and evaluation of the control system, they have the full responsibility to provide an appropriate internal control system based on the determination of internal control standard 2001. Furthermore, the chief of budget group who has a vital role regarding internal control needs to have close coordination with school administrators who take care of the school budget.

More specifically, this study aimed to answer the following questions:

1. What is the situation of the internal control management in budget of Basic School, under jurisdiction of the Office of Kalasin Primary Educational Service Area 2?
2. Is there a significant difference between the internal control management in budget of Basic School and the different sizes of schools?
3. What are the guidelines to be proposed to the internal control management in budget of Basic School under the jurisdiction of the office of Kalasin Primary Educational Service Area 2?

2.1. Research objectives

Based on the above problem statements, this study intends to achieve the following objectives:

a. To study the situation of internal control management in budget of Basic School, under jurisdiction of the Office of Kalasin Primary Educational Service Area 2
b. To compare the differences of internal control management in budget of Basic School between the different sizes of schools.
c. To propose the guidelines of internal control management in budget of Basic School, under jurisdiction of the Office of Kalasin Primary Educational Service Area 2.

3. Methodology

This study has utilized the mixed mode method involving quantitative and qualitative methods and was conducted under two phases. The first phase employed quantitative-descriptive design by using a questionnaire as its instrument in order to collect data regarding the situation of internal control in budget of Basic School...
under jurisdiction of the Office of Kalasin Primary Educational Service Area 2, thus comparing the differences between the internal control in budget of different sizes of schools. The target group of the first phase was 121 schools, comprising 121 administrators and 121 chiefs of budget, giving a total of 242 respondents. Yamane’s (1973, cited in Prapapon & Sritrakoon, 2007) formula was utilized, applying stratified random sampling technique based on the proportion of the District according to the school size.

The second phase of the study employed qualitative methods consisting of two designs: in-depth interview and focus-group discussion. With the intention of creating guidelines in internal control of budget, the respondents who were involved in structured in-depth interviews were the assistant director of the Office of Kalasin Primary Educational Service Area 2 and 5 administrators using purposive sampling technique based on criteria including the experience in direct budget management, collaboration, willingness to provide information and convenience in accessibility. In addition, focus-group discussion was carried out involving seven respondents who were the administrators: three from small-sized schools and the other four from large-sized schools.

In order to propose comprehensive guidelines, the researchers synthesized academic documents and research studies related to internal control in budget as document analysis. There were seven aspects of budget management that have been taken into consideration while evaluating process on efficiency and effectiveness, These were the budget planning, cost calculating, buying-employing system management, financial management and internal audit.

4. Findings

4.1 Situation of internal control management in budget of Basic School under jurisdiction of the Office of Kalasin Primary Educational Service Area 2

The overall situation of internal control management in either small- or large-sized schools was at a “high level”. However, average values indicated small-sized schools were high on implementing the buying-employing, asset management and report of financial situation whereas large-sized schools were high on the buying-employing, budget planning and reporting the financial situation.

Results also revealed that administrators’ and teachers’ knowledge was low in the determination of policy and practice guidelines for trustworthiness of system, reporting about the usefulness and relatedness. These results are in line with Sasakoon’s (2007) findings. Additionally, they did not realize the importance of auditing and reviewing the report with substantial information. Hence, they did not do any further investigation on the information obtained from the financial report system. Moreover, the Sub-district of Local Administrative Organization lacked staff with knowledge and competency in investigation of the internal control system.

4.2 Comparison of the differences in internal control system in the budget of the Office of Educational Service Area between different-sized schools

The finding of the study showed that there is no significant difference between the different sizes of schools in terms of budget plan aspect, calculation of productive capital aspect, financial administration and budget control at a 0.05 significance level of difference.

4.3 Guidelines of internal control management in budget of Basic School, under jurisdiction of the Office of Kalasin Educational Service Area 2

4.3.1 Control environment management

The guidelines for internal control management in budget of Basic School in controlling environment management occurred following this procedure: (i) establishment of committee for controlling, monitoring and
following many tasks to be updated; (ii) establishment of clear structure of work and working with school staff until they all understand; (iii) determination of each staff member's responsibility as well as each division's clear framework; (iv) allocation and collection of resources in school in order to be appropriate and sufficient for implementation of internal control of school; (v) administrators have to use every change of possible resources in the organization for the purpose of informing the co-workers about integrity and morality in work practices under the administrators' work guidelines; (vi) administrators should specify the important competency level for each type of work practice.

4.3.2 Risk evaluation
Guidelines for internal control related to risk evaluation in budget in Basic School were as follows: (i) the conference for appointing committees should be held, and there should be collaboration in determining the objectives of the work goal; (ii) the committee conference for determining process of risk evaluation and analysis as well as guidelines of risk management should be conducted; (iii) the conference for informing the school staff in order to specify risk factor and advising the risk analysis technique in different cases should be carried out; (iv) the collaboration in risk management as well as work efficiency should be developed; (v) every division should be encouraged to participate in task analysis and problem analysis in order to collaborate while evaluating the risk.

4.3.3 Control activity
Guidelines for control activity aspect of internal control in budget of Basic School were as follows: (i) the findings of risk evaluation should be analyzed for use in specifying the control activity appropriately; (ii) the administrators should provide adequate control of duty in every work practice level based on necessity; (iii) the follow-up and evaluation in control activity should be improved to further develop the control activity to be more efficient.

4.3.4 Information communication and technology
Guidelines under this aspect were as follows: (i) the information communication and technology in internal control should be organized properly and adequately and should be updated; (ii) modern information technology should be used for increasing efficiency of internal control; (iii) the importance sequence of information, communication and technology should be ranked for elevating the efficiency of internal control; (iv) the school staff should be better informed regarding the implementation of the school budget; (v) there should be a conference for consultation and sharing information in budget regularly.

4.3.5 Follow up and evaluation
Guidelines under this aspect were demonstrated as follows: (i) the person who is responsible in each division has to report performance of work practice monthly; (ii) the working group for follow-up should be appointed to do the following up and evaluating thoroughly; (iii) the findings of evaluation should be used to improve and develop the internal control of school; (iv) the evaluation committee should report to the public annually; (v) the brainstorming committee should be organized for identifying problems and disadvantages, and to establish guidelines for correcting, improving, developing and managing the budget work.

5. Discussions
Guidelines for improving the internal control of the Sub-district Local Administrative Organization should be given attention in determining policy in follow-up and evaluation of the internal control. This is for the purpose of comparing data of the implementation with the information in analyzing and providing more knowledge and
understanding and a handbook of work practice regarding the evaluation of internal control for organizational staff.

Moreover, schools are recommended to conduct more seminars or workshops focusing on knowledge and comprehension in rules and regulations related to school finances and accounting. Moreover, the supervision system, follow-up actions, and process of auditing from the Office of Educational Service Area need to be continuously carried out.

Workshop should be organized to inform and train teachers in knowledge and understanding of various rules and regulations related to finance and accounting of school. In addition, the system of supervision, following up and investigation from the Educational Service Area should be performed continuously in order to effectively deal with and solve problems.

The school administrators should determine, in collaboration, the objectives or goals of implementation in determining the process on: assessment of risk, analysis of risk and guidelines for risk management, conference for informing the school staff regarding risk factor specification and recommendation in techniques for risk analysis in different cases, providing shared risk control and enhancing every sector to participate in performing task and problem analysis for collaboration in assessing the risk of preventing or alleviating the risk.

The control in duty should be appropriately provided based on necessity as a part of regular work practice. The following up and evaluation in the findings of control activity should be organized systematically and regularly. The findings from evaluation should be used to improve and develop the control activity to be more efficient.

The conferences for consultation and information-sharing in budget management should be held regularly in order to develop the resource collection as well as investment for education of school to serve the need in educational quality development of school appropriately.

The working group for following up and evaluation should be appointed. Work practice should be reported monthly. The assessment findings should improve and develop the internal control of school by providing a brainstorming committee for opinions in order to be well informed about the problems, weak points and guidelines for correcting, improving, and developing. Furthermore, the report of findings in evaluation should be released to the public once every year.

References


