

## TRANSPARENT AND ACCOUNTABLE SCHOOL FINANCIAL MANAGEMENT: CHALLENGES AND PROCESSES

**Dwi Koerniawati**

Universitas Islam Negeri Sunan Ampel Surabaya  
[dk.niawati@gmail.com](mailto:dk.niawati@gmail.com)

**Al-Amin**

Universitas Airlangga, Surabaya, Indonesia  
[al.amin-2024@feb.unair.ac.id](mailto:al.amin-2024@feb.unair.ac.id)

### Abstract

Transparent and accountable school financial management is an important aspect in ensuring the sustainability and credibility of educational institutions. Transparency enables effective oversight and reduces the risk of misappropriation of funds, while accountability ensures that any funds utilised can be accounted for to all stakeholders. However, significant challenges are often faced, including limited skilled human resources, differences in standards and regulations between different levels of government, and limitations in technology and infrastructure. Overcoming these challenges requires improving the capacity of human resources through regular training and appropriate application of information technology, as well as strong collaboration between schools, government and communities. Thus, more open and accountable financial management can be achieved, supporting sustainable educational progress.

**Keywords:** Management, School Finance, Transparent and Accountable.

### Introduction

Financial management in schools is a crucial aspect that determines the operational effectiveness and success of educational institutions. Financial management is a process that includes planning, organising, directing and controlling the financial activities of an organisation or institution in order to achieve predetermined goals efficiently and effectively (Akuffo, 2020). In the context of schools, financial management includes receiving and spending funds, budgeting, reporting and auditing, ensuring that financial resources are used optimally and can be accounted for in accordance with applicable rules and regulations. Along with the increasing public attention to the quality of education, the issue of transparency and accountability in the management of school funds has come under scrutiny. School funds, which come from the government, the community and third-party assistance, must be managed effectively, efficiently and responsibly (Vourganas et al., 2022).

Financial transparency is the process by which information about an organisation's financial activities, including revenues, expenditures and budget policies, is presented in an open, clear and accessible manner to all interested parties. This transparency includes accurate and timely financial reporting, independent audits, and

providing adequate access to information to stakeholders so that they can effectively evaluate and monitor the organisation's financial performance (Nelson, 2022). Financial transparency refers to the disclosure of information regarding a school's budget, expenditures and financial statements. It includes how funds are received, utilised and reported. Accountability in this context means the responsibility of the school, particularly management and policy holders, to ensure that the use of funds is in accordance with the stated objectives, followed by an honest and accountable reporting process (Elim & Tapatfeto, 2021).

The importance of financial transparency cannot be overlooked as it helps build trust and credibility between organisations and various stakeholders, including investors, creditors, employees and the general public. With good transparency, organisations can reduce the risk of misuse of funds, improve accountability, and ensure compliance with applicable regulations and laws. In addition, financial transparency also supports better and more informed decision-making, thus helping organisations achieve their financial goals more efficiently and effectively (Ergas & Branigan, 2023).

However, in practice, realising a transparent and accountable financial management system is not an easy task. Some of the challenges often faced by schools include: 1) Lack of Capacity and Knowledge: Many schools do not have staff or management trained in the aspects of effective financial management. 2) Limited Technology Infrastructure: Schools may lack supporting software and technology to properly manage and report on finances. 3) Unformed Culture of Openness: Some schools still have a culture of reluctance to make their financial information public, either due to fear of criticism or a lack of understanding of the benefits of transparency. 4) Weak Supervision: Lack of strong internal and external oversight mechanisms is often the cause of misuse of funds or lack of clarity in reporting. 5) Administrative and Regulatory Challenges: Dynamic changes in government regulations and policies often make it difficult for schools to remain compliant (Farnaghi & Mansourian, 2020).

Therefore, there is a need for concrete and structured efforts to overcome these challenges. One of them is to provide continuous training and technical guidance to school staff, as well as utilising information technology to support financial management transparency (Pierotti, 2021). In addition, encouragement from the government and related parties to strengthen monitoring and evaluation systems is also a key factor that can improve accountability. Thus, the main goal of creating a trusted, transparent and accountable educational environment can be realised, thus having a positive impact on the overall quality of education (Gryko et al., 2024).

Through this study, it is expected that solutions and recommendations will be found that can be implemented to improve transparency and accountability in school financial management, in order to support the achievement of better and quality education goals.

## **Research Methods**

The study in this research uses the literature method. The literature research method is an approach used to collect, review, and analyse information that already exists in written form, such as books, journals, scientific articles, and research reports, in order to gain a deeper understanding of a particular topic. This method involves searching and selecting relevant sources, then identifying themes, patterns, or gaps in existing knowledge (JUNAIDI, 2021); (Abdussamad, 2022). The aim is to develop a theoretical framework or basic concepts that support further research, as well as to analyse how results from previous research can be applied or developed in a new context. Literature research can provide a solid theoretical foundation, assist in formulating hypotheses, and establish boundary conditions for empirical research (Wekke, 2020).

## **Results and Discussion**

### **Challenges in School Financial Management**

School financial management faces various challenges that can impact on the effectiveness and efficiency of the use of funds in supporting the quality of education. One of the main challenges is budget constraints. Often, funds obtained from the government and other sources are insufficient to fulfil all the operational and development needs of schools (Zulfaturrohmah et al., 2023). This can lead to an uneven allocation of funds, and some important areas, such as facilities maintenance and teacher competence development, may be overlooked. To overcome this challenge, schools need to strengthen careful financial planning and seek alternative sources of funding such as partnerships with the private sector or community fundraising (Wiśniewska et al., 2024).

The next challenge is the lack of staff capacity and knowledge in financial management. Not all schools have human resources trained in planning, implementing and monitoring financial activities in an orderly and accurate manner. Errors in reporting or budgeting can lead to financial sustainability issues and lower the school's credibility in the eyes of the community and donors. Therefore, it is important for school leaders to ensure that staff involved in financial management receive adequate training as well as support from experts if needed (Refakar & Cárdenas, 2023).

Lack of transparency and accountability is also a significant challenge in school financial management. When financial information is not properly managed or reported, the potential for irregularities or misuse of funds is higher. Lack of transparency can trigger mistrust from stakeholders such as parents and the wider community, which in turn can affect support for the school. To improve transparency, schools can implement an open reporting system and involve stakeholders in monitoring the use of funds (Remlein & Jastrzębowski, 2024).

Policy changes from the government relating to education funding also pose their own challenges. They can have an impact on school budget management, which requires adjustments and re-planning. Adapting to new regulations often requires rapid adjustments in the school's financial strategy, as well as an in-depth understanding of the policy's implications for the school's budget and operations. Schools need to establish effective communication with policy authorities to ensure that all changes are anticipated and managed properly (Cukierman, 2023).

Finally, challenges in school financial management also arise in the form of economic fluctuations that can affect available funds. Economic instability, such as inflation or economic crisis, can affect the operational costs and sustainability of teaching programmes and extracurricular activities (Gramegna, 2021). Schools should maintain flexibility in financial planning to cope with the impact of unexpected economic changes. Good risk management strategies, including the creation of reserve funds, can help schools navigate through difficult times without compromising the quality of education provided to students (Mariska & Aslan, 2024); (Zakiah & Aslan, 2024); (Hayani et al., 2024).

Overall, school financial management faces complex and diverse challenges. Budget constraints, lack of staff capacity and knowledge, and lack of transparency and accountability are some of the main issues that must be addressed to ensure the efficient and effective use of funds. Government policy changes and economic fluctuations also add to the burden faced by educational institutions in planning and managing their budgets. To overcome these challenges, it is important for schools to adopt sound financial planning, improve staff competencies and implement transparent and open reporting systems. With the right strategies and co-operation from all stakeholders, schools can overcome these obstacles and improve the quality of education they provide to students.

### **A transparent and accountable school financial management process**

The first step in creating transparent and accountable school financial management is participatory budget planning. Schools should involve all relevant parties, including staff, teachers, school committees and parent representatives in the budget planning process. Through this participation, the needs and priorities of various stakeholders can be appropriately accommodated. Public participation not only helps in developing a realistic budget but also enhances a sense of ownership and shared responsibility for the use of school funds (Alhashemi, 2022).

Once the budget is well planned, the next step is to formally establish the budget and ensure it is approved by all authorised parties. This process should be transparent, with every detail clearly documented and open to public scrutiny. In addition, regular monitoring of budget utilisation is crucial to ensure that the allocated funds are used in

accordance with the stated objectives. Regular reports on budget utilisation should be prepared and submitted to all interested parties (Wiśniewska et al., 2024).

Good financial management requires a standardised and easily accessible bookkeeping system. Schools should use adequate accounting software and provide training for staff responsible for financial management. The bookkeeping system should be able to produce real-time financial reports, detect errors or irregularities early, and facilitate the audit process. With clear standards and procedures in bookkeeping, financial transparency can be well maintained (Lizińska & Czapiewski, 2024).

Transparency in financial management should also be realised through effective reporting. Schools should regularly publish financial reports, both in printed and digital form, and disseminate them to all stakeholders. These reports should include detailed and easy-to-understand information so that all parties can monitor and understand how funds are used. In addition, schools should have open communication channels for stakeholders to ask questions or provide feedback regarding financial management (Remlein & Jastrzębowski, 2024).

Good internal oversight through a school supervisory board or internal audit team is essential to ensure finances are managed well. In addition, external oversight through independent audits is also necessary to provide an objective assessment of the school's financial statements. Audit results should be made public and corrective measures recommended by the auditors should be implemented immediately. This process not only improves accountability but also strengthens the trust of all stakeholders (Lee, 2020).

To ensure transparent and accountable financial management, schools should invest in education and training for their finance staff. This includes an understanding of applicable financial regulations, budget management techniques, as well as the ability to use accounting software. Through education and training, finance staff will be more competent in their duties and able to identify and address financial issues more effectively. Ultimately, this will have a positive impact on the school's overall financial performance (Czajkowska & Remlein, 2024).

By implementing a transparent and accountable financial management process, schools will be able to improve the efficiency of fund utilisation, reduce the risk of budget misuse and build trust with all stakeholders. This will ultimately support the achievement of the goal of quality education for all students.

## **Conclusion**

Transparent and accountable school financial management is a vital aspect in ensuring the integrity and effectiveness of educational institutions. Transparency in financial management ensures that the use of funds can be monitored, with clear and open financial reports for all stakeholders, including teachers, parents and the

community. This allows all parties to understand how funds are used, reduces the risk of misappropriation and strengthens public trust in education institutions.

However, transparent and accountable financial management often faces various challenges. Limited human resources skilled in accounting and financial management can be a major obstacle. In addition, differences in standards and regulations between different levels of government can add to the complexity of reporting and managing funds. Limited technology and infrastructure, particularly in remote areas, also hamper efforts to implement efficient and integrated systems.

To overcome these challenges, the revamping process needs to be implemented through capacity building of human resources and appropriate application of information technology. Regular training for school administrative and financial staff and the implementation of accounting software can optimise fund management. In addition, collaboration between schools, government and communities is needed to create a more cohesive framework that is responsive to local needs. With these measures, schools can initiate more open and accountable financial management for the sustainable advancement of education.

## References

- Abdussamad, Z. (2022). *Buku Metode Penelitian Kualitatif*. Query date: 2024-05-25 20:59:55. <https://doi.org/10.31219/osf.io/juwxn>
- Akuffo, J. A. (2020). A New Dawn: Accountable, Transparent Governance... What the Practitioners Want? *Palgrave Studies in Accounting and Finance Practice*, Query date: 2025-01-29 06:51:46, 315–340. [https://doi.org/10.1007/978-3-030-64046-0\\_10](https://doi.org/10.1007/978-3-030-64046-0_10)
- Alhashemi, T. (2022). Determinants of Financial Inclusion with a Focus on Technology Religious Diversity and Financial Literacy. *Journal of Economics & Management Research*, Query date: 2025-01-29 06:51:46, 1–11. [https://doi.org/10.47363/jesmr/2022\(3\)153](https://doi.org/10.47363/jesmr/2022(3)153)
- Cukierman, A. (2023). Current Challenges to World Financial Stability: To What Extent is the Past a Guide for the Future? *Business, Management and Economics*, Query date: 2025-01-29 06:51:46. <https://doi.org/10.5772/intechopen.107432>
- Czajkowska, K., & Remlein, M. (2024). Impression management and transparent reporting. *Earnings Management and Corporate Finance*, Query date: 2025-01-29 06:51:46, 99–113. <https://doi.org/10.4324/9781032615448-7>
- Elim, M. A., & Tapatfeto, J. D. (2021). Analysis of Village Financial Management Accountable and Transparent. *Advances in Social Science, Education and Humanities Research*, Query date: 2025-01-29 06:51:46. <https://doi.org/10.2991/assehr.k.210424.053>
- Ergas, H., & Branigan, J. (2023). Australia's financial management challenges post-COVID. *Dilemmas in Public Management in Greater China and Australia: Rising Tensions but Common Challenges*, Query date: 2025-01-29 06:51:46, 221–253. <https://doi.org/10.22459/dpmgca.2023.09>
- Farnaghi, M., & Mansourian, A. (2020). Blockchain, an enabling technology for transparent and accountable decentralized public participatory GIS. *Cities*,

- 105(Query date: 2025-01-29 06:51:46), 102850–102850.  
<https://doi.org/10.1016/j.cities.2020.102850>
- Gramegna, A. (2021). *Data-gathering, governance, and algorithms: How accountable and transparent practices can mitigate algorithmic threats*. Query date: 2025-01-29 06:51:46. <https://doi.org/10.32920/ryerson.14654244.v1>
- Gryko, J., Czapiewski, L., & Lizińska, J. (2024). Cash holdings and transparency of financial reports. *Earnings Management and Corporate Finance*, Query date: 2025-01-29 06:51:46, 141–156. <https://doi.org/10.4324/9781032615448-10>
- Hayani, R. A., Yanto, S., Rahmat, A., Purnawirawan, A. C., & Aslan, A. (2024). EFEKTIVITAS KEPEMIMPINAN DALAM MANAJEMEN PENDIDIKAN ISLAM. *Jurnal Ilmiah Edukatif*, 10(2), 136–148. <https://doi.org/10.37567/jie.v10i2.3272>
- JUNAIDI, J. (2021). ANOTASI METODELOGI PENELITIAN KUALITATIF JOHN W. CRESWELL. Query date: 2024-05-25 20:59:55. <https://doi.org/10.31237/osf.io/6kt5q>
- Lee, H. (2020). Analysis of Japanese National Kindergarten Curriculum from the Creativity and Character Education Perspective. *The Journal of Humanities and Social Sciences* 21, 11(6), 3115–3126. <https://doi.org/10.22143/hss21.11.6.218>
- Lizińska, J., & Czapiewski, L. (2024). Profit thresholds and earnings management. *Earnings Management and Corporate Finance*, Query date: 2025-01-29 06:51:46, 128–140. <https://doi.org/10.4324/9781032615448-9>
- Mariska, T., & Aslan, A. (2024). TECHNOLOGY-BASED CURRICULUM MODEL. *International Journal Of Humanities, Social Sciences And Business (INJOSS)*, 3(2), 322–332.
- Nelson, E. (2022). Alberta’s Mental Health Review Panels: Accountable, Transparent Adjudication? *Alberta Law Review*, Query date: 2025-01-29 06:51:46, 563–563. <https://doi.org/10.29173/alr2686>
- Pierotti, M. J. (2021). Case studies of Accountable Manager challenges. *Aviation Leadership*, Query date: 2025-01-29 06:51:46, 140–152. <https://doi.org/10.4324/9781003094685-11>
- Refakar, M., & Cárdenas, G. C. (2023). Corruption and Transactional Crime: Building up Effective Accountable Inclusive and Transparent Institutions as Ground for Sustainable Finance. *Sustainable Finance*, Query date: 2025-01-29 06:51:46, 165–188. [https://doi.org/10.1007/978-3-031-28752-7\\_9](https://doi.org/10.1007/978-3-031-28752-7_9)
- Remlein, M., & Jastrzębowski, A. (2024). Real earnings management possibilities for managers. *Earnings Management and Corporate Finance*, Query date: 2025-01-29 06:51:46, 84–98. <https://doi.org/10.4324/9781032615448-6>
- Vourganas, I., Attar, H., & Michala, A. L. (2022). Accountable, Responsible, Transparent Artificial Intelligence in Ambient Intelligence Systems for Healthcare. *Intelligent Healthcare*, Query date: 2025-01-29 06:51:46, 87–111. [https://doi.org/10.1007/978-981-16-8150-9\\_5](https://doi.org/10.1007/978-981-16-8150-9_5)
- Wekke, I. S. (2020). *Desain Penelitian Kualitatif*. Query date: 2024-05-25 20:59:55. <https://doi.org/10.31219/osf.io/4q8pz>
- Wiśniewska, D., Czapiewski, L., & Lizińska, J. (2024). Company financial distress and earnings manipulation. *Earnings Management and Corporate Finance*, Query date: 2025-01-29 06:51:46, 194–210. <https://doi.org/10.4324/9781032615448-13>

- Zakiah, I., & Aslan, A. (2024). MENGEMBANGKAN KETERAMPILAN HIDUP SEHAT MELALUI KURIKULUM SEKOLAH. *Jurnal Kesehatan*, 2(8), 570–579.
- Zulfaturrohmah, F., Widagdo, J. P. W., Abiprayu, K. B., & Amboningtyas, D. (2023). Cashless Society and Financial Literacy in Campus Life to Support Accountable Financial Management. *Economic Education Analysis Journal*, 12(3), 279–289. <https://doi.org/10.15294/eeaj.v12i3.74699>