

Inclusion Of Bursars On The Governing Councils Of Educational Institutions: A Factor For Efficient Financial Management

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ABSTRACT

As blood is to a living being, so finance is to any organization. Effective and efficient financial management of any organization, including educational institutions, requires the presence of a Finance Officer on the board or Governing Council that undertakes policy formulation and decision making for the organization. The Finance Officer should provide the board with efficient financial information and help to prevent malicious obedience of decisions. The board should be adequately informed about the financial implications of every decision it takes. Thus, the absence of a Finance Officer from the board of some educational institutions is a significant handicap in their quest to optimize the financial management of the institution.

Key words: finance officer, board, financial advice, educational institutions

INTRODUCTION

Knowledge, which is the bedrock of sustainable development, comes from education. Education, according to Longman's dictionary (2011), is "the process of teaching and learning, usually at school, college, or university". The source of this knowledge, through which development takes place, is however said to be threatened by crisis of which the major cause is the declining ability of governments and other relevant stakeholders of educational institutions to provide them with adequate funds.

Education has provided ample proof of its usefulness over the centuries. In particular, higher education has the ability to change and instigate change in society. Owing to the scope and pace of change, society has become increasingly knowledge-based so that higher learning and research now act as essential components of cultural, socio-economic and environmentally sustainable development of individuals, communities and nations.

Higher education is confronted with formidable challenges and must proceed to the most radical change and renewal it has ever been required to undertake to focus attention on the efficient management of resources. Our society needs to move beyond misconceptions of the unique view of Finance Officers. These challenges may not be surmounted if inefficient and ineffective financial information is allowed to undermine the learning environment of higher education.

It is in the quest for a solution to the challenges of education and of setting in motion a process of in-depth reforms worldwide that in 1998 the United Nations Educational Scientific and Cultural

Organization (UNESCO) convened a World Conference on higher education in the twenty-first century.

UNESCO is convinced that education is a fundamental pillar of human rights, democracy, sustainable development and peace, and should therefore become accessible to all people throughout their lives. This will require measures to ensure co-ordination and cooperation across and between the various educational sectors, particularly between general, technical and professional, secondary and post-secondary education as well as between universities, colleges and technical institutions.

The UNESCO conference also noted that a substantial change and development of higher education, the enhancement of its quality and relevance, and the solution to the major challenges it faces, require the strong involvement not only of governments and of higher institutions, but also of all stakeholders, including students and their families, the private sector, parliament, the media and professional associations. Higher institutions also need to take a greater responsibility for accountability to society for the use of public and private, national and international resources.

Such changes require the deeper and stronger involvement of further education finance officers, or bursars as they are often termed. It was agreed at the conference 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 educational institutions should educate students to become well informed and deeply motivated citizens, who can think critically, analyze problems of society, look for solutions to problems, apply them, and accept social responsibilities.

The conference agreed that:

*This objective 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 can 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 (UNESCO 1998: 27).*

The financial health of an institution is better known and appreciated by its finance officer and therefore this official should not be excluded from the body making decisions that have financial implications.

The Australian Vice-Chancellors Committee states that institutional board members should be selected on the basis of the contributions such members will make to the effective working of the governing council by having the necessary skills, knowledge and experience, an appreciation of the values of a university and its core activities of teaching and research, its independence and academic freedom and the capacity to appreciate the university's external community needs from

that university (AVCC 2003:6). Thus the governing body of an institution should not exclude the custodian of financial resources.

Many scholars assert that adequate funding of education will make educational problems manageable. However, if the economic theory of scarcity of resources still applies, will there be a time when there are adequate funds for education, especially, faculty, departments and units in tertiary institutions?

Suleiman A.A. Tajudeen (2000: 20), quoting Babalola, Okunola Adeyemi and Ibekwe (1996), observed, “since 1977, Nigerian Universities have been experiencing an increasing short fall between the amounts required and the amount eventually released to finance various responsibilities. This problem of inadequate recurrent funds to cope with the ever expanding teaching, research and public service programmes has made it expedient for the government, as well as the universities, to explore alternative sources of revenue to supplement their expenditures and thus reduce the cost of operating various programmes”

While according to According to Saint et al. (2003), the Nigerian university system has not had the financial resources necessary to maintain educational quality in the midst of significant enrolment explosion.

Educational institutions also have to go beyond exploring alternative sources of revenue to incorporate, in much stronger terms, efficient management of available resources.

GOVERNING COUNCIL

The Governing Council of a higher education institution needs adequate financial information to make optimal decisions on matters with financial implications. Indeed a Governing Council should understand the financial implication of each of its decisions before proceeding to taking it. Adequate financial information and provision of financial understanding is the responsibility of the Finance Officer. Thus the absence of a finance officer from the Governing Council is significant hindrance in the quest for optimizing the use of educational funds.

Governing Council exists, in part, to ensure freedom and creativity and protect the processes and the conduciveness of the environment that make the attainment of its mission possible. Therefore, the Governing Council requires efficient and effective financial information to optimize its decisions. This may not be adequately provided through written reports which are not backed up with detailed oral explanations provided by the presence of the Finance Officer.

Decisions of a Governing Council made without adequate involvement of the Finance Officer are prone to malicious obedience. Malicious obedience is carrying out a directive or instruction with a mind negative to its positive outcome or obeying an order to the letter, which is not really understood, resulting in its spectacular failure.

According to Saint (2003:214), in Nigeria “the government announced in July 2000 that institutions henceforth operated under administrative and financial autonomy. They were expected to specialize in areas of comparative advantage to be determined by participatory and

strategic planning processes. In future, government's budgeting would take account of institutional performance”.

Since funding remained insufficient, the need for strategically determined expenditures became all the more necessary. Strategic expenditures cannot be effectively done if the Finance Officer is not a member of the institution's Governing Council.

We are all ignorant in a variety of ways, to various degrees, with respect to specific issues, problems and questions. Smithson (1989:9) provided the following taxonomy of ignorance:

- (i) All things of which people are aware they do not know.
- (ii) All things people think they know but do not.
- (iii) All things of which people are not aware that in fact they do not know.
- (iv) All things too painful to know.
- (v) All things people are not supposed to know but could be helpful.
- (vi) All things people are not aware that they do not know.

Of particular interest is all things people are not aware that they do not know about the institution and its finances. These are clearly known and understood by the institutions Finance Officer.

The inclusion of the Finance Officer on the governing council will enhance information on financial matters available to the governing council. Therefore, the legal framework, which in some institutions does not include the Finance Officer as a member of the governing council, should not be allowed to keep the council ignorant of financial developments. The Finance Officer should attend each governing council meeting until the legal framework is changed to make them a full member of the council.

All sources of information to make a right decision should be explored. For example, the calamity that befell Iraq would have been averted if sufficient information had been allowed. “The Secretary-General of United Nations may have failed to act due to insufficient information on the crisis and Saddam might have responded to the crisis differently had he obtained adequate information about political changes in the Soviet Union and U.S. due to his lack of understanding policies in both of those countries, he gravely underestimated their willingness to use force against Iraq.” (Rakisits1994). If inadequate information could be attributed to the cause of calamity that befell Iraq, the end of which is yet unknown, how much more financial mishap has inadequate information inflicted upon some tertiary institutions?

ROLES OF FINANCE OFFICER

The Finance Officer of an educational institution is the official who provides overall financial leadership and direction of the institution. They should also be responsible for effective stewardship, control and oversight of the organization's finances. As such, they must necessarily work closely with the institutions Governing Council.

The formal responsibilities of a finance officer may include the following:

- Interprets Council policy on financial matters to the outside world

- Participates in setting strategy to translate the vision and mission of the Governing Council as it relates to finance.
- In collaboration with the Rector/Vice Chancellor, advises the Governing Council on matters having financial implications.
- Develops and provides effective financial information to the Rector/Governing Council
- Provides written/oral report on finance to the Rector/Governing Council.
- Analyses and advises the Rector/Governing Council on economic trends as it affects the policy of the Council.
- Participates in recruitment of staff in a way to add value for remuneration and distribution of employee in the organization.
- Manages finance or accounts staff.
- Develops and maintains tools that enhance provision of local financial information.
- Coordinates budget process and produces the financial budget of the organization.
- Safeguards assets of the organization through adequate custodian and insurance coverage.
- Advises Rector/Council on financial policies that have legal implications.
- Sources and disburses fund to achieve the vision/mission of the Council.

The Governing Council is responsible for the financial health of the Institution. It, however, requires the inclusion of finance expertise on its body, if it hopes to achieve its goals and objectives in an efficient and effective manner. Financial aid to an educational institution should be anchored on the inclusion of a Finance Officer on the governing council.

The Higher Education Funding Council of England recommends that “the governing body and the finance committee include members with financial expertise. They understand the financial climate within which the institution operates and benchmarks against which the institution’s financial performance should be measured” (HEFCE 1998).

It is recommended that the Governing Council of an institution of higher education should have at least one member who is a financial expert. In this respect, the Finance Officer of the institution is ideal. They will be able to provide comprehensive information on financial matters to the Governing Council because of their insider knowledge of the resources and detailed financial management of the institution.

The inclusion of the Finance Officer on the Governing Council will enhance information on financial matters available to the governing council. Where the law does not allow the Finance Officer to be a member of the Governing Council, they should still be requested to attend each meeting until the necessary legal changes are made.

These legal changes are necessary to ensure that the Bursar, who is the finance officer of the Institution, is a permanent member of the Governing Council. Becoming a permanent member will enable the Bursar to contribute as appropriate at each Council meeting. Attendance status only allows the person to speak if requested by Council members. The Bursar should be a full member of the Governing Council to enable the provision of efficient and effective financial information to the governing council.

CONCLUSION

A paper was submitted to the Ad-Hoc Committee to Review the Principal Edict of The Polytechnic Ibadan. Subsequently, during 2010, interviews were conducted with some members of the Governing Council, principal officers, management and general members of staff of the Polytechnic. The Ad-Hoc Committee appeared positively disposed towards the inclusion of the Bursar on the Governing Council. The Governing Council must submit its recommendation to the State Ministry of Justice to be forwarded to the State Assembly to be enacted into law.

The Principal Edict of the Polytechnic Ibadan recognizes the Rector, who is an academician, and the Registrar who is an administrator as permanent members of the Governing Council. As the Rector and the Registrar are providing information on academic and administrative affairs, the Bursar who is the finance officer of the institution is also needed to provide advice on financial affairs. Thus the Bursar should also be named as a permanent member of the Governing Council. This will ensure that the council is provided with adequate financial information and advice. Pending this change, the Bursar should be invited to attend and report to each meeting of the Governing Council.

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