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SUBJECT: RISK MANAGEMENT

**TOPIC: MUHWEZI-MURARI ACADEMY: RISK MANAGEMENT IN THE
RUNNING OF A SECONDARY SCHOOL IN UGANDA:**

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1.0 Introduction

Muhwezi-Murari academy is a school project to be established in a place called Kakerenge, eighteen miles North of Kampala City. It is meant to be having six classes from senior (form) one to form six. It will consist of both boys and girls at all levels.

A risk may be defined as the variability that is likely to occur to the future returns from an investment. (I. M. Pandey p 517) risks thus arise in investment evaluation because we cannot anticipate the occurrence of future possible events with certainty and consequently cannot make any prediction about the cash flow sequence. In other words, by definition, "the term 'risk' is generally used to mean exposure to the chance of an injury or loss.

In finance, the term (risk) is used in general to refer to the chance of receiving less than was expected." (Danayanda, p. 115). It is in the general sense that it is used in this paper. In business projects, there are two most discussed principal sources of risk. According to (2002, p. 526) the two are business risk and financial risk. Business risk relates to the variability of profit before interest and taxes.

The financial risk on the other hand, represents the risk emanating from financial leverage. "When a firm employs a high proportion of debt in its capital structure, ... it carries a high burden of fixed financial commitment. Equity shareholders, who have a residual interest in the income and wealth of the firm, are naturally exposed to the risk arising from such fixed commitments." (Chandra 2002, p. 26).

The factors that influence business risk include:

According to J.C. Van Horne (P 11), a risk can be defined as the possibility that the actual return will deviate from that, which was expected. In other words a risk is the surprise element in the actual return, the other element being the outcome.

A risk in an investment means a measure of uncertainty about the outcome (K.D Hughes P. 414) there is no single organisation that has the ability to either completely control, influence or foresee all possible changes in the environment and this exposes the business to different categories of risks.

A school as a project under consideration is one of such business investments that have numerous risks just like many other businesses. Therefore before undertaking the investment in the school it is important that such risks be identified. Then various remedial actions are taken in time to minimise chances of occurrence of such risks. This helps in realising the expected cash flow. A number of risks that a school business may be exposed to include the following: Managerial risk, financial risks, student failure risk, fire, health risk, strikes, theft risk, environmental risk, bad publicity and safety risk.

2.0 Managerial Risks:

The human resource risk is an example of a broad category of risks that arise when dealing with people. The human resource risks are those that are usually associated with the performance of labour in the organisation. Due to human nature, there are risks such as friction among employees, low levels of motivation, industrial action, accidents, low productivity, high levels of staff turnover, lateness for work, absenteeism and many others. These may affect the performance of the organisation in different ways so the management has to take care of such to avoid other risks such as those below from emerging.

Management is very important for the realisation of organisational goals and objectives. Poor management is most likely to lead to the failure of a business. It is therefore the responsibility of the entrepreneur to recruit the best-suited people forming the team that will aim at achieving set goals.

In the case of a school, the management consists of the following categories of people each of whom has to make a contribution to the realisation of organisational goals. A gap arising from one area may result in a deviation from the expected. The following is a list of the different categories of people who form the managerial team of the school and are expected to work hard towards the realisation of the school's goals.

- Director, Board of Governors
- Head Teacher
- School administration
- Teaching Staff
- Non-teaching Staff

Each of the identified categories of people has a task to perform in contributing to the school goals in such a way that risks are minimised.

2.1 The Director and the Board of Governors

The Director and the Board of Governors play a leading role in setting up the goals that give a sense of direction to the management. The Board of Governors also formulates policies to guide the conduct and behaviour of the staff in the school. It recruits the staff it considers best to help them reach the desired school goals and motivates them.

Failure of the Director and Board of Governors to perform their tasks exposes the school to the risk of managerial failure. For example if the management selected a head teacher with poor managerial skills, the school would fail to meet its set goals. The Director and Board of Governors therefore constitute an important section in the management of a school.

In addition the Board has to provide for the students' welfare in terms of good food, social infrastructure, teaching, health, accommodation, library facilities and other needs, which are fundamental to the functioning for the school. By doing so they manage the risk of having an inadequate number of students in the school.

To mitigate managerial failure, the Director together with the board of Governors should formulate clear policies and procedures to guide the recruitment process of the students, teaching and non-teaching staff. They have to create teamwork by motivating the staff.

2.2 The Head Teacher

The head teacher is the Chief Executive Officer of the school. He/she coordinates and oversees the day-to-day running of the school. He/she is the pillar of the school. So, he is the key risk manager and successes or failures will largely depend on him/her. The decisions of the head teacher will determine the extent to which the school is exposed to the various risks. Therefore, one strategy of proper risk management lies in the selection of an effective head teacher.

To avert the risk of having a managerially poor head teacher, the board has to study the qualifications, experience, past history and social life of the applicants.

For this to happen, the board should have the capacity to do the selection. In situations where the board may not be able to select, it could use recruiting agencies.

2.3 School Administration

Having set the organisational goals, and recruited necessary and sufficient manpower to operate the school, the school then focuses on ways and means of meeting its goals. This is attained by selecting teams from the teaching and non-teaching staff to serve on various committees. Such teams in the case of a school usually consist of: the [Welfare](#), [Discipline](#), [Academic Sports](#), [Religious and Entertainment committees](#).

When these teams work jointly, the risk of the school failure is greatly minimised. However, if there is no goal congruence amongst the team, the risk of failure is high. For example if the team does not take a unified stand on matters of discipline, the goal of academic excellence may not be attained. As a result the school will fail to attract sufficient numbers of students. This exposes the school to the risk of financial failure.

The school administration must make sure that there is close supervision of staff to ensure that all the staff members perform as expected. The school administration must ensure that the teaching staff members carry out their activities normally on a regular basis. Administration must also enforce the rules and policies that were set up by the Board of Governors and the Director to provide for the welfare of the students and ensure security. By so doing they will be managing risks that might affect the school business.

2.4 Teaching Staff

The core product offered by a school is teaching. Therefore, the quality of teaching will be reflected in the final national results both at ordinary and advanced levels. The quality of teaching will be the biggest determinant of the number of students and the amount of fees chargeable. This makes the staff a key factor in risk management.

A result oriented teaching staff will have a high passing rate, which will enhance the reputation of the school. A de-motivated staff on the other hand will lead to a high student failure rate. A dishonest staff may cheat the school on time by allocating it to other businesses.

A good teaching staff will be self-motivated and will also enhance discipline in the school. This is critical in attaining a high student pass rate. Additionally, a good teaching staff team makes it easier to enforce policies and regulations necessary for the success of a school. Such policies and regulations include both curricular and co-curricular activities.

2.5 Non-Teaching Staff

These consist of the school bursar, cooks, cleaners, the librarian, nurse, domestic bursar, storekeeper the Secretary, watchmen, messengers, gardeners and some other unclassified staff. Without this team of people, the school cannot function. Therefore, the quality of non-teaching staff will also determine the kind of risk exposures faced by the school. For example, a team of poor cooks can lead to a strike, which can result in property destruction and closure of the school.

Motivated non-teaching staff members deliver quality services thus enhancing the success of the school. On the other hand a de-motivated non-teaching staff will frustrated the efforts directed to attaining the school's set objectives.

To minimise the risk of having an incompetent non-teaching staff, the school administration has to be satisfied with the qualifications, experience, past history and social life of the applicants. If the administration lacks the capacity to carry out the selection, then recruiting agencies may be used.

Remuneration should be competitive enough for the school to attract and retain highly competent staff.

A school cannot operate without dealing with people. The Management ought to realise that dealing with people exposes the school business to enormous risks.

2.5.1 Industrial Action:

This is A Risk that must be well addressed especially if the employees are organised in trade unions. The non-teaching staff can come up with particular demands that the school management and administration should address. Their actions may be in form of sit down strikes as usually is the case or may on some occasion turn violent. In some cases they go to levels of filing court suits against the school.

Such industrial actions especially strikes are likely to affect the performance of the students or even affect the reputation of the school. In turn this may affect the public image of the school hence causing the parents to withdraw their children from the school. This withdrawal of children subsequently affects the cash flow of the school.

2.5.2 Friction Among Employees:

Friction among employees is another risk that arises from relations among people. This friction could be between the administration staff, administration staff and the other employees or the management and the employees. Such risks should therefore be foreseen and action taken or policies put in place to address such cases if they are to come up.

2.5.3 Low Levels Of Motivation Among Staff:

Low levels of motivation have the potential of generating another risk that the management of the school must guard against. Without adequate motivation, the staff members are bound to work for the sake of working. This may also result into other risks such as accidents, lateness for work and discouraging teamwork which teamwork is very instrumental in the realisation of organisational goals. Therefore the management and the administration have to ensure that the staff members are well motivated to perform their tasks the success of the school.

There have been cases whereby the teachers have been rewarded for every highly attained grade in the subject that they teach. This is normally meant to motivate them to keep up the spirit. [This also usually encourages them to work even harder to maintain or attain better results.](#) As a consequence, more students are attracted resulting into raising the cash flow of the school. The school administration and management should show the employees that they care about their health and safety.

Faced with the above risks associated with managing people, the management and administration should put in place measures that aim at mitigating or completely addressing such risks. [It is only then](#) that even if the predicted situation occurs they are able to address it as soon as possible so that it has very

little effect if any. The following measures can be adopted to address the human resource associated risk:

An employee assistance program is one of the tested, and widely used strategies for assisting employees and their families with personal and work related concerns that they may experience from time to time.

Since such problems have an effect on the performance of the employees. Therefore, the school administration and management should adopt this program. If not attended to, problems such as absenteeism, high staff turnover, lateness to work, friction among employees and workplace accidents may cause losses to the business.

Adopting an Employee Assistance Program helps in addressing the human resource risk in the following ways:

- The provision of independent confidential professional general counselling services that are accessible to all employees and their immediate families.
- Awareness briefings, training programs and other services tailored to meet the needs of the client organisation as outlined in the national guidelines for Employee Assistance Programs.
- Evaluation in cooperation with students, parents, suppliers of the services that are provided in order to ensure a high quality service provision and as a basis for reporting to the clients.

The Employee Assistance Program should address both the personal issues such as alcohol and drug abuse and dependency, emotional issues, family and relationships, [financial and health](#). It should also deal with work related matters such as administrative issues, equal employment opportunities, environment,

harassment, work-interpersonal conflicts, stress, work vocation work retirement and redundancy.

3.0 Finance Management

3.1 Financial Malpractices:

Many times unscrupulous school administrators partake in financial fraud. This involves mainly **cheating** the students of their money without providing the services they **deserve**. A number of newspaper reports have **disclosed** misallocation of examination fees. The result of this has been that the unsuspecting students are denied the chance to sit their National examinations and are left with no option but to sit the exams the following year if at all.

The results are undesirable indeed. Often time students turn violent and more often than not the situation degenerates into a strike, the risks of which **have been** have elucidated above.

Most times, owing to the seriousness of the matter, students in this kind of situation attract the attention of the media and local politician. This damages the image of the schools in question and many parents shun it. In some cases, the Uganda National Examination Board (UNEB) has allowed such students to sit the examinations without paying registration. This in itself causes a financial loss to the school. It also causes very bad publicity to the school. Besides, quite clearly the school will have gotten itself into some legal dispute with the cheated students.

The other form of financial malpractice that is common with schools in Uganda is where a member or members of staff with access to the school's money convert it

to personal use. Many times this practice has been with such offices in schools as Bursars, Accountants and Headmasters.

Firstly, the school will as a result be short of cash to meet the day-to-day running of the school. Unless the school has sufficient financial resources, it will need to borrow in order to run the school. The school will consequently be indebted to the students who will have paid all their school dues. This prospect will certainly cause financial loss to the school.

It also [negatively affects the image](#) of the school [if a member of the staff has stolen from the school](#).

3.2 Financial Risks

Financial risk “represents the risk emanating from financial leverage. When a firm employs a high proportion of debt in its capital structure... it carries a high burden of fixed financial commitment” (P. Chandra, p. 526). However, in this thesis, the financial risk is used in a generic sense to include the failure to manage finances in the school apart from the financial leverage.

For a school, some risks emerge from the collection and disbursements of funds.

These include:

- Embezzlement and [misappropriation](#) of funds
- Under declaration of the student numbers
- Debt recovery
- Fraud

All the above risks have implications to the performance of the school. The realisation of the organisation goal by generating problems that cut across all the sectors of the school system follows.

3.2.1 Embezzlement And Miss-Appropriation Of Funds:

Embezzlement and miss-appropriation of funds is likely to arise from the school administration that has access to financial resources. This happens especially in situations where there are no internal controls. The officer responsible for handling finances should be clearly designated. It also occurs when there is no adequate segregation of duties. Handling of finances in schools is primarily the duty of the School Bursar. However he/she should collect the money, carry out payments as authorised and record all the transactions.

Mishandling of finances in most cases arises from lack of professionalism and/or unethical practices when handling funds. It could also be due to either lack of financial management training or avarice. Whatever the reason for mishandling of finances, the vice must be dealt with seriously. Head teachers are not necessarily trained in financial management. This is why the head teacher of Muhwezi-Murari Academy will not be assigned the responsibility of handling finances.

To guard against the risks of embezzlement of funds, there should be strict financial procedures. This will eliminate all the weaknesses that may arise. There should be good controls in handling school resources. All fees payments to the school must be banked directly by the students or their parents. No cash payments should be accepted at the school.

There should be more than one signatory to all the school accounts. This will reduce the possibility of a single person withdrawing money meant for school activities and converting it to personal use or to unrelated activities. However even with all such controls it is important that trusted persons are employed to handle financial resources because there are no controls to collusion.

The financial risks always emanate from the failure of the structures to understand and manage the resources properly. The other reason is that the organisations either lack or do not enforce financial regulations. In some cases, the managers also lack the discipline of financial resource management. In the case of Muhwezi-Murari Academy, the following measures will be put in place:

3.2.2 Under-Declaration Of The Student Numbers

Under-declaration of student numbers is another act that is most likely to lead to the [loss](#) of financial resources. Under-declaration of students occurs when the official school register contains fewer students than are actually in school. The rest of the students who are out of the register pay their fees in the account of the head teacher or any other officer responsible for the running of the school.

This is usually done by the school headship in connivance with the School Bursar. The money diverted is shared among the parties concerned. This is a common practice in private schools and has severe implication to the running of the school in terms of feeding, amenities, teachers, and so on. Under such [circumstances](#), the school management budgets for fewer students compared to the actual numbers. This has serious implications to the performance of the staff and the students.

The school management should devise means of minimising student under declaration as much as possible by conducting surprise class visits and head counts that may reveal any such discrepancies if they exist. Also by ensuring that all the money for the school is deposited in the banks

3.2.2.1 Effects Of Students' Under-declaration:

Under-declaration leads to under budgeting for the school. Budgeting brings difficulty in the following areas:

- Financial loss: the school makes losses in terms of fees. Students pay to wrong accounts to the detriment of the owners of the school.
- Feeding: feeding is one of the areas in **which** gross under-budgeting can be done if the numbers are not correctly reflected.

For example, in one school, 620 were declared, when the school actually had 720. The estimated food was for 620. 100 more students would report at meal times to share food **for which they had not been budgeted**. This usually resulted in underfeeding of the children. Consequently, the students raised the matter with the management to the detriment of the head teacher who was responsible for the misreporting. Though the headmaster lost his job, the damage **of the school** was already **done**. It became very difficult to recover the money from him and most parents were disgruntled with the failure of the school to properly nourish their children.

- Providing fully for social amenities: Schools are supposed to provide social amenities especially recreation. However, if the correct number is not known, then, it becomes difficult to provide for them adequately.

3.2.3 Debt Collection

3.2.3.1 Timely Debt Collection:

Given the general economic situation in Uganda, people tend to send children to school without the fees requirements. This affects the liquidity of the school and hence its activities. However, though it is very difficult to carry out business without debts completely, debt **collection** must be as vigorous as possible. For purposes of this project, 'debtors' will refer to students who will report before they pay school fees partially or in full.

To avoid the risk of loss of revenues through fees defaulting, the school should make clear statements on when school fees should be paid up in full. If the school is to offer any grace period, it should be clearly stated by circular and the deadline not exceeded. What is important to note however is that debts owed to the school should be collected as first as possible to avoid financial loss through bad debt.

The school shall therefore put in place a policy regarding debt recovery such that financial resources are collected as soon as possible from the debtors. At the same time will not haste to make payments to the creditors since this only serves to their advantage to improve on the cash flow and to maintain their liquidity level.

3.3 Inflationary Risks

Inflationary risks are economic environmental risks that the entrepreneur should be able to foresee. It should be observed that the school just like any other single business has no control over the economic forces and inflationary tendencies in the economy. Yet, these have a great effect on the cash flow.

According to Hughes, et al (P 417), "During periods of inflation, there is a risk that the financial return on investment will not keep pace with the inflation rate".

This explains why the school management will be very vigorous in debt recovery to avoid loss in money value due to the passage of time.

It is also important to note that school business is complex in terms of controlling money value because fees are determined at the beginning of the year. In situations of high inflationary rates, by the end of the year, the fees paid cannot make the business succeed. However, in case of this project, fees will be adjusted as and when there are serious inflationary situations.

In financial management, debts that take long to be recovered turn out to be costly to the business especially in situation of high inflationary tendencies. In an inflationary situation, money loses value every day that passes. Even when debts are recovered they may not have the same value as it had when the service was rendered.

For example, if a student had a 60,000 shilling debt in the past year that could have been used to buy a bag of flour but has been outstanding and there prevails an inflation rate of 6% per annum in the economy. If the student is able to pay that money at the end of the year that amount in real value will not be able to buy the 100kg bag of flour. Hence, one would need to add more 3,600 shillings to purchase the same amount of flour. So in essence a loss of 3,600 shillings is incurred and this has an effect definitely on the cash flow.

3.4 Business Failure Risk

Business failure occurs to many investments and a school is no exception. Business failure can result from one or a combination of the following:

- a) Poor management
- b) Unsuccessful products
- c) Competition

- d) Customer ignorance and
- e) Other elements that may render a business less profitable.

Once a business fails to address the risks underlined above, it also fails to meet its operational costs. This will consequently affect the cash flow of the school and the pay back period. It may also affect the capacity of the shareholders to repay the loans, if any were used for the initially investment. Under such circumstances, the business may be declared bankrupt. In such a condition, the total investment generates very limited value for the shareholders.

Given that such risks may emerge resulting in total loss of the financial resources, there is need to shield the school business against them if they have been predicted. They should be prepared for in advance to avert the consequent losses.

3.5 Fraud Related Risks

The term fraud in the school situation will be used to mean the deliberate deception, trickery, or cheating intended to gain advantage over the school. In the present world there are lots of challenges that if not dealt with, may result into big financial losses and therefore has to be handled properly.

In the school situation risks of fraud emerge from both the students and the administrators. There are always attempts by some students to avoid making payments for the services rendered to them at the schools. This is done in various ways with the most common being making of false pay slips or even issuing fake personal cheques or bank draft. Therefore if the financial documents such as bank statements are not often reviewed on a regular basis the fraud may not be detected.

Another cause of fraud from the student emerges when there are cases of dual studentship such that a student is enrolled in more than one school at a time. In such cases the students always attend their lessons in one school and then when it comes to sitting for exams they go to other schools. Such cases usually result into financial losses.

Other cases of fraud may arise from school debtors who may not necessarily be students but may issue fake pay documents, which may be dishonoured, thus result into financial losses. Having identified the financial risks, there is no better way to deal with such risks than avoid them. The only way to address this is by setting up strict financial policies and tough disciplinary measures.

In some schools, some students have been involved in forging documents either by changing figures on pay slips, or forging pay receipts. To avoid this type of risk, constant monthly bank reconciliation should be carried out to ensure that the figures on the students pay slips correspond with the actual payments made in the bank. Serious penalties shall be instituted for the culprits to discourage others from committing the same offence.

3.6 Strict Financial Regulations

In order to avoid the financial risks involved in the running of the business, the management is putting in place very strict financial regulations as follows:

3.6.1 Authorisation

Authority to incur expenditure and make payments chargeable to the school shall be conferred to the Director by the Board of Directors by virtue of: -

- (i) Allocations made in a budget by a decision of the Board, or

- (ii) Any other financial decision adopted by the Board, which provides the authority to incur obligations in accordance with the limits, specified in the decision.

Authority to incur obligations and make payments for specific donor funded projects shall be conferred to the Head teacher through Terms and Conditions contained in the Funding Agreement.

The Director or Headmaster tasks shall remain their overall responsibility where it is stated as such in the financial regulations and accounting manual of the school.

3.6.2 Accounting Codes and Classifications

The school management shall institute and apply an acceptable classification of the Accounts and codes. This classification shall recognise the distinct nature of transactions with respect to cost centres and recurrence, direction of cash flow (inflow or outflow), and financing. This classification shall accordingly recognise assets, liabilities, capital, income and expenditure.

This provision is meant to avoid situations where one may make mistakes in the name of not knowing the standards required by the school. It also helps in determining easy capturing of the figures of the cash inflows and outflows.

3.6.3 Books of Accounts

The school shall maintain adequate and proper books of accounts to keep track of all income and expenditures of the Institute. These books of accounts shall be maintained at Muhwezi-Murari Academy offices.

3.6.4 Bank Accounts of the School

The Board of Directors will be the only authority to request a bank to open or close a bank account. No one other than the Board will apply for a bank account opened in the name of the school.

3.6.5 Custody of Revenue Source Documents

All source documents shall be kept in a safe and any receipts and issues shall be recorded in a Register of Source Documents kept by the Director. Their issue shall be subject to requisitioning by the Bursar, who shall in turn keep all such documents under safe custody. The responsible officer shall only issue new source documents after receiving full accountability for those previously issued.

3.6.6 Cash/Cheque Receipt Recording Procedures

Strict receipt recording procedures will be put in place to avert any possible fraud. The measures shall include:

- Official Receipts: an official receipt to acknowledge all Cash/Cheque receipts shall be issued at the time the transaction occurs.
- Serialization and Issue of Receipts: All receipts shall be written out in triplicate and serially pre-numbered. The original copy of the receipt shall be issued to the customer (student) while the duplicate shall be used to post the relevant cashbook. The triplicate shall remain as a counterfoil for audit trail purposes.
- Coding of Receipts: A code relating to revenue type shall be affixed to, all such transactions and accordingly written onto the official receipt.
- Use of Cheques to Settle Accounts: Cheques shall be preferred to cash. All cheques received shall be crossed. In the event that some are received open, they shall immediately be crossed.

- Monthly Collection Report: The Bursar's office shall prepare a summary of all monthly collections, certified by the Bursar, forwarded to the Director. This summary shall provide a breakdown by receipt category.
- Custody of Cash/Cheques received: All cash/cheque receipts shall be kept in case safes in the office. Adequate security shall be provided for all the school cash/cheque received.
- Banking of Collections: All cash/cheque collection shall be banked intact and promptly on specified school bank accounts, but in any case not later than the next working day.
- Dishonoured Cheques: Dishonoured cheques shall be advised to the Director immediately and notified to the customers, but will not be returned to them until full recovery of amounts involved has been made. The dishonoured cheques shall be kept in safe custody and used to assist in recovery of outstanding debts.
- Receipt by post/mail: In order to ensure quick and adequate control over monies received by mail/post, the following procedures shall be followed in recording and bringing to book of such monies.
- Recording of incomes: Immediately a receipt Cash, cheques, money or postal orders is received the officer responsible for incoming mail shall record it in the register.
- The register will be returned to the officer opening mail who will ensure that a receipt has been issued for each receipt or a remark made in column.

At regular intervals the register will be checked by an Auditor to verify, that monies recorded in the register has been brought to account – by examining the copies of receipts to cashbook and Bank Statement.

3.6.7 Internal Control Systems for Revenue

An internal control system shall be operated to ensure that there is adequate “separation of duties” between cash collection, custody, banking and verification of records. The Internal auditor shall have access to all records pertaining to revenue transactions, together with explanations that may be considered necessary at any time. Spot counts of physical cash, cheques and other revenue instruments shall be carried out at least twice a month.

3.6.8 Control of Cheques

A person who is not responsible for initiating or approving any documents, which give rise to payments, shall write cheques, and all the cheques shall be crossed. All cheque books, unused and, used, shall be properly safeguarded by restriction of access to the chequebooks. Unused and in use chequebooks shall be kept in the safe and accessed only by an officer authorized by the Finance Department. Used Cheque books shall be properly safeguarded under key and lock.

3.6.9 Bank Confirmation Letter

A bank confirmation letter shall be prepared to show all the cheques written for a particular date and thereby confirm them to the bank. A copy of the letter sealed and duly signed by the Director, shall be sent to the bank upon which cheques will be drawn.

3.6.10 Expenditure Reporting

To facilitate control of expenditures, the following reports shall be prepared.

- Monthly Recurrent Expenditure report showing Budgeted Expenditure for the year, actual expenditure for the month by expenditure head, budgeted proportionate

- expenditure for the month, variance, cumulative actual expenditure for the current financial year, cumulative proportionate budgeted expenditure for the current financial year.
- Quarterly Capital expenditure report showing Budgeted Expenditure for the year, actual expenditure for the quarter by expenditure head, budgeted proportionate expenditure for the quarter, variance, cumulative actual expenditure for the current financial year, and cumulative proportionate budgeted expenditure for the current financial year.

The Bursar will prepare a Statement of Financial Position every fortnight showing Bank Balances, fees' Accounts, Pending Commitments and any other information relevant to the Board's financial position for the period under review. The Director will examine the statement to ensure that the balances are adequate to meet the estimated expenditure for the rest of the year. Where balances appear inadequate to meet planned expenditure, spending shall be restricted in order to cover the remaining period of a given Financial Year.

3.7 Procedures For Procurement And Stores

3.7.1 Procurement

One of the problematic areas in the control of financial risks and fraud in organisations and companies relate to procurement. Procurement in this thesis shall be defined as "an operation aimed at the acquisition of goods and/or services". It include, among other things, the drawing up of the specifications for goods and services, sourcing, requesting for quotations, tendering, evaluation and award of orders/tenders.

The school will have to purchase so many items especially scholastic materials, beds, furniture, mattresses and services such as security, canteen management services etc. It will also buy food for the students as well as firewood.

The following procedures shall be observed in the procurement process:

3.7.1.1 Supply from Stores:

Where the goods or services requisitioned are available in stores, the end user shall directly requisition for them from stores using a Stores Requisition Note (GRN) raised in triplicate, duly approved and authorised by the Section Head to the stores section. The stores officer shall release/deliver the required goods to the user who shall acknowledge receipt of goods by signing on the Stores Requisition.

3.7.1.2 Purchase Requisition for Goods and Services:

The user in his/her respective department shall initiate a request for goods or services through the use of a serially pre-numbered Purchase Requisition Form (PRF).

The user who initiates the requisition shall also detail technical specifications for the goods and services. The requisition shall have to be approved before delivery can be made.

Purchase from external suppliers shall include purchase from a recommended supplier's list for regular supplies and tendering for major and irregular purchases.

3.7.1.3 External Procurement:

Procurement of goods and services shall be adjudicated and expenditure authorised for any single cost above United States Dollars Five Thousand (US\$5000) by Tender Committees. There will be two tender committees:

3.7.1.4 Internal Tender Committee:

This will handle all procurements done through quotations. The Quorum must be predetermined and ensured at every meeting. The Director shall chair this Committee.

3.7.1.5 External Tender Committee:

External tender committee will handle all procurements done through Open tender adverts. The Chairman of the Board of Directors shall chair this committee.

3.7.2 Inventory Management Of Fixed Assets

To avoid losing school property, as far as is practicable, all fixed assets shall be clearly labelled with agreed identification marks and codes according to classification. Serial numbers shall be given to each of these assets. The coding and numbering shall take into account the location of the assets and how they were allocated there. The received inventory item shall be distributed to the requesting department or section. The requesting officer will confirm receipt in writing and the inventory item will be added to his/her office list of inventory items. Any transfer from one room to another must be authorised through a transfer form by the Director.

When inventory items are disposed of, there shall be a clear record indicating the mode of disposal. The disposal must follow the authorised channel and follow the disposal procedure put in place by the Board of Directors. (WFP, 2000)

3.7.3 Section Record Of Fixed Assets:

A record of Fixed Assets shall be held and maintained to indicate a date of receipt description and serial number and current location. Authorisation of the transfer shall also be kept.

3.7.4 General Ledger Record For Fixed Assets:

The Headmaster shall keep proper record of assets, in line with the provisions of the school's Accounting Policies, in the General Ledger. The posting of entries shall follow the normal procedure of transactions posting following completion of procurement of the Fixed Assets. The Director shall keep proof of ownership to Fixed Assets such as title deeds, lease deeds, and motor vehicle logbooks in safe custody.

3.7.5 Depreciation Of Fixed Assets

In line with Muhwezi-Murari's operating accounting policies, fixed assets shall be depreciated at predetermined rates. The annual charge for depreciation shall be raised by use of a journal voucher that shall be certified by the Accountant verified by the Accountant. Such depreciation or amortization charge shall then be "expensed" in the Income and Expenditure Statement. The Non-Current Assets so charged, shall be shown in the Balance Sheet at the appropriate Written Down Value (WDV) denoting the difference between the cost and accumulated depreciation.

3.7.6 Budgetary Controls:

The approved master budget shall form the Key Control Document for the school. For purposes of controlling expenditures, the following procedures shall be observed:

3.7.6.1 Request for expenditure in line with Budget:

All requests for expenditure shall be carried out in line with budgetary provisions for each section, and each Section Head shall be required to ensure that the section budget has not been overspent with respect to the goods/services requisitioned.

3.7.6.2 Budget Review and Supplementary Estimates:

Authority to incur commitments relating to unforeseen/extraordinary expenses and transfers between appropriations shall be issued by the Director in consultation with the Chairman of the Board provided appropriations and such commitments are reported at the next Board meeting.

Supplementary and revised budget proposals shall be submitted to the Director for consideration and the Board for approval within the financial year. This will be prepared in the same format as the approved annual budget.

A budgetary review shall be carried out on a half yearly basis, and where the need arises; applications for supplementary budgets shall be made at the time of the review. In cases of extraordinary situations or emergency requirements, a Departmental Head anticipates that the requirements to be incurred under a given budget line are far in excess of the estimates so included, he/she shall liaise with the Bursar to seek authority for supplementary financing from the Board. The supplementary estimate shall only become available for use with full authorization of the Board.

3.7.6.3 Budget Reallocations:

When it becomes necessary to incur additional expenditure on a particular sub-head or to create a new one altogether and enough savings on other sub-heads can be made available for this purpose, the Director may authorize reallocation, that is to say, a reallocation of provision between the sub-heads concerned as long as such reallocation does not contravene the initial intentions of the Board in approving the original votes concerned.

3.8 Periodic Risk Based Auditing

Some organisations and companies appoint Internal Auditors but do not give them sufficient latitude to handle their business. For Muhwezi-Murari Academy, the internal auditor will be expected to base his auditing on risk. This is because recent corporate scandals have indicated the need for internal audit work to address critical business and management issues that drive an organisation's success.

Internal auditing plays a role of providing assurance to the board of governors. It is understood that through the audit function governance, risk and control are adequate and effective within the organisations. For this to happen, internal auditing in the school will adopt a risk based auditing approach.

The internal auditor will be compelled to regularly assess risks and provide control measures in good time. The auditor will have to assess the inherent and control risks for material financial statement assertions. (Handbook of Internal auditing... p. 376). The accounts of the school will be audited every year by an independent external audit firm to confirm that the project is still on course. The external auditing also is expected to add value to the running of the accounts of the school.

4.0 The Risk Of Fire

Fire is another risk that has affected schools in Uganda in the past few years. For example, fire gutted one dormitory at Naalya Secondary School in 2004 in which a student lost his life. A lot of students' property was also lost to the fire. This forced some parents to withdraw their children blaming the school for failing to secure their children and their property. In the same year, another dormitory at Kings' College Budo was also gutted by fire and a lot of property was lost. The year before, fire also gutted a dormitory of Nabisunsa Girls' school and all

property therein was destroyed. Many other schools also lost their students' property to fire in the past three years. Therefore, considering fire, as a serious risk is not a far-fetched idea.

Dealing with this risk needs to have the school insured. The school also will identify sources of fires and take necessary steps to minimise fire occurrences. For example, poor wiring may cause electrical fires. Therefore, wiring must be properly done and regularly tested.

Another source of fire may be candle use in dormitories. To minimise this risk, candles shall be prohibited in dormitories in preference for torches. Cooking using dangerous connections in the dormitories is often another source of fire in schools. This will not be allowed in the school.

5.0 Student Failure

The major issue in running the school is to ensure that the school is run on a professional basis with a view of generating profits for the owners and become self-sustaining. However, for this to happen, the question of hard work, ethical conduct on the part of the staff, discipline on the part of the students and self-motivation are a must.

Some school have had problems with student failures in examinations causing very limited enrolment. This in turn has affected their cash flows. The school management must therefore ensure discipline among all the participants and hard work among the groups as well.

6.0 Burglary And Thefts

Other risks include burglary. Students as well as people from the neighbourhood may involve in burglary of the property of the school. To deal with the risk of burglary just like fire one has to take insurance of all school fixed assets.

The Director shall take steps to ensure that as far as possible, all insurable risks on the School's Fixed Assets are covered by adequate insurance policies. Each Departmental head shall be required to notify the Bursar promptly of the extent and nature of all new risks and any alterations affecting existing insurable risks. The Accounts Department in turn shall provide on a yearly basis to the Heads, a detailed statement of all insurance in force for checking and reviewing and adequacy of otherwise of insurance cover. Fencing the school and hiring guards will also guard against burglary and thefts.

7.0 Environmental Risks

Environmental risks constitute another broad category of risks that the school management will have to guard against. Environmental risks in this thesis are used in a generic sense to include mainly three areas: the political environment, physical environment and the socio-economic environment.

7.1 Political Environment:

In the context of this study, political environment refers to the political situation pertaining at the time of establishing the school. Uganda for a long time suffered political turbulence and instability without any certainty of serious investment. Establishment of a school entails heavy capital investment in facilities. Therefore, one has to continuously gauge the political environment.

In the past Uganda and her neighbours such as Rwanda, Democratic Republic of Congo and The Sudan experienced a lot of instability that led to the destruction of many investments and structures.

However, in the past 19 years, the situation has changed tremendously in Uganda for the better. Hence, serious capital investment has been made. Otherwise, it would be worthless to invest massively in infrastructural facilities without some fair certainty of continuity. Presently there has been a relatively stable political atmosphere but just in case there is a hostile change, there is need for insurance to cover such a risk.

7.2 Physical Environment:

The terrain of the place in which the school is to be built poses a number of risks. Basically, the major risk is that if the terrain is very hilly or mountainous, then a lot of work involving heavy machinery will have to be done. This may involve using more funds than was originally planned.

The construction may also destroy the natural environmental arrangement to the detriment of the population around. These may negatively affect the returns to the school in the final analysis. In this case, the school in question is to be built on a site that is gentle slopping and will not need to spend funds on destroying nature.

The National Environmental Management Authority (NEMA) requires that before any project that may have an effect on the natural environment is implemented, an Environmental Impact Assessment must be done. If accepted the project should be implemented in line with the National Environmental Management Authority (NEMA) guidelines. The Kampala city Council (KCC)

authorities also demand that before any development is carried out on land, the plans should be approved.

Failure to conform to the conditions of both NEMA and (KCC) can result into serious losses because they move in by force to destroy the structures that have established. The developer is also forced to meet the financial cost of the destruction. This results into financial losses as well as interruption of the school business if already in operation. Worse still, the school could be closed down [and deregistered](#) altogether.

Before construction therefore a good plan should be drawn, conforming to the requirements of the relevant authorities to avoid conflict and minimise risks.

7.3 Surrounding Population

The physical environmental risks also relate to the surrounding community of the school. The surrounding Community around the school is very critical since it is expected to be the primary source of customers for the school. Even casual labourers will be drawn from the neighbourhood. Positioning of the school in an averagely well-settled environment provides a great potential source of students especially in the beginning stages of the school.

Hence, one risk we shall have to avoid is the one of establishing the school project in an area that is sparsely populated. The surrounding population is very important in contributing to the self-sustainability of the school project in the initial stages.

On the contrary, if the population in the surrounding environment is sparse, some complications may arise and the entrepreneurship of the school will have

to do a lot of advertising to publicise the school before it opens if the school is to break even. Therefore when beginning a school it is important to carry out intense advertising, charge low school fees, and some times offer discounts and concessions to people who bring in say more than five students to enable the school break through the market for a reasonable cash flow

7.4 Economic Environment

The economic environment poses a number of risks that the school shall have to guard against. The risks to be considered when looking at the economic environment include identification of competitors and their actions, inflationary tendencies, interest rates and business failure.

The presence of un-known competition in the business poses a big risk of failure to realise one's potential. The entrepreneur ends up with difficulties in breaking into the market which he is not conversant with. So, there is need to find out one's business competitors especially in a particular locality.

Understanding the actions of the competitors creates the ability to beat their actions. What is important is not only to break into the market but also increase and maintain the market share of the school. However, for one to achieve this he/she must be well conversant with the market dynamics.

8.0 Financing Decision

At the level of investment decision and administrative capital budgeting decision, the school will have to deal with balancing equipment. The important value drivers are investment in working capital and long-term assets. However, the most critical decision in this case will be the financing decision, which "deals

with the firm's optimal capital structure in terms of debt and equity". (Dayananda, et al 2002, P.1). Once again the important value driver is the cost of capital.

Incorporation of risk will be factored in the project at its inception to ensure that even with the possible risks occurring, the project will still generate profits.

Pay back as used in this context will refer to the recovery and repayment of the funds that were invested and the interest on them. For any investor to undertake all the risks involved and put his money in a particular business there must be hope that the cost of the investment will be recovered. It is because of such credibility that financial institutions are willing and able to lend businesses the resources needed to finance these investments. However, the entrepreneur has to remember that at one time he/she has to pay back the resources that were borrowed with an interest and that is where pay back comes in.

As shown in the preceding discussions there are so many risks that one encounters when an investment is undertaken. These risks greatly affect the cash flow depending on how they are handled but summed up they create a bigger risk - payback risk. Any investor that sets up an investment cannot be sure of the definite result of the investment. One can only project the outcomes of the investment. Despite the lack of concrete certainty, one risks in investing big sums of money some of which may be borrowed.

To minimise such risk therefore, before risking investing any amounts of money in a business one must carry out thorough research to be conversant with the industry he/she is joining. Surveys have to be done to determine what is in the market, what the competitors offer, and what is lacking so that you can have an

advantage over them. An observation of the state of the economy has to be done to be able to foresee all the possible risks and seek solutions in advance.

9.0 Strikes

According to Collins English dictionary and thesaurus, “a strike is a cessation, as a protest against working conditions or low pay”. In essence for this thesis, a strike occurs when either students or staff members as the case may be, take positive steps to demonstrate dissatisfaction with the state of affairs in a school.

Strikes take different forms. Some are “simple” and involve such civil actions as sit-downs and non-violent demonstrations. Others however are violent involving the use of force, vandalism and burning of school property. A look into the history of strikes in Ugandan schools reveals the causes of the strikes to be various. This also depends on the particular section of the school engaged in the strike.

The commonest cause of strikes among students is dissatisfaction with the levels of welfare touching on such matters as food, shelter, sanitary facilities and others in this line. Some however, emerge merely out of indiscipline of students. School staff strikes have among others been attributed to dissatisfaction with the pay, dissatisfaction with schools’ top management and disagreeable school policies. This thesis looks at strikes, from an investor point of view attempting to discern the risks posed by potential strikes so as to find ways of minimising these risks.

9.1 The risks portended by a strike:

The risks portended by a strike differ depending on the form that it takes. Here, I shall classify the forms into two: violent and non-violent strikes.

9.1.1 Violent Strikes

Violent strikes normally involve vandalism of school buildings and other fixed and moveable property. This quite clearly involves costs in the destroyed property. If the school is to carry on after the strike like they normally do, immense costs are incurred, in terms of repairs and replacements.

Through violent strikes, a number of deaths have been registered across the history of Ugandan schools. These normally arise from police intervention in a bid to quell strikes. The most vulnerable in such circumstances are the students especially the younger ones and the girls. Because of the anarchy resulting from violent strikes, many criminal acts are carried out. These include in the case of mixed schools: rape, thefts, destruction and batteries. The consequences that flow from the above are costly to the schools.

There emerges lots of legal action by the school against the students and in some cases by government against the school. In other cases, the parents also take action by removing their children from the school. Others may be cases where the school administration, board of governors or staff may be required to give evidence. The cost of such legal processes is in itself monetarily expensive, painstaking and takes a long period of time. The situation is exasperated when the school is in some cases found liable and ordered to pay costs.

Whichever the action, the school loses money through litigation or reduced enrolment or both.

Strikes are also notorious for attracting bad publicity for the schools in which they occur. Considering the moral fibre of the Ugandan parent age group, this is sufficient to serve as a put off for those that might have brought their children to the school. A good number of parents with children in such a school may also withdraw them because of past experience. This has a negative connotation on the cash flow of the school.

Schools in Uganda are considered not only as centres of instruction for formal education, but also centres for the moulding and grooming of students into disciplined, responsible, good mannered and cultured citizens. The general tendency has been for parents to shun schools whose students have shown bad disciplinary records. The financial impact of this in a government- funded school may not be really felt. In a privately owned and funded school such as this thesis envisages, the impact falls with a thud! The negative publicity makes the school less marketable. Anticipated increase in student numbers are most likely not to be realised. In any case and almost certainly, the numbers reduce hence the failure to realise the targeted returns.

Strikes also make statements about the abilities of the school administration. If the cause of a strike is related to poor management, the school is bound to lose the confidence of its stakeholders. These may include government, teaching and non-teaching staff and most importantly the students and their parents who are potential customers.

In order to curb the negative publicity, the school may have to counter it through damage repair. This involves expenses in electronic media, air and newspaper advertising. Experience also shows that countering such negative publicity is complicated and expensive.

9.1.2 Non-Violent Strikes.

As earlier mentioned above, non-violent strikes take on more civil forms than the violent ones. These take forms such as: sit-downs, non-violent demonstrations and boycotts of certain school functions. In case of staff, this may also involve what is commonly referred to as 'laying down of tools'.

The nomenclature involved in the classification of strikes in this thesis might cause one to imagine that the impact of non-violent strikes is minimal as compared to violent ones. However, this is not necessarily true. Here below is an examination of the impacts of these strikes depending on who undertakes them:

- ❑ Staff withdrawal of services may, as they often do cripple the functioning of the school. When the student pays school fees and the school accepts it, it impliedly promises to supply to the payee services for which he paid. Therefore, failure to teach or supply meals arouses discontent among the students. Often times, this is expressed in form of a strike. It ought to be noted here that the genesis of the strike was the staff withdrawal of their services. Students may take violent means to demonstrate their dissatisfaction, which is more harmful than the originally intended peaceful strike.
- ❑ Although such strikes among staff members may not be violent in themselves, they often spark off a violent reaction from the students. The impact of such violence has already been elucidated above.
- ❑ A strike among the staff of a school definitely creates a rift between the administration and the staff. It is often said that this is cured in subsequent meetings to forge an understanding but in reality, the "wounds" caused by such strikes take a long time to heal. Working

relationships are severely damaged, a few of the staff are always and inevitably dismissed and others are henceforth viewed with suspicion by the school administration. The future working of a school after a strike by staff is always indeed strained. It takes a lot of skill and good policies by management to get the school to function as before.

Like the strikes of students, strikes by staff also attract negative publicity. They also raise questions on the ability of the school management especially as employers. Perhaps and even more often than student strikes, strikes by members of staff are always followed by legal battles between estranged former members of staff and the school administration. The costs of this, are not any different from what we have already dealt with above.

Sometimes students also stage non-violent strikes. These often result in paralysis of school functioning and bad publicity for the school. This form of strike is however, only employed by students as a means of bargaining for a concession from the school administrators.

9.2 Minimising The Risks Portended By A Strike:

“Fore warned is fore armed” is an old English adage. Now that we have looked at the risks associated with strikes, what may one do to minimise them or better still to avoid them all together? The following are measures thought to give answers to the above question.

Communication is defined by Collins English dictionary and Thesaurus as “the imparting or exchanging of knowledge, ideas or feelings”. Poor or total lack of communication between the various stakeholders of schools is one of the major causes of strikes in Ugandan schools. A communication of say, a constraint to the

provision of a certain service or the meeting of a certain standard of a service may avert many would be strikes. If, for instance a school administration is not in position to pay the wages of its staff on a specified day but after a little longer, communication to this effect, is very likely to avert a strike over pay.

Secondly, the various stake holders such as the students, parents and the staff should have avenues through which to communicate their grievances or even merely give opinions on the various affairs of the school. This way, strikes would only be a matter of last resort after failure to attend to the various complaints and suggestions. It should be noted that communication is a very strong pillar in the success of any organisation.

From the administrative point of view, a strike in whatever form is a sign of indiscipline. Therefore, to minimise strikes the school administration must emphasise discipline amongst its staff and students. Disgruntled students and staff must utilise some other avenues to have their grievances addressed rather than a strikes. In its code of conduct both for the students and members of staff, school administration needs to clearly communicate a zero tolerance for strikes. It also follows that there must be set stiff penalties for those that go against the code.

Being aware of the losses that may accrue from violent strikes, the school must take up insurance against all insurable risks that may be orchestrated there from.

Whereas one may take out steps to ensure that strikes do not occur, they may nevertheless occur. This may be so especially if the cause is related to indiscipline. The school therefore ought to take security measures to pre-empt or failing to do so, to minimise the destruction caused by violent strikes. This may

entail such measures as employing school guards at all times and keeping in contact with government security agencies especially the police.

Prevention shall always be better than cure. The better way to minimise the risks portended by strikes is to internally minimise their causes than to wait for them to occur and the attempt to minimise their losses and count ones' damages.

The school administration should also keep a watch over the school administration to ensure that it is efficient. This is to the effect that the school programmes run and that all the stakeholders are fairly happy. The school administration ought to engineer the necessary cohesion between all the school departments to avoid such undesirable disagreements demonstrated in strikes.

10.0 Integrity Of The School

For any business to succeed over a long period of time, it needs a name. This means that it should command respect, trust, reliability and predictability. For the purposes of Muhwezi-Murari academy, it ought to guard against malpractices. These may be in both its business dealings and its day to-day operations.

The school ought to be a lawful body carrying out its business lawfully. It ought to steer clear of all forms of malpractice that may adversely affect its integrity. Here below, are a few of the common malpractices among private schools in Ugandan, which have impacted them negatively.

11.0 Examination Malpractices:

Since the acceptance of private schools by government, the number of private schools has dramatically shot up. These private schools co-exist with the

government funded ones. In terms of the market, the implication is that the private schools, which are generally newer than the government funded ones, must attract students from the government ones while at the same time, attracting new secondary school entrants.

One of the ways of attracting these students is through excellent academic performance. The resulting competition and desire to excel has seen to an increase in examination malpractices at National examinations. This takes on many forms, prominent among which are: leaking of examinations, hiring of mercenaries to sit in place of students and supplying of answers to the students.

The authorities have caught up with some of the cheating schools. The impact of this to the financial performance of the schools has been negative. Heavy punishments designed as deterrents have been meted out unto the culprits. These range from warnings, financial fines, cancellation of results of either all or some of the students to total withdrawal of the defaulting school operating license. The publicity and subsequent punishments accruing from such conduct does not augur well with the good Name and subsequently, the financial success of the school.

12. Health Risks

In situations where there are large numbers of people, health risks are eminent. For example, in May this year, an epidemic remerged in one Primary school in the rift valley in Kenya where all the children behaved like they were possessed with evil spirits. It took so much time and money from the school management and the government to handle the case. When they failed to successfully solve it to the end, the school was temporarily closed.

Malaria, dysentery and other pandemics have occurred and caused problems to school in Uganda. For example, in 1980, more than half of Kihanga Secondary School developed hysteria and caused total confusion to the school. Some of the students were admitted in Kabale district hospital and the rest in dispensaries around. In mosquito-infested areas, malaria is very common and dangerous.

In dealing with these epidemics, the management of the school will ensure safety measures. These include, but are not limited to the following:

- i) Every student must report at school with a mosquito net. Not only will they bring the nets, but also they will have to use them. This will help in preventing malaria.
- ii) All drinking water must be treated or boiled to avoid dysentery or cholera.
- iii) Sanitary conditions will be made very well and properly maintained to avoid any contamination that may lead to cholera or dysentery.
- iv) Health education and counselling will also be emphasised in school to avoid relying only on policy to be followed mechanically. Health education will be part of the training in the school.
- v) At the same time, no food will be allowed in dormitories. When students are allowed to eat from dormitories, it becomes difficult to ensure the hygiene of the places.
- vi) The school must be clean all the time. Hiring cleaners will ensure this. Students will also be involved in cleaning their dormitories.
- vii) Provision for a sick bay has been made. Some doctors and nurses will be employed to man the sick bay. They will be fully stocked with drugs and equipment to treat the various ailments. Arrangement will also be made with the National referral hospital at Mulago to handle cases that may not be competently handled at the sick bay.

- viii) Given the fact that HIV/AIDS is a pandemic that the population has been fighting for some time, the school administration will have to ensure that sexual relations are eliminated. This will also require talking seriously to teachers, other staff and students.
- ix) It has also been established that the practice of homosexuality exists in some schools. This certainly is one of the worst ways of transmitting HIV/AIDS. Secondly, no parent in Uganda would allow his son to join a school where homosexuality is practised, as it is abhorred. There will be established a clear policy guideline for this.

13.0 Sexual Harassment

Sexual harassment has of late become an important issue both in institutions of learning and work places. For example, in Makerere University, a policy on sexual harassment has been enacted. The enactment followed rumours and later on evidence that some male lecturers and students were asking female students for sexual favours.

Without a sexual policy, one can have a lot of problems with female workers. This is well expounded by Christopher Eiben (2005); **It pays to be paranoid**, from page 145.

At the same time, the students of Muhwezi-Murari will be young teenagers, between 13 and 17 years. In other words, they will be minors according to the laws of Uganda. Therefore, any relationship between a teacher and a student will amount to a criminal offence. For that matter, such relationship must be properly provided for in the school policies. This policy will be properly displayed in all corners of the school so that no one claims he/she was not aware of them.

The government of Uganda under the Ministry of Education has also developed guidelines about sexual harassment that schools must adhere to. However, there

have occurred some cases of defilement in some schools in the country. The perpetrators have been booked, prosecuted and sentenced, but the victims have suffered lifetime damage.

14.0 Alcohol And Drug Policy

Another problem that is emerging of late is the alcohol and drug abuse in some institutions including secondary schools. This practice has been one of the causes of severe strikes in schools. Secondly, parents would not like to send their children to schools where their children will have access to drugs and alcohol.

Secondly, drug abuse affects the amount of work the teachers can do. Those who are drug or alcohol addicts most times absent themselves from duty. Even when they report for duty, their out put is very low. This applies to students who either abuse alcohol or drugs. Therefore, this is a risk that must be eliminated.

It is evident that people who abuse drugs and or alcohol are prone to accidents and hurting themselves. This in most cases results in workman's compensation claims. The business loses money through those kinds of claims. In some cases, such people have sued for accident claims. All this reduces the financial liquidity of the business.

They also exhibit limited immunity and are therefore prone to diseases. They also have little time to think about good feeding and therefore have little energy to concentrate on their work. In such circumstances, they cause a cost to the business in terms of treatment and medical care.

Students involved in drug and alcohol abuse also do not concentrate on their academic work. The consequence of this is that the school becomes prone to students failure risk. It also increases chances of indiscipline in the school.

Indiscipline usually affects student performance negatively and subsequently affects the interest of parents to send their children to the school.

A written policy on drug and alcohol abuse spelling out expulsion as the only remedy will be displayed on all notice boards. It will also be spelt out in the instruction notes for every student entering the school.

Members of both teaching and non-teaching staff will also be given copies of the policy document. At the same time, history of the behaviour of members of staff will be thoroughly investigated before hiring them. Any one known to have a record of alcohol or drug abuse will not be selected however good they may be academically.

15.0 General Security Risks

Like any other undertaking security is always a risk. This includes the security of the persons in the school and the property thereon. Students must be protected from all sorts of risks that may affect them physically or psychologically.

The solution to this matter lies in carrying out anti risk auditing. This will limit the possibility of misuse. At the same time, the officers in charge of finances have to be kept busy to ensure they follow the financial regulations strictly.

16.0 Conclusion

Muhwezi-Murari Academy is a secondary school that is to be established in the neighbourhood of Kampala city. This is a conceived private venture where risks must be clearly understood before it is put up. In this thesis, dealt to a great detail the various risks that the Muhwezi-Murari Academy is likely to encounter.

The risks include: managerial risks, financial management risks, and student failure risks. The other risks dealt with are fire, strikes, thefts and burglary, strikes, bad publicity and environmental risks.

The major risks involved in school establishments include both business and financial risks. The decisions therefore must be made after very careful considerations. This thesis has explained in details how the risks can be dealt with.

The conduct of students and the risks it generates were dealt with as well. Strikes for example are a major risk that faces schools. They affect the popularity and hence the capacity to develop good cash flows by the schools.

Each of these risks has been dealt with in terms of how it will be prevented. The most critical of these risks are the managerial, financial, student failure and environmental risks. Therefore, this thesis has given them very serious attention by proposing serious measures to counteract them. The understanding espoused in this thesis is that the school in question is to be run as a business venture to generate financial returns to the owners. Hence, the risks must be incorporated in the business appraisal right from the point of planning and execution.

Policies on various ills such as sexual harassment, homosexuality, drug and alcohol abuse will be put in place and strictly enforced. Health issues will be provided for to avoid calamities befalling the school.

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