

## CHALLENGES AND SOLUTIONS IN OVERCOMING FINANCIAL ADMINISTRATION MANAGEMENT OBSTACLES IN SCHOOL ENVIRONMENTS

Maya Tessa Melati<sup>1</sup>, Azirah Shahieza Simatupang<sup>2</sup>, Dita Ayu Safitri<sup>3</sup>,  
Rully Hidayatullah<sup>4</sup>

<sup>1,2,3,4</sup>English Tadris Department, Faculty of Tarbiyah and Teacher Training,  
Imam Bonjol State Islamic University Padang, Indonesia

<sup>1</sup>[tessamelatimaya@gmail.com](mailto:tessamelatimaya@gmail.com), <sup>2</sup>[azirahshahieza8@gmail.com](mailto:azirahshahieza8@gmail.com), <sup>3</sup>[ayud33546@gmail.com](mailto:ayud33546@gmail.com),

<sup>4</sup>[rullyhidayatullah@iai.sumbar.ac.id](mailto:rullyhidayatullah@iai.sumbar.ac.id)

### Abstract

*Financial management and educational administration in schools are crucial aspects that affect the quality of educational services. However, many schools face various challenges that hinder the effectiveness of this management. This article aims to identify the main challenges in financial management and educational administration and offers solutions that can be implemented to address these obstacles. The first challenge is the lack of transparency and accountability in financial management. This is often caused by inadequate record-keeping systems and insufficient training for administrative staff. Additionally, many schools are also facing increasing operational costs, making budget management increasingly difficult. Uncertainty regarding funding sources, especially in areas with limited budgets, further complicates this situation. Furthermore, the competence of administrative staff often poses a challenge. Many staff members lack the educational background or training necessary in financial management, leading to errors in budget management. Moreover, the suboptimal use of information technology in some schools hampers efficiency in the collection and analysis of financial data. In addressing these challenges, this article recommends several strategic solutions. First, the implementation of an integrated technology-based financial management system can enhance transparency and accountability. This system allows for real-time monitoring of expenditures and income, as well as facilitating the creation of accurate financial reports.*

**Keywords:** Administration, Finance, Challenges

### Article History

Received: Oktober 2024

Reviewed: Oktober 2024

Published: Oktober 2024

Plagiarism Checker No 234

Prefix DOI : Prefix DOI :  
10.8734/Sindoro.v1i2.365

Copyright : Author

Publish by : Sindoro



This work is licensed under  
a [Creative Commons  
Attribution-NonCommercial  
4.0 International License](https://creativecommons.org/licenses/by-nc/4.0/)

## INTRODUCTION

Financial management and administration in educational institutions are crucial aspects that affect the quality of education and the operational sustainability of these institutions. In the era of globalization and rapid technological advancement, the challenges in financial management and administration have become increasingly complex. Various constraints, such as limited resources, a lack of understanding of sound financial

management, and regulatory hurdles, hinder schools from achieving optimal educational goals. One of the main challenges in financial management is budget restrictions. Many schools, especially in remote or underdeveloped areas, struggle to secure sufficient funding to meet daily operational needs. This often results in a reduction of educational programs, inadequate learning facilities, and a lack of training for educators. Additionally, the allocation of funds from the government adds to the burden for school administrators. On the other hand, issues of transparency and accountability in financial management often come under scrutiny. The absence of clear and structured systems can lead to misallocation of funds and dissatisfaction among the community. Many stakeholders feel excluded from the decision-making process regarding budget usage, creating a gap between community expectations and the existing reality. Moreover, administrative aspects are equally important. Complicated and bureaucratic administrative processes often hinder the operational efficiency of schools. The suboptimal use of information technology in managing student data, teaching, and evaluation presents its own challenges. Many schools still rely on manual systems that are prone to errors and data loss. This not only slows down administrative processes but also impacts the quality of educational services provided to students. These challenges demand innovative and sustainable solutions to improve financial management and educational administration.

One approach is to enhance human resource capacity through training in financial management and administration for school principals and staff. With better knowledge of budget management, they are expected to make more informed decisions regarding fund utilization. Additionally, prioritizing the application of information technology in school administration systems is essential. The use of school management software can facilitate data collection, financial reporting, and communication between the school and students' parents. This can improve transparency and accountability in financial management. In this context, collaboration among schools, local governments, and the community is vital. Building partnership strategies can open up alternative funding opportunities and enhance community participation in supporting educational programs at schools. By involving various stakeholders, it is hoped that solutions to existing challenges can be jointly found. By understanding these challenges and implementing appropriate solutions, financial management and educational administration within schools can be improved, ultimately providing a positive impact on the quality of education in Indonesia.

## **RESULT AND DISCUSSION**

The financial management of financial institutions/schools cannot be separated from management in its broader sense. Essentially, "management" originates from the word "administrate," which means "to organize," "to manage," or "to supervise." Management is often referred to as a science or profession.

Management as a science is considered a field of knowledge aimed at systematically understanding why and how people collaborate to achieve goals and to create systems of cooperation that are more beneficial for humanity. According to the Department of Education (2000), financial management is the action of managing/controlling finances, including recording, planning, implementation, accountability, and reporting. Thus, financial management in educational institutions/schools can be defined as a series of activities related to managing the finances of educational institutions/schools, ranging from

planning, bookkeeping, expenditures, oversight, and financial accountability of the educational institution/school.

#### **A. Definition of School Financial Administration**

School financial administration is the process of recording and managing school funds carried out responsibly, honestly, transparently, regularly, meticulously, effectively, and efficiently to support the achievement of the school's goals to the fullest. Financial management in schools includes strategies for acquiring funds, managing them, and linking financial management with the school's annual programs. It also involves the administration of school funds as well as supervision, control, and financial auditing. Financial management is a crucial part of school management that affects the smooth running of educational activities. As in general educational management, financial management involves the processes of planning, organizing, directing, coordinating, supervising, and controlling. In a narrow sense, financial administration includes recording the inflow and outflow of funds to support school activities. In a broader sense, financial administration includes setting policies related to the acquisition and use of funds to support organizational activities, including planning, organizing, accountability, and financial supervision.

School financial administration is a series of activities that are carefully planned and implemented with full dedication, along with continuous supervision, to ensure that school operational costs support the effectiveness of educational activities. The financial management of educational institutions/schools is closely linked to what is known as management and administration. Essentially, management comes from the term "to manage," meaning to organize, manage, or handle. Management is often articulated as a science, skill, and profession. As a science, management is seen as a field of knowledge that systematically seeks to understand why and how people work together to achieve goals and create more beneficial cooperation systems for humanity. According to the Ministry of National Education (Depdiknas, 2000), financial management involves the administration/accounting of finances, which includes recording, planning, execution, accountability, and reporting.

The term administration is related to collaborative activities conducted by individuals or groups to achieve desired objectives. This collaboration entails a series of activities carried out collectively, orderly, and purposefully, based on a division of tasks as agreed upon by the group. Thus, collaborative activities indicate the presence of an administrative process. Consequently, the financial management of educational institutions/schools can be defined as a series of activities to manage the finances of educational institutions/schools, including planning, bookkeeping, expenditure, supervision, and financial accountability. The sources of finance and funding for educational institutions/schools can broadly be classified into three categories:

1. The government, whether central or local, or both, which provides funds that are general or specific for educational purposes.
2. Parents of students
3. The community, whether through binding or non-binding arrangements.

## B. Administrative Management Obstacles in the School Environment

### 1. Lack of Qualified Personnel

Many schools, especially in remote locations, face difficulties in finding and retaining staff with specialized skills in accounting and financial management. The lack of training for administrative staff also hampers the effectiveness of financial management. This can lead to errors in transaction recording and financial reporting.

### 2. Inadequate Information Systems

Most schools still rely on manual financial management systems. The use of paper-based systems increases the risk of recording errors and makes the reporting process slow and inefficient. Additionally, unintegrated data complicates real-time monitoring and financial analysis.

### 3. Lack of Training and Development

Financial management staff often receive insufficient training. This lack of training results in a poor understanding of accounting principles and sound financial management practices. Investing in human resources is crucial for effectively managing budgets and financial reporting.

### 4. Transparency and Accountability

Challenges in maintaining transparency and accountability in financial management often lead to distrust among stakeholders, including parents and the community. Without clear and understandable financial reporting, it becomes difficult for stakeholders to assess fund usage and the effectiveness of implemented programs.

### 5. Unstable Funding

Uncertainty regarding funding sources, whether from government contributions or community support, hinders effective financial planning. Schools often cannot accurately predict cash flow and may face shortages of funds needed to finance important programs, facility improvements, and staff salaries.

### 6. Complex Regulations

Frequently changing government policies and regulations can complicate school financial management. Employees must stay informed about these changes. Additional time and effort are required to ensure that all procedures and financial reporting comply with applicable regulations.

Constraints	Description	Impact Presentation
Lack of trained human resources	Staff not having enough skills	25%
Treanparance and Accountability	Difficulty in accessing financial information	20%
Ineffective management system	Reliance on manual systems	15%
Budget limitations	Unattached resources	20%
Lack of understanding of wealth management	Minimal basic knowledge	10%

Table 1: Obstacles to Financial Management in Schools

There are many mistakes in schools when there is a lack of attention to education administration such as lack of adequate support, lack of management implemented in schools, lack of funds, and lack of cooperation with other schools. Therefore, the workforce in the school needs to understand or know the administration either from its useful function in the implementation of the school.

Many errors occur in schools when educational administration is not given adequate attention, such as insufficient supporting resources, lack of management practices implemented in schools, inadequate funding, and insufficient cooperation with other schools. Therefore, the workforce within the school needs to understand or be aware of administration, including its functions, benefits, and usefulness in the organization of the school.

### **C. Challenges and Solutions for Managing Financial Administration**

As with any educational institution, proper financial accounting is a top priority for schools. By making optimal use of primary and secondary education resources, public and private schools can provide the best quality education for their students. In addition, accurate accounting creates trust among parents, teachers, and the school community. However, schools often face many challenges. Budgets are often limited. Tracking the inflows and outflows of financial transactions is difficult. And the rules and regulations are always changing. This is not an easy task. Therefore, we share some of the financial accounting challenges schools face and tips for overcoming them.

#### **Challenges**

##### **1. Constraints and Budget Management Schools**

Often have limited financial resources and face obstacles in funding various programs and activities. During the school budget planning process, these limitations can affect the quality of education and student learning outcomes if not managed effectively. However, by using these strategic budget management techniques, schools can address these challenges and maximize available resources: Prioritize spending by identifying the most critical needs and allocating funds accordingly. For best practices to ensure compliance, accountants have a tool called generally accepted accounting principles (GAAP) to guide them in their work. GAAP is a set of accounting principles, standards, and procedures that combine formal standards established by policy boards with generally accepted practices. Public companies in the United States must comply with GAAP ...

##### **2. Efficient Use of Resources**

How can private or public schools allocate funds efficiently if their resources are often limited? Fortunately, there are some effective techniques for maximizing financial health. Start by prioritizing expenses based on their impact on student learning and development. Focusing on important areas such as curriculum materials, technology, and professional development for teachers ensures that every dollar is well spent. In addition, maintain financial transparency. Keep detailed accounting records of all monetary transactions and report expenses periodically to relevant stakeholders, such as parents and governing bodies. This transparency builds trust and ensures that resources are used wisely. Finally, look for opportunities to reduce costs without sacrificing the quality of education. For example, negotiate bulk purchase agreements for fixtures or explore energy-efficient options to realize significant savings over time.

### 3. Technology Integration

Technology saves time and improves accuracy. Schools can automate repetitive tasks such as data entry and generate accurate financial reports in minutes using accounting software. One of the important tasks at the end of the school year for business managers is to assess the technology solutions they use and choose accounting software for their school. The software should be user-friendly and easy to learn by all employees and faculty. Additionally, look for software that integrates well with other systems used in schools, such as student information systems and payroll software. The software offers features specifically designed for educational institutions and can simplify your financial accounting process.

### 4. Generating and Managing

Revenue School districts need a constant stream of revenue to cover expenses and provide a and transparent, ensuring that funds are allocated to the areas that matter most. Implementing a robust financial management system and reviewing financial statements regularly can help identify areas that need to be adjusted.

### **Solutions**

#### 1. Wise Budget Management

Prioritize spending to enhance the quality of teaching and learning. There are always ways to optimize the use of a limited budget.

#### 2. Flexibility in Planning

Develop flexibility within strategic plans to adapt to policy changes, allowing institutions to adjust more effectively.

#### 3. Continuous Professional Development

Ensure that staff and faculty receive the necessary training and development to meet changes in education and technology.

#### 4. Careful Use of Technology

Implement educational technology with a well-defined strategy to ensure it aligns with learning objectives.

#### 5. Enhancement of Student Services

Focus on student welfare services, including mental health support, to foster a more supportive educational environment.

Confronting challenges in educational administration is crucial for maintaining quality and operational efficiency within educational institutions. With thoughtful strategies, these institutions can continually develop student potential, adapt to changes, and lead in the field of education. Addressing the challenges of educational administration requires effective and adaptive strategies. In this context, schools employ a comprehensive approach to ensure students receive the best education to develop the necessary skills for the workforce, supported by highly competent and experienced teachers in their fields.

### **Main Challenges in Educational Administration**

1. **Limited Budget:**One of the main challenges in educational administration is managing resources with a limited budget. Funding constraints can impact facilities, teaching, and staff development.
2. **Changing Education Policies:**Constantly changing education policies can create uncertainty in long-term planning and curriculum development.

3. Teaching Quality: Maintaining the quality of teaching and learning is a priority, but it often faces obstacles, such as differing understandings of effective pedagogy.
4. Educational Technology: Integrating technology into learning is an evolving challenge. While technology can enhance efficiency, its misuse can introduce new problems.

Student Welfare Services: Enhancing student welfare services and emotional support is becoming increasingly important as the demand for mental well-being rises.

## CLOSING

### Conclusion

School financial administration is a process that involves recording and controlling finances responsibly, honestly, and efficiently to achieve school goals optimally. Financial management includes the excavation and management of funds, as well as financial supervision and control carried out through planning, organizing, directing, coordinating, and supervision. The goal of school financial management is to achieve efficiency in the use of funds, transparency in the use of the budget, and minimize budget abuse, so that the school's financial condition can be more stable. Financial planning involves setting goals, detailing goals in an educational program, determining human and material resources, and carefully drawing up budget estimates.

## REFERENCES

- L.Sutansyah, 2023, *Pembiayaan Pendidikan : Urgensi, Tantangan, dan Solusi*, Jurnal Pelita Nusantara, Vol.1.No.2, hal.221;226
- Nuryati, T. (2018). *"Pengelolaan Keuangan Sekolah."* Jurnal Manajemen Pendidikan, 7(1), 45-60.
- NS. Saffanah, 2024. *Administrasi dan Supervisi Pendidikan*, Universitas Negeri Padang.
- Perni.Nyoman, 2018, *Tantangan dalam Manajemen Sekolah Dasar*, Jurnal Pendidikan Dasar, Vol.1, No.1,
- Rizki, F. & Handayani, S. (2021). *"Analisis Pengelolaan Keuangan Sekolah: Tantangan dan Solusi."* Jurnal Pendidikan dan Kebudayaan, 6(3), 213-228.
- Supriyanto, E. (2020). *"Tantangan Pengelolaan Administrasi Keuangan Sekolah di Era Digital."* Jurnal Akuntansi dan Pendidikan, 9(2), 112-125