

## RETHINKING FINANCIAL MANAGEMENT IMPERATIVES IN NIGERIAN UNIVERSITY THEATRES

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### ABSTRACT

The issue of financial management in Nigerian University theatres has become a crucial one in Nigeria today, and can not be glossed over. This is because the management of the Department of Theatre Arts/Performing Arts are crying of inadequate funding, and want the University authorities to increase its budgetary allocation to ensure sustainability. In wake of poor funding, University theatres ought to and should be thinking of becoming economically viable and source for generating additional revenues for the university and other investments opportunities. Undoubtedly, human resources alone are not adequate to effectively manage the University theatres. Perhaps, there is need for adequate finances to enable it stay afloat. Thus, financial management which is the bedrock of success in any organization becomes imperative in the management of University theatres in Nigeria. This paper is aimed at establishing the need to recognize and employ a good financial management system in running University theatres in Nigeria. In the process, the paper examines the potency of a good financial management system in managing University theatres in Nigeria, using the observatory, participatory and descriptive research methodologies. The paper offers some recommendations and concludes that the application of a good financial management system would ensure the proper management of the finances of the University theatres in Nigeria, and guarantee it sustainability.

**Keywords:** Rethinking, Imperatives, Financial Management, University Theatre, Nigeria.

## Introduction

Finance is the life of most public organizations to which Nigerian university theatres belong. In rethinking about the management of University theatres in Nigeria, it should be in structure to spare a thought on financial management practice with a view of exploring possible financial system towards its sustainability. Financial management is *sin qua-non* to the success of any organization, private or public, small or big. We are aware that the University theatres in Nigeria are basically educational theatres which rely on the University management for funds to execute its planned programmes and activities. Our interest in this discourse is motivated by the absence of a sound financial management system in Nigerian University theatres. Specifically, a reliable internal control system, perhaps, this may have been responsible for the recurrent misapplication and misappropriation of available funds, as well as the refusal of the University authorities to adequately fund the University theatres in Nigeria. More so, the doctoral experiences of one of the authors of this paper, Charles U. Adora with his classmates in the University of Calabar (2001-2008) shows that there is prevalence argument among performing artists in the academics and actor trainees that there are no adequate finances to warrant bogus financial management practices in Nigeria University Theatres. More so, the experienced of the first and third authors of this paper as performing artists in the academics from 2005 to date convince us to debunk the above idea.

As a rejoinder, this discourse avers that contemporary, no responsible organization no matter its size operates without a good financial management system. We also observed that the Nigerian University theatres are speedily expanding in academic activities which are becoming more complex and in need of more funds in the wake of the present global economic melt down. Our research further convinces us that running a University theatre demands a great deal of prudence, transparency and accountability in the use of scarce finances entrusted to the leadership of these theatres arts. If the argument of poor funding of University theatres in Nigeria is accepted, the question however, remains: are the little funds gotten properly managed? Our concern in this discourse is also spawned by the current agitation for the remodeling of our theatres to be economically viable. We agree with Akinwale's (1999:97) argument that the theatre is a viable business industry. He argues that the only first truly commercial professional theatre in Nigeria was the University of Ibadan performing company, founded in 1982. However, the theatre collapsed as a result of expenditure over weighting income. We believe that there was faulty financial management practice, particularly faulty budgetary practice. Clifford's (1973: 100) warning on the budget policy for educational theatre management is particularly applicable in this regards: thus,

*The budget policy for educational theatres should be to follow a balanced budget to pay, through earned income, all usual production expenses... keeping this policy in mind as a goal should strengthen the arms and standard of the educational theatres.*

Our University theatres have the potentials to operate as viable business ventures if a good financial management practice is put in place. Perhaps, in the wake of poor funding and the desire to be economically viable, many University theatres should be thinking of exploring other means of generating additional revenue from other sources. Technically, the challenges of the management of all the processes associated with the efficient acquisition and development of both short and long term financial resources would emerge in the theatres studied. Perhaps, the need for a good financial management system would arise and therefore becomes imperative. This study therefore proposes a good and effective financial management system for the University theatres so as to ensure their sustainability and progressive development.

## THE CONCEPT OF UNIVERSITY THEATRES AND FINANCIAL MANAGEMENT

Contextually, university theatres are basically educational theatres as sponsored by the Universities in Nigeria. University theatres are molded to offer vocationally oriented pre degree, undergraduate and graduate theatre programs. These theatres as found in University campuses are charged with the responsibility of training and producing high level manpower for the development of the individual and the nation (Langley 1974, Nwamuo 1980). At present all the University theatres in Nigeria offer BA in theatre, and about 80 percent offer MA and Ph.D in theatre. On one hand, the University theatres are warehouse of knowledge, subscribing to the teaching, research and dissemination of existing and new information to serve humanity. On the other hand, the University theatres in Nigeria strive to preserve, promote and present aesthetic values of theatre purposefully to entertain audiences (Nwamuo 1980). Nwamuo further argues that the theatres studied are cultural centres expected to promote cultural activities, cultural awareness, cultural values and aesthetics in the interest of national unity and development, national consciousness and social cohesion. To this end, the Philosophy and objectives of University theatres are legends, namely:

- (a) To meet the challenge of the complex, diverse and some times conflicting cultural demands of our changing society.
- (b) To provide depth and breath in the theatre curriculum
- (c) To show evidence of distinguished scholarships and academic excellence
- (d) To make a significant contribution towards the enlighten mankind as a major contribution to National development (Nwamuo 1980: 41).

The Nigeria University theatres desirous to meet these challenges and many more openly subscribe to make drama a living tradition in which the past is revisited in the present and in the category the presentation of contemporary plays on stage beacons towards a promising future for mankind (Nwamuo 1980:41). In the process, the theatres in our University campuses acquire and deploy human, material and financial resources in executing their planned academic and professional programmes and activities as well as artistic productions. To this end, the appropriation of funds and planning of operating expenditure are expected to be considered as unavoidable financial strategies by managers in University theatres. It becomes desirable to think of various ways of designing, installing, and operating a viable system of financial management. Clifford (1973) comments are particularly note worthy in this regard.

*No one can deny that the professional, commercial theatre must operate in a business like manner, a few will deny that most amateur... but must also attend to the commercial aspects with equal vigor. In the same way, but smaller scale, educational theatres must also spend time, energy, and devotion on the commercial aspect of production. Materials must be purchased, tickets must be sold, money collected and deposited, records kept, and a budget prepared and adhered to.*

The concept of financial management is also relevant to this study. In the book *Principles of Accounting and Finance*, Davies and Boczko (2005:13) define financial management as the management of all the processes associated with the efficient acquisition and deployment of both short and long term financial resources. They argue that financial management has its roots in accounting and it is an unavoidable financial practice in any organization irrespective of it size.

Financial management assists an organization's operations management to reach its financial objectives and achieve the overall aims and objectives of the organizations. Davies and Boczek further argue that financial management manifest in the operation of a finance unit or department in the organization. They further posit that the responsibility of the finance department for financial management includes; the setting up and running of reporting and control systems, raising and managing funds, the management of relationships with financial institutions, the use of information and analysis to advise management regarding planning, policy and capital investment. According to them, the overriding requirement of financial management is to ensure that financial objectives of the organization are in line with the interest of the shareholders; principally to maximize profit and wealth. The implication of this for this study is that if the University theatres must survive and grow, they must operate good financial management system in consistence with accounting principles and practice. In the words of Clifford (1973: 97)

*The Educational theatre manager also operates his theatre's economy activities in an intelligent, fiscally responsible manner; consistent with the sound financial management of the school, if like the family bread winner-realistically plans ahead and then sticks to those plan.*

### **The Challenges Posed by Non Existence of a Good Financial Management**

As result of the non-existence of a good and effective financial management, the University theatres have had to grapple with some challenges which are enumerated:

- (a) The non-existence of a good financial management system impedes the acquisition and deployment of funds.
- (b) More so, it would impede operational efficiency
- (c) It is important to add that financial transactions would be rarely captured and recorded. And so inhibits the detection of errors, fraud and prevention of corruption
- (d) There is the possibility of an individual undertaking entirely all the financial transactions without the involvement of other persons.
- (e) Cash and operational management may be jeopardized and specifically, policy planning and implementation, capital investment and the maximization of wealth would be an illusion.
- (f) All in all, the growth and development of some University theatres would be in snail speed.
- (g) There would be the dearth of financial information in the department of theatre arts/performing arts in Nigerian Universities.
- (h) The non-existence of a good financial management system would hinder investment decisions, and make the management ignorant about the financial condition of the theatre.

## Essential Components of a Good Financial Management System

The objective of this section is to explore the potency of the essential elements of a good financial management system with a view for recommending it in the management of the University theatres in Nigeria. According to Ideadu, (2005: 60),

*A good financial management system starts with a good internal control system that will safe guard the assets, check accuracy and reliability of the accounting data, promote operational efficiency and encourage adherence to prescribed policies. Such a system would include check and balance where one individual would may undertake entirely a financial transaction without involvement of other persons: a good system of recording that will ensure the capturing of all financial transaction... preparation of financial statements: a good budgeting system; fund management system as well as periodic financial review.*

A careful observer will observed that the above components of a good financial management system are rarely adhered to in most departments of theatre arts/performing arts in Nigerian Universities. Let us pause and examine deeply some of the essential components of a good financial management system.

### Internal Control System

In the Principles of Accounting, Pollards, Mills and Harrison (2007:297) argue that the most effective way for a business to prevent fraud is to eliminate the perceived opportunity for an employee to freely steal an asset or for a manager to report false financial information. This opportunity can be reduced through internal control system. Internal control system can be define as the internal plan of organization and all of the co-ordinate methods and measures adopted within an organization to safeguard its assets, check accuracy and reliability of it data, promote relational efficiency and effectiveness, and encourage adherence to prescribed policies (AICPA 1973, 27). Pollard, Mills, and Harrison (2007: 23) argue that every management of organization is responsible for designing and monitoring internal controls that make up the plan. According to Pollard, Mills and Harrison (2007, 297) internal control activities are the policies and procedures of an internal control system and vary from firm to firm. Common control activities include

- (a) Separation of duties: do not allow any one employee to be responsible for more than one of the following functions
- (b) Authorizing transactions
- (c) Maintaining custody of assets
- (d) Keeping accounting records

If University theatres should source for funds, generate income and deploy expenditure, and may think of investing surplus towards survival, then, there is need to put in place a good internal control system that would ensure operational efficiency and effectiveness. It has been observed that in most University theatres in Nigeria, an individual especially, the Head of Department of Theatre arts/performing arts control entirely the management of funds accruing to the department without involvement of other persons. Perhaps, this is among the reasons for the recurrent misapplication and misappropriation of funds in most our University theatres. So if the management of university

theatres in Nigeria must manage financial resources responsibly, promote accountability and reduce risk of fraud, then, it must employ the necessary elements or internal control activities. In this regards AICPA's (AICPA,1973) warnings becomes unavoidably necessary and applicable. It avers that to accomplish the objectives set forth in the definition of internal control, the necessary elements in any system of internal control must be applied, like:

- (a) A plan of organization which provides appropriate segregation of functional responsibilities
- (b) A system of authorization and recording procedures adequate to provide reasonable accounting control over assets, liabilities, revenues and expenses.
- (c) Sound practice to follow in performance of duties and function of each of the organizational departments.
- (d) A degree of quality of personnel commensurate with responsibilities.

In line with the above, there is need for the department of theatre arts/performing arts in Nigeria Universities to design and install a plan that would take charge of financial responsibilities. A system of authorization and recording procedures must be instituted to provide reasonable accounting over the income, expenditure, assets, and liabilities. The monopolization of financial responsibilities as practice by some Heads of Department must be challenged and replaced by a finance committee comprising of other staff whose duty is to take charge of the business and finances of the departmental programmes.

### **A Good Recording System**

It is truism that University theatres operate a measure of business activities and so engage in financial transactions almost on daily basis. Undoubted it receives something, and gives something in return. For any performance on stage, audience may pay cash by buying tickets at the gates. Pollard, Mills, and Harrison (2007:59-60) argue that every organization records business transaction daily and takes record of the assets (cash, accounts receivable, prepaid expenses etc), liabilities (account payable, accrued liabilities) as well as owner's equity (capital, withdraws, revenues and expenses). There is need therefore for appropriate recording system in Nigerian University theatres because it would provide historical records of financial dealings, financial standing, and the effective planning for the future. To this end, all financial transactions in the department of theatre arts/performing arts must be captured, recorded and receipt must be issued for all earn income and payment made. Clifford (1973:122-123) argues that all educational theatre managers must spend time, energy, and devotion in recording all earn income. According to him, in recording earned income during the season, the theatre manager should establish two income records namely; a master income ledger, and an income ledger for each income category. He further posit that a master income ledger should be kept to record all income during the season. It should be designed so that it can include all of the following:

1. The date income was received
2. The sources of income
3. The amounts of income
4. The total income receive
5. And the balance



He further argues that in addition to a master income ledger, which records the incomes received from all sources, it is necessary to keep ledger accounts for each income category. When income is posted to the master income ledger, it should be posted to the specific ledger.

In keeping records of expenses, Clifford (1973:185) further advises all educational theatre managers to always keep a separate ledger for each expense category in the budget. Each of the ledgers should record the following information for each purchase:

- (a) Date of purchase
- (b) Requisition number
- (c) Purchase order number
- (d) Amount of the purchase request to date
- (e) Amount of payment
- (f) Total amount of payments to date
- (g) The budget balance

It is painful to admit that these financial components of internal control system have not been met in some university theatres in Nigeria. To this end, record keeping should be a daily affair and should be balanced periodically to ensure that all transactions are captured in the theatres studied. Indeed, theatre managers (Heads of Departments) in Nigeria University theatres should learn to keep and provide all record financial transactions to date to ensure prudence, transparency and accountability in the use of financial resources.

### **Financial Statement**

Every business organization is expected to prepare a financial statement and present to the stakeholders of the organization. Financial statement shows financial information about a business. It is a historical and objective report that communicates financial information about business in monetary terms to its stakeholders and must follow the General Accepted Accounting Principles (GAAP). GAAP are the rules that govern financial accounting, the "Law" of financial accounting, and must be followed when preparing financial statement, (Pollard, Mills and Harrison (2007:6-7). They further argue that financial statement includes income statements, statement of owners' equity, balance sheet and the statement of cash flow. The significance of financial statement cannot be over-emphasized in business organization. Financial statement is the basis for organizational accountability. It allows stakeholders to make investment decisions. More so, it allows the stakeholders to determine the financial conditions of business. It helps managers plan, control and make decisions consistent with aims and objectives of the organization (Pollard, Mills and Harrison, 2007). The above argument is relevant to educational theatres management, globally. According to Clifford (1973:131) it is a good policy for everyone who has responsibility for receiving and spending money in theatre to periodically take stock of that money—that is to discover and report the financial condition of the concern. Regrettably, it has been observed that the challenges of financial statements are yet to be addressed in university theatres in Nigeria. To this end, the educational theatre managers should from time to time compile a financial statement of the theatre and present it to staff and the University management. It should contain an accurate and to date expenses and

income figures as well as the balance sheet. There is need for theatres managers in the theatre of our University campuses to periodically analyze or evaluate business transaction by presenting the results as financial statements to stakeholders of the theatre departments and the University management. And it must include income and expenditure accounts, statement of cash flows and the balance sheet. Perhaps the non-existence of financial statements does not give the stakeholders of the university theatres the opportunity to make investment decisions and to determine the financial condition of the theatre in their domain. Indeed, it does not offer the opportunity to plan ahead.

### **The Priority of Budget**

In the *Principles of Accounting and Finance*, Davies and Boczek (2005) identify budget as one part of the strategic management process in any organization. This is akin in theatre organizations, especially, in educational theatres, globally. Langley (1974: 207-262) argues that the idea of the theatre requires that certain fundamental questions be conceived and carefully formulated answers be provided before embarking on any theatre project. The question is: how much will it cost and how much will it earn? Langley argues that the answers to such questions are expressed through a careful knowledgeable guess, an estimation of the incomes and expenditure expressed in monetary terms: the budget.

Regrettably, it has been observed that the demands for effective budgeting are yet to be met in some Nigerian university theatres today. Most Nigerian university theatre managers believe that the traditional annual budget system is unsuitable and irrelevant and time wasting. Our insistence on the application of budgetary principles and practice is spawned from the fact that the educational theatre manager is expected to be involved in economic activities in an intelligently fiscally responsible manner consistent with sound financial management (Clifford 1973: 97-98). He adds:

*The basic purpose in preparing and following a budget is to operate in a fiscally responsible manner which is also consistent with all good educational management and administrative responsibility because every educational institution operates on a budget...if the school administration is to allocate funds to the theatre responsibly, it must have reliable estimates of the theatre's income, costs and expenses. The preparation of a theatre budget is therefore necessary, if only for administrative reasons.*

In this regard, university theatres managers in Nigeria should practice budgeting and adhered strictly to the budgetary processes if they must continue to receive funds from it management responsibly. The budgetary processes are preparation, approval, implementation and control. Significantly, it require the theatre managers in the department of theatre arts/performing arts in Nigerian Universities to state

- (a) The income the theatre anticipates it will earn and its sources
- (b) An estimate of the amount of money it will spend, specifically, how it will be spent and
- (c) The specific period of time for which the estimates are made.

The key benefits of a befitting budgetary practice in Nigeria university theatres would include



- (a) Force theatre managers (Head of Departments) to plan for the future.
- (b) Promotes, coordinates and communicate financial information and data within organization
- (c) Provide a benchmark for sourcing for revenue executing expenditure and evaluating performance target.
- (d) More so, it would serves as legal instrument for incurring income and expenditures.

Beside, it would help to provide a mechanism for ensuring efficiency, prudence, transparency, and accountability in the use of funds entrusted to the leadership of the theatres studied.

### **Fund Management**

It has been observed that the principles of fund management are rarely adhered to in some Nigeria university theatres. If we must preserve the educational entertainment values, and run the theatre as a viable business venture, then, we must employ fund management techniques in managing University theatres in Nigeria. The functions of fund management include to review and control decisions, to commit or recommit funds to new or ongoing uses. Fund management requires the.

- i. Supervision of cash receipt, payments, and safeguarding of cash balances
- ii. Custody and safeguarding of securities, insurance policies and other valuable papers.
- iii. Record keeping and reporting (Ezra 1969: 8; Idialu 2005: 66).

Idialu (2005: 66-67) further argues that fund and financial management require that the management of organization must see to it that funds are available to meet the organization's obligation and ensure efficient and effective use of funds. There is need for the management of University theatres in Nigeria to source for adequate funds and make reasonable decisions to commit or recommit such funds into profitable uses. We must institute a formidable mechanism for supervising cash receipts, payments, custodian and safeguarding financial papers. We must institutionalize and maintain the culture of keeping records and reporting all financial transactions to the appropriate authority.

All in all, investment and fund management decision must be taken and be implemented by the staff and management on the University theatres. Indeed they must jointly see to it that funds of the theatres studied are utilized in the most efficient and effective manner.

### **Periodic Financial Review**

Economist and accountants have devised periodic financial review techniques to suit the needs and peculiarity of every organization. The objective of periodic financial review includes

- (i.) To confirm the accuracy of accounts and statements
- (ii.) Detection and prevention of errors and frauds

It is painful to admit that the need for periodic financial review is yet to be adequately met in some University theatres in Nigeria. If the management of the University theatres studied must source

for funds and deploy expenditure adequately, then it should maximize financial review techniques to its advantage. Significantly, the theatres studied should appoint a financial reviewer like an internal auditor who would examine financial records, confirm the rationality of financial transaction, purchases, and the accuracy of accounts in the theatres studied. Such a person must be capable of detecting and preventing the occurrence of errors and frauds as well as raise audit alarm when necessary. Perhaps, these measures, if adequately followed, would reduce financial errors, fraud and promote accountability and efficiency in the financial management of University theatres studied in Nigeria.

### **Recommendations**

In realization of the role of financial management in the effective management and administration of any organization perhaps, the management of the Nigerian University theatres would benefit from employing a good financial management system if the following recommendations made here are adopted:

- i. If the University managements in Nigeria must continue to allocate funds to it theatres, then, internal financial management practices must be encouraged and institutionalized in the management of the theatres in our University campuses. To this end, University theatres managers should be charged with the responsibility of putting in place good internal control system in the administration of the theatres.
- ii. If we must employ a good financial management system, then, there is need for the management of the University theatres to embark on an aggressive means of generating additional revenue from other sources.
- iii. In this regards, the principles and practice of budgeting should strictly be adhered to. This would also encourage the University management to allocate the adequate funds to the department of theatre arts/performing arts or school of drama and music.
- iv. There is need to form finance committee and involve every performing artists in the academics in the management of the finances of the theatre. In this way, an individual would not undertake entirely the financial transactions of the theatre and this will help in reducing or preventing misapplication and misappropriation of fund.
- v. The presentation of financial statement to staff of the theatres studied should be legalized in Universities in Nigeria. To this end, all University theatres managers should be made to present the financial statement to the stakeholders annually or bi-annually.
- vi. Since Periodic Financial Review is *sin qua non* to detection and prevention of errors, the management of the Nigerian University theatres should employ or deploy a financial reviewer to confirm accuracy of account, financial transactions, detect and prevent fraud in the theatres of our University campuses in Nigeria.
- vii. There is need to offer basic financial training to managers of Nigerian university theatres and this can be achieves by restructuring the curriculum of theatre departments to include courses in financial management.

## Conclusion

The need for departmental budget for theatre departments is underscored by the fact that resources available to government for the provision of the various needs of the citizens are limited and therefore must be effectively used and accounted for by means of a sound financial management practice. According to Onah (2005), budgeting is the nerve of government. In this study, we have examined the concepts of University theatres and financial management. We have also x-rayed the challenged posed by non existence of a good financial management system in Nigerian University theatres. We have also looked at the essentials of good financial management components and it benefits in the running of University theatres in Nigeria. We have proffered some recommendations. Whereas poor funding of University theatres in Nigeria is not in doubt, we should endeavour to direct our energies towards generating additional revenues from other sources. Specifically, we must focus attention on making the theatres studied to be viable business ventures, and maximize profits or wealth. In this regards, the applications of a good financial management system should be our utmost priority, so as to ensure proper management of the financial resources of the University theatres, and guarantee it sustainability.

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