FINANCIAL ACCOUNTABILITY AND TRANSPARENCY IN COMMUNITY SCHOOLS: A CASE OF LALITPUR METROPOLITAN CITY

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A Dissertation

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AN ABSTRACT

of the dissertation of *Narendra Dangol* for the degree of *Master of Philosophy in Development Studies* was presented on *16 January 2026* entitled *Financial Accountability and Transparency in Community Schools: A Case of Lalitpur Metropolitan City*.

APPROVED BY

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Poor accountability and transparency in school is one of the critical challenges of Nepali education system. This dissertation critically examines the implications of appointing local government's executive authority holder, mainly ward chairpersons as the executive chairpersons of School Management Committees (SMCs) on financial accountability and transparency in community schools within Lalitpur Metropolitan City (LMC), Nepal. The research is situated within the context of Nepal's federal transition, which decentralized education governance at the local level. Utilizing a qualitative case study methodology across three representatives LMC community schools, the research gathered data from head teachers, municipal officials, ward chairpersons, and parent representatives followed by an analysis of key policy documents, including the Local Government Operation Act 2074 (2017) and LMC- Education procedure, 2076 (2019).

The findings reveal a dual effect of this governance model. On the one hand, the political authority of the ward chairperson has demonstrably strengthened formal financial management and upward accountability. Schools exhibit greater procedural compliance with LMC financial regulations, leading to improved financial reporting and budgetary conformity. This outcome is primarily driven by the ward chairperson's direct link to resource allocation and regulatory enforcement at the municipal level.

On the other hand, this study challenges the assumption that decentralization generally enhances downward accountability. The findings suggest that appointing political agents (ward chairs) as SMC chairs effectively re-centralizes power, shifting authority from administrative bureaucracies to local political networks rather than empowering the community. Additionally, the study highlights a critical gap between procedural compliance and genuine empowerment, demonstrating that transparency mechanisms (like social audits) do not equate to democratic governance unless accompanied by actual decision-making power. Ultimately, while the Constitution mandates local management of education, delegating this authority to ward chairs undermines the spirit of federalism. Instead of fostering community ownership, this practice effectively re-centralizes power, shifting control from parent's representatives to the political party's extended networks. The result is a system that excels at financial reporting but ignores the interest of parents and students.

On the other hand, the study reveals significant weaknesses in downward accountability and substantive transparency. The concentration of power creates a structural conflict of interest, where the primary resource allocator also acts as the school's chief executive authority, weakening the effectiveness of the accountability loop (Principal–Agent theory). Further, while there is an increase in formal disclosure (procedural transparency) through mechanisms like the annual social audit, the information often remains incomprehensible to the community, resulting in a participatory deficit. The system prioritizes financial compliance with the municipal government over performance accountability to parents and students regarding academic quality.

It recommends urgent policy interventions, including the separation of the ward chairperson's roles in school management to resolve the conflict of interest and the institutionalization of capacity building to enhance community financial literacy, thus transforming transparency from a mere ritualistic disclosure into a tool for genuine community empowerment.

.... 16 January 2026

Narendra Dangol

Degree Candidate

शोधसार

विकास शिक्षामा दर्शनशास्त्रको स्नातकोत्तर डिग्रीका लागि नरेन्द्र डंगोलको शोधप्रबन्धको शिर्षक "सामुदायिक विद्यालयहरूमा वित्तीय उत्तरदायित्व र पारदर्शिता: ललितपुर महानगरपालिकाको अध्ययन" २ माघ २०८२ मा प्रस्तुत गरिएको थियो ।

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राजकुमार ढुंगाना, पीएचडी

शोध निर्देशक

नेपालको शिक्षा प्रणालीमा वित्तीय उत्तरदायित्व र पारदर्शिताको अभाव एक गम्भीर चुनौतीको रूपमा विद्यमान छ। यस शोधप्रबन्धले ललितपुर महानगरपालिका अन्तर्गतका सामुदायिक विद्यालयहरूमा स्थानीय सरकारका कार्यकारी प्रमुख, विशेषतः वडा अध्यक्षहरूलाई विद्यालय व्यवस्थापन समिति का कार्यकारी अध्यक्षका रूपमा नियुक्त गर्ने अभ्यासले विद्यालयको वित्तीय उत्तरदायित्व र पारदर्शितामा पारेका प्रभावहरूको समालोचनात्मक विश्लेषण गरेको छ। अध्ययन नेपालमा संघीय संरचनाको कार्यान्वयनसँगै शिक्षा शासन स्थानीय तहमा विकेन्द्रित भएको सन्दर्भमा आधारित छ।

तीन प्रतिनिधि सामुदायिक विद्यालयलाई समेटेर गरिएको गुणात्मक केस अध्ययन पद्धतिमार्फत प्रधानाध्यापक, महानगरपालिकाका पदाधिकारी, वडा अध्यक्ष तथा अभिभावक प्रतिनिधिहरूसँग अन्तरवार्ता लिइएको छ। यसका साथै स्थानीय सरकार सञ्चालन ऐन, २०७४ तथा ललितपुर महानगरपालिकाका शिक्षा सम्बन्धी कार्यविधि जस्ता नीतिगत दस्तावेजहरूको विश्लेषण गरिएको छ।

अध्ययनका निष्कर्षहरूले उक्त शासन मोडेलका द्विविधापूर्ण प्रभावहरू उजागर गरेका छन्। एकातर्फ, वडा अध्यक्षको राजनीतिक अधिकार र महानगरपालिकासँगको प्रत्यक्ष पहुँचले विद्यालयको औपचारिक वित्तीय व्यवस्थापन तथा माथिल्लो तहप्रतिको उत्तरदायित्व (Upward Accountability) सुदृढ भएको देखिन्छ। यसका कारण विद्यालयहरूले महानगरपालिकाका वित्तीय नियम, प्रतिवेदन प्रणाली र बजेटीय मापदण्डहरूको बढी पालना गरेका छन्।

तर अर्कोतर्फ, यस अध्ययनले विकेन्द्रिकरणले स्वाभाविक रूपमा तल्लो तहप्रतिको उत्तरदायित्व (Downward Accountability) सुदृढ गर्छ भन्ने मान्यतालाई चुनौती दिएको छ। वडा अध्यक्षलाई विद्यालय व्यवस्थापन समितिको अध्यक्ष बनाउँदा शक्ति पुनः स्थानीय राजनीतिक सञ्जालतर्फ केन्द्रित भएको देखिन्छ, जसले समुदायको सशक्तीकरणभन्दा राजनीतिक नियन्त्रणलाई बल दिएको छ। सामाजिक परीक्षण (Social Audit) जस्ता पारदर्शिता संयन्त्रहरू औपचारिक रूपमा सञ्चालन भए तापनि ती समुदायका लागि

बुझ्नयोग्य नहुँदा वास्तविक सहभागितामा कमी देखिन्छ। यसरी वित्तीय प्रतिवेदनमा केन्द्रित प्रणालीले शैक्षिक गुणस्तरप्रतिको उत्तरदायित्वभन्दा प्रशासनिक अनुपालनलाई प्राथमिकता दिएको पाइन्छ।

अध्ययनले थप रूपमा शक्ति केन्द्रिकरणका कारण उत्पन्न हुने संरचनात्मक हित–संघर्षलाई उजागर गरेको छ, जहाँ स्रोत विनियोजन गर्ने व्यक्ति नै विद्यालयको प्रमुख कार्यकारी अधिकारधारी हुनु प्रधान–प्रतिनिधि सिद्धान्त (Principal–Agent Theory) अनुसार उत्तरदायित्व चक्रलाई कमजोर बनाउने कारक बनेको छ। परिणामस्वरूप, प्रणालीले वित्तीय प्रतिवेदनमा दक्षता देखाए पनि अभिभावक र विद्यार्थीको हितलाई पर्याप्त रूपमा सम्बोधन गर्न सकेको छैन।

यस अध्ययनले नीति स्तरमा तत्काल सुधार आवश्यक रहेको निष्कर्ष निकालेको छ। विशेषतः विद्यालय व्यवस्थापनमा वडा अध्यक्षको भूमिकालाई पुनः परिभाषित गर्दै स्वार्थको द्वन्द्व अन्त्य गर्नुपर्ने, साथै समुदायको वित्तीय साक्षरता अभिवृद्धि गर्ने संस्थागत संयन्त्र विकास गर्नुपर्ने सिफारिस गरिएको छ। यसरी पारदर्शितालाई केवल औपचारिक खुलासाबाट बाहिर निकालेर समुदाय सशक्तीकरणको वास्तविक उपकरणका रूपमा विकास गर्नुपर्ने आवश्यकता औंल्याइएको छ।

.... २ माघ २०८२

नरेन्द्र डंगोल

उपाधी उम्मेदवार

मूति

विकास अध्ययन विषयस दर्शनशास्त्र (Master of Philosophy in Development Studies) या उपाधिया निर्तिं नरेन्द्र डंगोलं न्ह्यब्वयादीगु शोधप्रबन्ध "सामुदायिक ब्वनेकुथिइ वित्तीय उत्तरदायित्व व पारदर्शिता : यल महानगरपालिकाया अध्ययन" नेसं. ११४६ पोहेलागा त्रयोदशी, विसं २०८२ माघ २ गते न्ह्यब्वःगु जुल ।

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राजकुमार ढुंगाना, पीएच.डी.

शोध निर्देशक

नेपाःया शिक्षा प्रणालीइ ब्वनेकुथिस्तरया वित्तीय उत्तरदायित्व व पारदर्शिताया कमजोरी छगू गम्भीर हाथ्या जुयाच्वंगु दु । थुगु शोधं स्थानीय सरकारया कार्यकारी अधिकार धारण यानातःपिं जनप्रतिनिधि विशेष यानाः वडा अध्यक्षयात ब्वनेकुथि व्यवस्थापन समितिया कार्यकारी अध्यक्ष नियुक्त यायेगु ज्यां यल महानगरपालिका दुनेया सामुदायिक ब्वनेकुथिइ वित्तीय उत्तरदायित्व व पारदर्शिताय् लाकूगु लिच्वःया समालोचनात्मक अध्ययन याःगु दु । नेपाः संघीय संरचनाय् हिलेधुंकाः शिक्षा प्रशासन स्थानीय तहय् विकेन्द्रीकृत याःगु सन्दर्भय् थ्व अध्ययनआधारित खः ।

स्वंगू प्रतिनिधि सामुदायिक ब्वनेकुथिइ आधारित गुणात्मक केस अध्ययन पद्धतियात नालाकाःगु दु । तथ्यांक मुंकेगु निंतिं प्रधानाध्यापक, महानगरपालिकाया शिक्षा अधिकारी, वडा अध्यक्ष व अभिभावक प्रतिनिधिपिंलिसे अन्तर्वार्ता काःगु खः । नापं स्थानीय सरकार संचालन ऐन, २०७४ व यल महानगरपालिकाया शिक्षा कार्यविधि थेंज्याःगु नीतिगत दस्तावेजया विश्लेषण याःगु खः । अध्ययनया लिच्वलं थुगु शासन

संरचनाया द्वैध प्रभाव क्यंगु दु । छखे, वडा अध्यक्षया राजनीतिक अधिकारं औपचारिक वित्तीय व्यवस्थापन व च्वय्या तहप्रति उत्तरदायित्व सुदृढ जूगु खनेदु । ब्वनेकुथिं महानगरपालिकाया वित्तीय नियमत अप्वः प्रक्रियागत अनुपालना याःगु खनेदु, गुकिं वित्तीय प्रतिवेदन व बजेट कार्यान्वयनय् सुधार जूगु दु । थ्व अवस्था मुख्यतः वडा अध्यक्षया स्रोत विनियोजन व नियामक संरचनालिसे तप्यंक स्वापूया हुनिं सम्भव जूगु खः ।

तर मेखे, थ्व अध्ययनं विकेन्द्रीकरणं स्वतः हे डाउनवर्ड उत्तरदायित्व सुदृढ याइ धैगु मान्यता हाथ्या बियाच्वंगु दु । वडा अध्यक्षयात अध्यक्षकथं नियुक्त यायेगु ज्यां प्रशासनिक संयन्त्रं शक्ति चीकाः स्थानीय राजनीतिक सञ्जालय् पुनः केन्द्रीकरण याःगु खनेदु । थुकिं समुदाययात सशक्त यायेगु स्वयां नं निर्णय यायेगु अधिकारयात राजनीतिक संरचना दुने हे सीमित याःगु दु । नापं, सामाजिक लेखापरीक्षण थेंज्याःगु पारदर्शिता संयन्त्र प्रक्रियागत रूपं न्ह्यानाच्वंसां नं इमिसं वास्तविक निर्णय-सहभागिता सुनिश्चित मयाःतले लोकतान्त्रिक सुशासन सुदृढ मजुइगु खनेदु । नेपाःया संविधानं शिक्षा व्यवस्थापनया जिम्मेवारी स्थानीय तहयात ब्यूसां वडा अध्यक्षमार्फत कार्यान्वयन याइबलय् संघीयताया मर्म कमजोर जुइगु खनेदु । थ्व ज्यां अभिभावक प्रतिनिधिया भूमिकायात सीमित यानाः राजनीतिक दलया विस्तारित सञ्जालय् शक्ति केन्द्रित याःगु खनेदु । लिच्वःकथं, प्रणालीं वित्तीय प्रतिवेदन व अनुपालनय् दक्षता क्यंसां अभिभावक व विद्यार्थीया हित व शैक्षिक गुणस्तरय् कार्यसम्पादन उत्तरदायित्वयात प्राथमिकता बीफयाच्वंगु मदु ।

अध्ययनं डाउनवर्डया उत्तरदायित्व व सार्थक पारदर्शिताय् संरचनागत कमजोरी दुगु लिच्वः लुइकुगु दु । स्रोत विनियोजन याइम्ह व्यक्ति थःहे ब्वनेकुथिया प्रमुख कार्यकारी अधिकृत जुइबलय् हित-संघर्ष ब्वलनाः उत्तरदायित्व चक्र कमजोर जूगु खनेदु । औपचारिक सुचं सार्वजनिक यायेगु ज्या जूसां समुदायं सुचं थुइके मफयाः

सहभागिता म्हो जुयाच्वंगु दु । थ्व प्रणालीं महानगरपालिकाप्रतिया वित्तीय अनुपालनयात प्राथमिकता ब्यूसां अभिभावक व विद्यार्थीप्रतिया कार्यसम्पादन उत्तरदायित्व गौण यानाब्यूगु दु ।

अन्तय्, अध्ययनं वडा अध्यक्षया दोहोरो भूमिकायात बिस्कं यानाः स्वार्थया द्वन्द्व न्हंकेमाःगु व समुदायया वित्तीय साक्षरता अप्वयेकेत संस्थागत क्षमता विकास ज्याङ्वः न्ह्याकेमाःगु नीतिगत सिफारिस याःगु दु । थुकिं पारदर्शितायात औपचारिक प्रक्रिया जक मखु वास्तविक समुदाय सशक्तिकरणया साधनया रूपय् रुपान्तरण यायेफइगु लिच्वः न्ह्यब्वःगु दु ।

२ माघ २०८२

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नरेन्द्र डंगोल

उपाधिया निंतिं उम्मेदवार

This dissertation entitled *Financial Accountability and Transparency in Community Schools: A Case of Lalitpur Metropolitan City* was presented by *Narendra Dangol* on *16 January 2026*.

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I understand that my dissertation will become part of the permanent collection of Kathmandu University Library. My signature below authorizes the release of my dissertation to any reader upon request for scholarly purposes.

……………………………   16 January 2026

Narendra Dangol

Degree Candidate

DECLARATION

I hereby declare that this dissertation is my original work, and it has not been submitted for candidature for any other degree at any other university.

…………………………… 16 January 2026

Narendra Dangol

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DEDICATION

I dedicated this dissertation to my late mother, Hira Maya Dangol. Her love, honesty, and wise advice have always inspired me. I also thank my father, Hira Narayan Dangol his work as an education campaigner continues to motivate and guide me in everything I do, both academically and personally.

And to my beloved wife, Aratee Khatri, and my precious daughter Alonsa Dangol for constant support, understanding and belief in my dreams.

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Narendra Dangol
Degree Candidate

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ABBREVIATIONS

AHSS	Aradhana Higher Secondary School
CBO	Community-Based Organization
CIAA	Commission for the Investigation of Abuse of Authority
CPA	Community Participation Approach
CSO	Civil Society Organization
EDCU	Education Development and Coordination Unit
EFA	Education for All
EMIS	Education Management Information System
FCGO	Financial Comptroller General Office
GoN	Government of Nepal
HT	Head Teacher
LGOA	Local Government Operation Act
LMC	Lalitpur Metropolitan City
MoEST	Ministry of Education, Science and Technology
MHSS	Mahadev Higher Secondary School
NGO	Non-Governmental Organization
NPC	National Planning Commission
OAG	Office of the Auditor General
PEFA	Public Expenditure and Financial Accountability
PTA	Parent–Teacher Association
RHSS	Rudreshwor Higher Secondary School
RTI	Right to Information
SESP	School Education Sector Plan (2022–2032)
SIP	School Improvement Plan
SMC	School Management Committee
SSDP	School Sector Development Plan
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNICEF	United Nations Children’s Fund
WEC	Ward Education Committee
WB	World Bank

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CHAPTER I
INTRODUCTION

Effective education governance is generally acknowledged to be an essential pre-condition in order to ensure a high standard of learning outcomes, an effective use of public finances, and equity in education (World Bank, 2019). However, in Nepal, the education sector is faced with a number of prevalent issues in relation to education governance, particularly in areas of institutional development, implementation of policies, and citizen engagement (Ministry of Education, Science & Technology [MoEST], 2019). These issues are most noticeable in community schools, which are the core of Nepal's primary education infrastructure.

Currently enroll approximately 70 to 75 percent of school-age children in Nepal despite the marginalized groups comprising the highest proportions of children found in community schools (MoEST, 2019). Despite the significance of community schools in expanding access to basic education, there are challenges associated with school management that directly influence the learning environments and financial management in these institutions. This leads to serious concerns about management of financial accountability and transparency.

Even with the apparently clear demarcation of the different roles and responsibilities of the different governance actors, such as School Management Committees (SMCs), Head Teachers, Parent-Teacher Associations (PTAs), and local governments, via the Education Act and the guidelines provided, the challenge of accountability still exists. The challenge here lies not with the lack of clarity in the rules, regulations, and guidelines, but from inconsistent understanding and implementation.

Due to this, a gap of accountability is caused by a lack of institutional capability, power imbalances in SMCs, political considerations in decision-making processes, and a lack of opportunities for genuine community engagement. For example, despite the mandate of SMCs to monitor financial decisions made, there is a lack of confidence and capability for parents and teachers to question financial allocations and procurement processes. The supervision of the local government focuses on the procedural aspects of accountability. Therefore, there is a level of transparency that is symbolic in nature.

Such governance challenges highlight the need to look beyond the level of policy and explore the realities of accountability and transparency at the school level. This knowledge is very important for improving community school governance and ensuring that the goal of school decentralization is achieved and enhancing the overall quality of teaching and learning.

Good governance in the education sector can ensure quality learning outcomes and effective use of resources in community schools and equal access to education for all. Despite that, the education system in Nepal faces serious issues in terms of governance in institutional capacity, policy implementation, and participation in community schools (MoEST, 2019). Community schools in Nepal, which provide education to the vast majority of children in the country which are also facing serious issues in terms of governance that impact educational outcomes.

In Nepal, there are accountability gaps found in community schools due to unclear role and definition within the governance structures of the SMCs. For instance, Nepal proposes that the poor governance found in schools of Nepal affects the performance of students adversely. SMCs are formed with the duties of planning, budgeting, and monitoring school activities but often find it difficult to define exactly what they do concerning accountability for teachers and school administrations (Adhikari, 2022).

Transparency challenges are particularly evident in financial management and academic performance evaluation of students. There are always challenges for community schools to maintain transparency in budgeting, budget allocation, and use of government grants. This affects transparency and trust among stakeholders (World Bank, 2021). Similar inconsistencies are common in assessing teacher performance and students' learning outcomes reduce the effectiveness of educational interventions (United Nations Educational, Scientific and Cultural Organization [UNESCO], 2020). Addressing these good governance, accountability, and transparency issues are essential to improving the students’ performance and learning outcomes of the community schools in Nepal.

Governance is defined as 'the way in which political, economic, and social power is put into effect to manage a country's relationships for development (Desai, 2013). In the context of education sector, governance conceptualized the political, economic, and social dimension of power exercise in schools. And the term 'good governance' comprises transparency, accountability, predictability, and participation’

(Asian Development Bank [ADB], 1999). So, as the definition suggest, good governance is vital in any institution, like school to run it smoothly and for the sustainability of it as well.

Democratically elected representatives are expected to be participatory, transparent, and accountable to the citizens. However, looking at the Nepal's democratic practices, the election system is largely captured by the political elite class both at the national and local levels. This study used neo-elitist theory to uncover the decentralized school governance in the inequal social condition of Nepal.

Within the school governance, financial accountability and transparency are the central points of discussion, most as many questions are raised on financial issues when one talks about governance. And it is considered as one of the most important responsibilities of school HTs and chairs of SMCs since 8th amendment (2016) of the education Act, 1971, which emphasized the decentralized management of community schools.

When we talk about the school leaders as one of the effective and member secretary of school management, they are considered as the 'hopeful change agents' as management for SMCs (Fullan, 2002). They are the ones who is responsible and committed to bringing about modifications in the structural conditions of schools in order to get positive changes as transparent school system. In other words, school Head Teachers (HTs) are responsible to initiate innovative management practices for the betterment of the children's learning and school effectiveness.

My avid interest in the issues of financial accountability and transparency of community schools emerged when I became a teacher at one of the community school in Lalitpur Metropolitan City (LMC) and after I joined as the program coordinator in the NGO called Loo Niva Child Concern Group working for Right to Education of Children in Nepal, this interest persisted. During working at Loo Niva, I had involved in a project called "Education Governance" and other various projects related to School Education and governance which tried to promote good governance practices in community schools in southern part of Lalitpur and Dadeldhura district. During the implementation phase of those projects, I observed immense financial challenges faced by community schools at project locations.

From my experience as Program Coordinator for the Education Governance Project run by Loo Niva, I saw both real hurdles and promising practices that feed directly into this study on financial transparency and accountability in community schools. One ongoing challenge was the very limited functional capacity of who is supposed to be governing the schools, especially SMCs, PTAs, and HTs. While these bodies were on paper, many of their members struggled to understand how to interpret financial guidelines, maintain records, and fulfil their financial responsibilities. Uncertainty over the respective decision-making roles severely constrained meaningful participation both in planning and oversight of spending.

A second problem relates to the lack of coordination between local authorities and educational bodies, especially at the early stages of federalism. Representatives of Metropolitan city, Head Teachers (HTs), and education offices often had unclear or overlapping mandates, leaving approval steps, the flow of funds, and responsibilities for identifying and addressing irregularities unclear. Furthermore, it was noted that there was a certain reluctance on the part of local political actors towards making their oversight activities more transparent when decisions involved financial elements that are very sensitive in nature. The project also demonstrated good practices that enhanced school governance and motivated me to write this dissertation.

Over time, many schools began to practice participatory planning like drafted of school improvement plan (SIP) in collaboration among HTs, Teachers, SMC members, and PTA members. This helped to build shared ownership of priorities and increased transparency in decision-making. At the same time, my study has been able to establish significant improvements in accounting practices within these schools. Particularly, these schools have started preparing income and expenditure statements, maintaining records of financial audit reports as well as intra-school monitoring. To a certain extent, SMCs have formed subcommittees in order to review financial reports, thus showing development in terms of the culture of accountability and transparency. The project also promoted regular communication between parents and school authorities, fostering trust and diminishing suspicion over resource utilization. The experiences have proven that accountability and transparency are not only embedded in rules but in continuous capacity-building, effective facilitation practice, and inclusive participation of stakeholders. Taken together, both the challenges observed during my study and learning derived from best practices have greatly influenced the rationale underpinning this current research, focusing academic inquiry into a thorough study of financial accountability and transparency in Lalitpur Metropolitan City.

In previous years, various concerns were constantly raised by the parents regarding the financial system in community schools. The Education (8th Amendment 2014) Rule 202, Section 30 of Nepal that a governing body is allowed to set up Social Audit committee for accountability and transparency as follow to evaluate the school activities has been organized by obeying education act and rule or not.

As development practitioner serving last 20 year, I have been working with more than 200 community schools for quality education and good governance in school education. I witnessed that it is not possible to get parent's support for quality education if there is no proper financial system in school and parents do not trust that the school management is using all resources for their children's best interest.

The Constitution of Nepal 2015 considers education as a basic right and gives power to local governments concerning basic and secondary education in relation to Schedule 8. Hence, it defines their roles in managing schools, recruiting teachers, and financial management (Constituent Assembly Secretariat [CAS], 2015). The Local Government Operation Act of 2017 reinforces this requirement for local governments to make and implement education policies, oversee school management and, promote financial management accountability. Moreover, in a similar manner, the Education Act of Nepal of 1971 defines SMCs, which are major governing bodies in school management, financial management, and resource generation (Government of Nepal [GoN], 1971). SMCs headed by an elected local government representative or a citizen in powerful positions such as a community head or parents have very important roles in budget approval, financial transparency, and governing community schools in general.

Nepal's constitutional provision to decentralise the power from the federal government to local in providing basic and secondary education through local level is a positive step. Yet, gaps exist between the constitutional provisions and the Education Act, as the latter retains certain centralized mechanisms, such as the District Education Development and Coordination Unit (EDCU) and centralized teacher recruitments and transfer system that are quite centralised which contradicts the decentralized model envisioned in the Constitution. In relation to public education, financial accountability and transparency can be defined in this context as accurate documentation of financial facts, allocation of funds, adherence to the bidding process, and submission of financial reports within a given time frame. Addressing these inconsistencies by harmonizing the Education Act with constitutional mandates is crucial to ensuring effective financial accountability and transparency in community schools.

Financial accountability is defined by the procedures, norms and, measures developed to ensure the efficient, legal, and priority-based allocation and use of public finances. In addition, financial accountability involves accountability and responsiveness, where financial decisions are justifiable to such authorities, parents, and the community. Enforceability is also part of financial accountability, which indicates financial measures have been violated, affecting finances used improperly (Independent Evaluation Group [IEG], 2007). Research shows financial accountability is effective and minimized risk, increases public trust, and improves service delivery, especially among countries implementing the process of decentralization (Bardhan & Mookherjee, 2006). In community schools, financial accountability is for good governance, where it ensures allocation of limited resources effectively. According to the author, it contributes to greater equity, transparency, and public trust (Brinkerhoff, 2004). In a decentralized system, such as Nepal, financial accountability measures are prescribed to prevent financial leakages and keep the school governance system intact.

Transparency on the governance of public education refers to the extent to which information on decision-making, resource allocation, and performance of institutions is accessible, understandable, and actionable by stakeholders. Transparency is characterized by the proactive disclosure of financial information, audit reports, procurements, and school plans to stakeholders, using accessible and comprehensible language (Fox, 2007). An important factor is not only information accessibility but also the level of openness and possibility of review and question of school authorities' decisions and activities by stakeholders, including parents, educators, and community members. According to governance literature, transparency is considered a critical underpinning value of accountability because it overcomes information asymmetry between governance and the governed and allows citizens to take part effectively and meaningfully in governance, including school governance (Mulgan, 2000). In specific relation to community schools, it allows stakeholders to monitor financial and administrative decisions and allows them to develop greater trust and little suspicion of abuse regarding school governance, which is important to Nepal, which is moving towards more decentralized and participatory governance.

Rationale of the Study

Accountability and transparency are among the principles underlying good governance, particularly with regard to governing public education systems. Good accountability structures can significantly reduce risk of mismanagement, grievances and improve public trust with regard to open decision-making and management of funds (World Bank [WB], 2014). In Nepal, there are continued concerns about corrupt practices, a lack of proper accountability structures and a lack of transparency that negatively impact management and performance in community schools.

The restructuring of the Nepalese constitution, post the 2015 Constitution, brought about a dramatic change in the governance of school education in Nepal by transferring significant powers to local governments. The right to education is guaranteed by the constitution in Article 31 and responsibility for basic to secondary education was entrusted to local governments in Schedules 8 and 9, jointly held by federal and provincial governments. Such a provision was further enforced by the Local Government Operation Act of 2017, granting local governments broader powers over school management including finance.

Despite the original intent of decentralization to improve the delivery of services, community participation and accountability, there are now complex political and administrative circumstances that have arisen in the governance of community schools. Among the reforms that have been undertaken is the addition of elected ward chairpersons to the School Management Committees (SMCs), as preserved in the Education procedure, 2076 (2019) of Lalitpur Metropolitan City. This system of governance has been the subject of national debate and challenge in court on the matter of the possibility of conflict of interest on the part of the elected ward chairpersons, who are both the political leaders and the heads of the governing body of the schools.

The proposed structure challenges to the traditional notions of governance, particularly those outlined in the principal-Agent Theory. The monitor and implementer become the same entity, which may weaken the instruments of accountability and ultimately, result in the loss of agency and elite capture (Bardhan & Mookherjee, 2006). As a result, there may be increased compliance with finance processes, yet diminished compliance with the demands of parents, educators, and communities.

This is because financial transparency is at the core of the problem. Public trust in the education sector is inseparably linked to the transparent handling of the resources allocated to the development of infrastructure, learning resources, scholarships, and operational costs. Despite the fact that the existing legal regime of Nepal, namely the Right to Information Act of 2007 and the Good Governance Act of 2008, emphasizes the importance of transparency, there is evidence to prove the lack of access to and understandability of financial information.

Lalitpur Metropolitan City (LMC) provides a very relevant backdrop to examine such dynamics. Being one of the most developed urban metropolitan cities in terms of administrative and governance structure in Nepal, LMC spans different types of urban and semi-urban community schools and is very proactive in executing the reforms of the decentralized governance structure of education. Thus, studying community schools in the context of LMC allows for an effective examination of the functionality of the mechanisms of accountability and transparency associated with the decentralized structure of education governance and alignment with the national policies designed through the School Education Sector Plan (SESP) 2022-2032 of Nepal.

However, there is very limited literature on micro-level financial accountability practices in community schools in Nepal despite the growing literature on community schools, decentralization, or educational governance reform. The present study attempts to fill this literature gap by analyzing the governance patterns, practices and dynamics surrounding community schools. It thereby adds to the existing literature on the implications of decentralization on educational accountability in public education.

The rationale of the study relies on the ability to provide evidence-based findings concerning the unintended outcomes of education sector decentralization, especially in relation to financial accountability and transparency. The results are expected to shed light on the refinement of policies, the enhancement of local-level governance practices and the design of participatory and morally sound accountability systems in the community schools.

Statement of the Problem

Lack of financial accountability and transparency within the community schools have adversely affected the provision of quality education in Nepal. The Constitution of Nepal 2015 has basically restructured governance along the principles of devolution of power of the state to the federal, province, and local levels, which mandates the respective local governments to take responsibility of basic and secondary education. Under Article 57(4), exclusive power is granted to local governments to release the functions listed in Schedule 8, which clearly holds ‘basic and secondary education’ under the heading ‘Exclusive Powers of Local Governments Generally.' This has been further supported by the most recent changes to the Education Act under section 2(2), which categorically assigns very broad management powers to School Management Committees (SMCs), and to municipals and rural municipals, ranging from school planning and budgeting to management and accountability on the part of teachers and utilization of government resources (GoN, 1971). Similarly, the Local Government Operation Act of 2017 gives effect to this legislation by authorizing the control and management of school finances, educational planning, audit, monitoring, support to teachers, and enforcement of governance.

Despite such strong legal and constitutional provisions, nonetheless, capacity gaps have existed at the local level, which has constrained the effectiveness of decentralization. According to the Transparency International, Office of the Auditor General (OAG), and Commission for the Investigation of Abuse of Authority (CIAA) sources, certain areas of weakness such as inadequate financial management, unorganized and unregularized audits, a lack of technical skills, and unorganized enforcement of government procurement procedures and community school governance exist (OAG, 2025). According to various sources, including the reports of OAG, considerable irregularities have been reported in several occasions, which not only concern the education sector but also occur at the municipal authorities.

Moreover, various CIAA sources indicate occurrences of financial and governance aberrations. These areas imply the possibility that, although having strong legal and constitutional backing, the capabilities of community school governance are not strong enough to implement the concept of transparency and accountability. Consequences of such governance gaps are far-reaching. Lack of financial accountability leads to risks of fiduciary governance, which adversely impacts community engagement and, consequently, the allocation of resources on an equal basis, ultimately affecting the learning environment of students. Empirical evidence confirms such an interrelationship.

As Asongu et al. (2014) found, a set of governance variables, including political stability, accountability, government effectiveness, and the control of corruption, applies a significantly positive influence on educational outcomes. In the case of Nepal, the gap between legal and governance capacity is a most urged concern. As such, despite the legal role of local governments and School Management Committees (SMCs) to ensure financial transparency and accountability, their existing governance capacity is adversely affected to fulfill such responsibilities effectively. This raises more urgent needs to explore such governance phenomena of financial accountability and transparency on the part of community schools, and further, the reality of governance under such decentralization initiatives, including Lalitpur Metropolitan City.

It is well known that while seeing quality of education in community schools, it is embarrassing day by day particularly the learning achievement. In terms of learning achievement, the national assessment of student achievement shows that it is below 50% in both levels i.e., in grade 5 and grade 8 where the School Sector Development Plan (SSDP) and School Sector Reform Plan (SSRP) target above 60% (Ministry of Education [MoE], 2016). Though the government has already practiced a grading system in Secondary Education Examination (SEE), also previously known as School Leaving Certificate (SLC), it is witnessed that the results or performances are still not up to the mark. According to the SEE result 2081, only 48,177 students among 438,896 scored grades between 3.6 and 4.0 GPAs, and surprisingly, 167,597 students are found in the 'Non-Graded' (NG), which is alarming and implies weak performance among them. This is more alarming because it is noticed that the Government has already allotted an amount of NPR 1,860.3 billion in the 2024-25 fiscal year, and among them, quite an amount is spent on the education system too. Yet, improvement in performance is not seen at all (KC, 2025).

This situation in education system raises several questions on functions and duties of its stakeholders especially SMC. Who are responsible for such debasing situation? I have observed and also different researches showed that parents and students are not invited and engaged in school management and governance. So, is this due to their lack of involvement? Mismanagement of school funds often results from weak collaboration between head teachers (HTs)s, school management committees (SMCs) and stakeholders, as well as a lack of financial skills. Schools in townships and rural areas particularly struggle due to limited financial expertise among SMC members.

While talking about the decision making in school education, one of the key factors that influence school effectiveness of community schools is the nature and quality of the leadership and school governance mechanism (Machumu & Kaitila, 2014). And when we talk about leadership, it's about HT and SMC but there is always a doubt on their understanding, competence, and preparedness in leading and managing the schools. And it might be because of a teacher being a HT without having required knowledge and leadership of how the school administration functions. Nor are SMC and its chair appointed on the basis of his/her expertise with. So, in that situation this study is to explore how effective our school leaders are in ensuring good school governance and monitoring of school management focusing on their financial accountability and transparency. Proper financial management is crucial for achieving quality and inclusive education.

Moreover, the betterment of school initiatives is not only the responsibility of the school heads, several other stakeholders like teachers, parents, and students also play a vital role. So, it is obligatory for a HT as member secretary of SMC to have a healthy relation with the stakeholders to get the contribution for developing the quality of school governance. But still the questions arise, are our school heads and other stakeholders aware about their roles and meaningful participation in the process of transparency and accountability to ensure good governance in school?

Furthermore, government of Nepal has transferred school management to local community since the implementation of the ninth plan (National Planning Commission, 1998) through 7th amendment of education act in 1971. This plan gave power to the representative of local community people in SMC who could ensure financial transparency and accountability in community schools. Obstinately to the government's noble decision, many communities managed schools are reported to have become breeding ground of corruption with local stakeholders fighting for the appointment of teachers and distribution of resources (Loo Niva, n.d.). Some studies have also indicated a complicated relationship between corruption and governance stating that corruption gives way for poor governance turn speed up corruption. Hence, all these concerns raise several questions like how school governing bodied formed? What interrupt school leaders to work to maintain good governance? In addition, how are SMC and PTA contributing to better financial accountability and transparency of schools?

Similarly, research findings (MoE, 2014) also revealed that the HT's role was found poor in maintaining financial discipline in the school as it is reported mostly that scholarship could not reach the real needy and targeted children from minority and disadvantaged communities as well as they do not have capacity and competence of keeping financial records. These examples depict weak system of governance and accountability in community schools. Hence, all these cases of irregularities and malpractices point out weak financial accountability in grass-roots level of education in absence of financial staff in school management (MoEST, 2019). These widespread problems of weak accountability and transparency lead to poor governance (Desai, 2013). Why is financial accountability so low in education sector, especially in community schools? Why do parents and SMC not take roles in financial management and accounting? I have also observed and witnessed the rituality of social audit in my neighborhood schools and financial audit of school is done at metropolitan city level. So, there can be several reasons behind all these regularities, but for me it can be because of the lack of financial knowledge among the HT and SMC, and poor follow up mechanism from Education division of Metropolitan city. Why are HT, SMC and other teachers not involve in school governance and financial management? And why is there domination of SMC Chair and HT in financial management and accounting of financial transactions in school? Why are there so many audit errors and irregularities reported in media? Why do SMC and HT not provide financial management training? Why do schools not have any guidelines and manuals for accounting, bookkeeping and, financial management. I was particularly interested in learning about the reasons why School Management Committee (SMC) are less informed and engaged in financial matters of schools as pointed out by Munakarmi (2015). She indicates that a lack of knowledge about budgeting and accounting, a lack of training, a lack of confidence among parent members, and a lack of transparency in financial information hinder increased participation. Additionally, her research has shown that financial control is highly centralized within school principals (Munakarmi, 2015).

Purpose of the Study

The Main purpose of this qualitative case study was to analyze the influence of elected local government representatives serving as SMC chairpersons on the practice of financial accountability and transparency in community schools.

This study specifically attempts to analyze the perceptions, processes, and practices of accountability as they operate in the context of the overall federal education system by focusing on the selected community schools from the Lalitpur Metropolitan City. By doing so, this study attempts to develop context-specific knowledge on the potential afforded by the political leadership in the context of school governance as well as shed some evidence on the existing policy discourses on decentralized education administration in Nepal.

Research Questions

I have formulated the following research questions based on the background above and problem statements:

a. How do the stakeholders perceive the effects in transparency and financial accountability of schools after the Local Government Representative became the SMC Chairperson?
b. How has the transparency and financial accountability of school been affected after the Local Government Representative became the SMC Chairperson?

Delimitation of the Study

This study strictly defines its focus to retain depth, nuance and technical integrity. To begin with, the study confined within the geographical limits of the Lalitpur Metropolitan City (LMC). Even though issues related to accountability and transparency within community schools are relevant at a country-wide level, this study was exclusively focus only on LMC owing to a unique policy setting, technical capabilities, and a specific framework for governing education within this locality. Hence, this study neither make claims that could be applicable everywhere within the country, including municipal or rural bodies, nor it make claims relevant at a larger level.

Second, the study was institutionally bounded to three purposively selected community schools in the LMC. These schools were represented semi-urban and peripheral areas of the Metropolitan City. Private and religious schools were not be considered, since their management, funding, and accountabilities vary greatly in comparison to the community schools.

Third, the study had a thematic demarcation in relation to the practices of financial accountability and transparency in the context of school governance. School governance, in addition to finance accountability and transparency practices, involves academic leadership, pedagogy, the outcomes of learning and the performance of educators. These aspects of school governance lie peripheral to the study. Learning outcomes and academic performance are referred to in relation to the processes of governance.

Fourth, the study was analytically constrained to the implications of the appointment of elected representatives to local government, especially the appointment of the Ward Chairpersons, to the position of School Management Committee (SMC) Chairpersons in particular and other matters necessary to be construed through contextual understanding.

Fifth, with respect to the participants, this study was limited to the major actors in school governance, which include head teachers, SMC chairpersons, some members of the SMC and PTA, municipal officials, and school accountants. The views of students, as well as society, will not be directly incorporated, both because this study will focus on decision-making, oversight, and financial management.

Finally, in terms of methodology, the research focuses on a qualitative case study. The research did not use any quantitative approaches like financial audits or massive surveys. Rather, the case study uses in-depth interviews in an interpretive manner alongside the evaluation of documents.

These limitations were purposively considered to ensure the work’s feasibility, analysis depth, and alignment with the goals. However, for the purposes of future investigations, the scope of research could be broadened to other municipalities, other types of schools, and/or combined methods.

Conceptual and Analytical Framework

Figure 1

Conceptual Framework

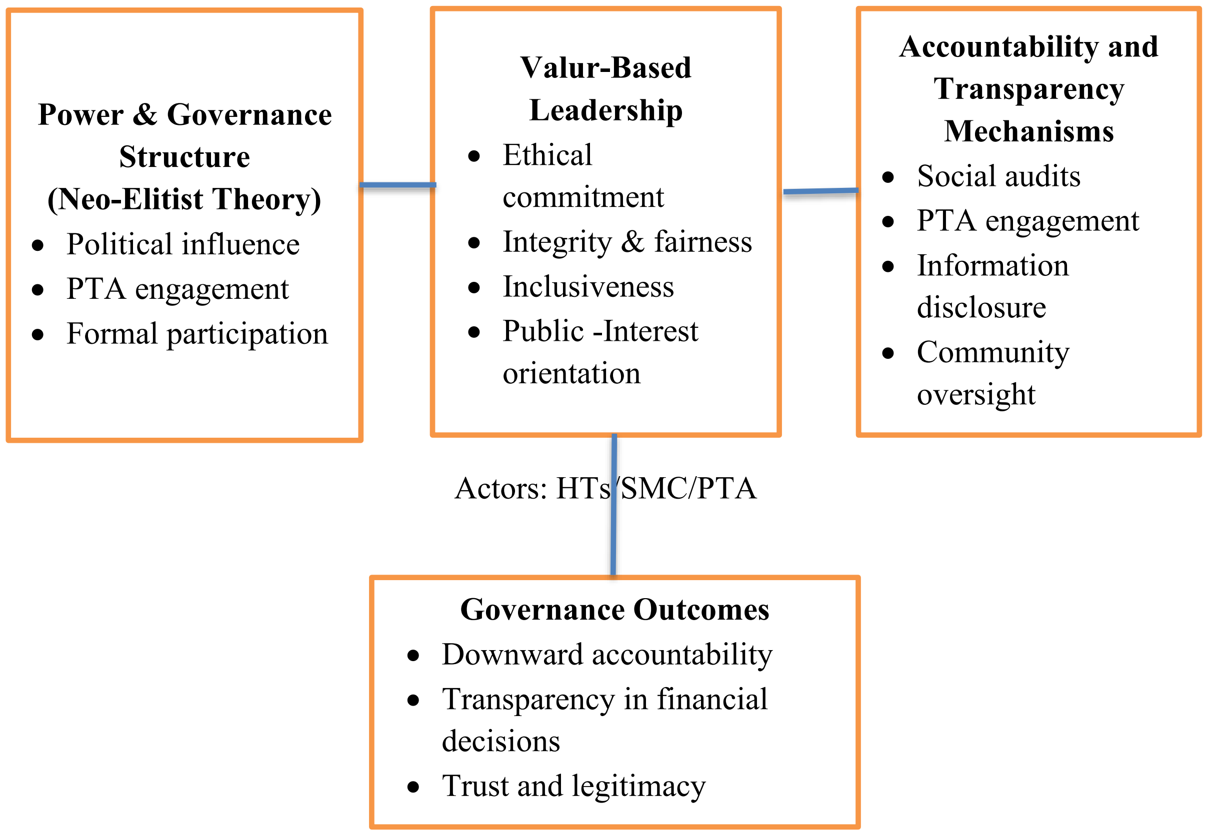

Figure 1. show an integrated conceptual framework for comprehending accountability and transparency in community school administration. It shows, in a clear way, how structures of authority, values of leaders, and rules that guide institutions come together in decision making. As demonstrated in the Neo-Elite theory, there is an agenda of authority and administration political clout, clout of elites in SMCs, and participatory arrangements that sets the scene in which decision making happens (Michels, 1911). However, in many situations, there are unbalanced relationships that do not enable parents and community to take part.

At its very core, value-based leadership provides a bridging role. It influences the way authority is used or exercised by those in charge, i.e., headmasters, SMCs, and PTAs. Focusing on various ethical and value-driven theories of leadership, this section emphasizes values such as integrity, ethical commitment, inclusiveness, and community-oriented driving or governing actual authority or leadership (Brown & Trevino, 2006; Burns, 1978). The actual assumptions made by the framework work on pre-established notions of values governing or driving the actual implementation or mere formal compliance of governance regulations.

The model also incorporates the principal-Agent Theory by linking leadership styles to accountability and transparency mechanisms, such as the social audit, PTA scrutiny, and information availability. As such, the gaps of information held by those who have duties and those holding rights are identified as a key impediment to accountability, whose scope can be expanded or shrunk according to a leadership focus (Jensen & Meckling, 1976).

Finally, the interaction between government structures and the value-based leadership produces tangible product of “downward accountability” that is enforced, the “transparency” of the school's finance, and the “trust” or “legitimacy” of the school in the community.

By synthesizing the three elements of the framework, the framework can demonstrate that the challenges of accountability are not simply a function of procedures or structures, but rather a function of the leadership's values and the “politics” that this leadership operates in as well.

Chapter Summary

In chapter I, the governance problems faced by community schools in Nepal are identified, and the rationale for studying financial accountability and transparency in the decentralized education sector is explained. With the guarantee provided by the Constitution of Nepal 2015, under Article 31(2), Article 57(4), Schedule 8, and Schedule 9, basic and secondary education is mandated under the control of the local government. Still, the conversion of such elements into effective governance has not yet been smooth. Although the Local Government Operation Act 2017 and changes to the Education Act, 1971 call for management of education planning, budgeting, and financial administration by the School Management Committee (SMCs) and the municipalities to take charge, various flaws persist.

The findings by Transparency International, Office of the Auditor General (OAG), and Commission for the Investigation of Abuse of Authority (CIAA) indicate missing elements of financial integrity, audit, and governance. Other studies (Asongu et al. 2014), which are more empirical, also show that strong governance, defined by elements of accountability, control of corruption, and government effectiveness, has a strong and positive effect on the quality of education. In light of the author’s professional experience working on an Education Governance Project, the chapter highlights difficulties and best practices in school finance management. These learnings illustrate why it is important to evaluate the effect of recent policy changes specifically, the mandatory appointment of Ward Chairs to chair the SMCs with respect to transparency and accountability.

To facilitate the study, also developed an integrated conceptual framework on the interrelation between accountability and transparency within the governance of community school administration, considering the interrelation between power structures, leadership values, and mechanisms. According to the Neo-Elitist Theory, the framework incorporates the structural effect of the political influences and dominance of the elite within the governance of the School Management Committees (SMCs. On the other hand, the moderating effect of leadership values is also integrated, which highlights the importance of values such as ethics, integrity, and public service orientation within the governance of the school administration, considering the values and leadership of the Head Teachers (HTs), the SMC, and the PTAs. According to the framework, which is based on the Principal Agent Theory, the values of the leadership have a moderating effect on the effectiveness of the mechanisms of accountability and transparency, considering the information asymmetry within the governance of the school administration. The chapter concludes by identifying the purpose and research questions of the study, underlining the relevance of examining governance practice at Lalitpur Metropolitan City (LMC) to shed light on education sector reforms in Nepal.

CHAPTER II
LITERATURE REVIEW

This chapter is an overview of financial accountability and transparency in community schools and an exploration of past literatures. The literature review supports to understand different models and the corresponding conceptual framework. The scope of the literature review helps to the work to finding theories related to my research. The existing literature investigation reveals a significant gap of the research related to the transparency and accountability in schools.

The chapter explains that the applicable theory for this study is neo-elitist theory. The theory is a more sophisticated framework that explains the dominance of governance in a democratic order by the political administrative elite. In the context of the Nepali educational scenario, the mandatory nature of the ward chairperson being the chairperson of the School Management Committee (SMC) in a federally governed country establishes the dominance of the elite in the community schools. According to the theoretical framework of neo-elitist theory presented in this chapter, there may be dangers of elite capture, conflicts of interest, lack of downward accountability, and selective transparency.

Conceptually, accountability and transparency appear to be co-dependent in supporting good governance of schools. Conceptualizations of transparency relate to the timely sharing of information and accessible to stakeholders. On the other hand, accountability refers to the combination of answerability, account-giving, and being held to account. Research indicates that transparency without account-giving merely gives rise to symbolic compliance. Additionally, account-giving without sharing information hardly achieves oversight. Research carried out in the context of Nepal makes one realize the existing gaps between the provisions of the act and practices (Nepal, 2022). This gap shows how formal accountability and transparency mechanisms in schools sometimes function more as formalities than as useful strategies that support stakeholder participation and institutional development.

The analysis of the policy review highlights that the Government of Nepal has a strong framework in place for supporting accountability and transparency in the country via the Good Governance Act, Right to Information (RTI) Act, Audit Act, Local Government Operation Act, or through plans in the education sector including

SSDP 2016 - 2023 and SESP 2022 - 2032 plans. But its implementation in the country faces strong challenges in terms of lacking capacity in the institutions, politicization in the governance of schools, overlapping in the authority to implement the act, or a lack of empowerment of the citizens in the municipalities. At the municipal level, case study in Lalitpur Metropolitan City (LMC) show the uneven implementation of SMC in the country. In general, the literature review highlights a research gap in the existing literature, while the governance policy stresses the need for decentralization, participation, accountability, and transparency. Very few empirical studies exist to critically analyse the influence of elite dominance in the context of the governance structure of the decentralized schools in terms of financial accountability and transparency. Through the combination of governance theories in the context of empirical research findings as well as policy guidelines, this chapter creates a strong backdrop for the current research, thereby justifying the application of the theory of neo-elitism to community schools in the context of LMC.

Theoretical Review

School governance is a paramount concern within the literature on education, and more so when the school systems are engaged in the process of decentralization and transformation. School governance defines the power relations, decision-making processes, distribution of resources, and accountability institutions within the school system (Bray, 2001; De Grauwe, 2005). During the last thirty years, the trend in school governance discourse, worldwide and also in South Asia, has been towards more participatory and locally controlled governance models. These models have been informed by the discourse of democratization, decentralization, community empowerment, and modernization. In Nepal, changes towards school governance intensified after the enactment of the 'Constitution of Nepal 2015,' which reformed power relations between the local government, school management committees, and the community.

This literature review is an integration of various governance theories regarding school governance and establishes the neo-elitist (democratic elitist) school of thought as a framework of focus for the preceding literature review. By illustrating various schools of governance, including classical, decentralized, participatory, managerial, and elitist, the section establishes a background rationale regarding the utilization and role of accountability and transparency which are examined through a case study at community schools in Lalitpur Metropolitan City (LMC).

Classical Theories of School Governance

Classical models of governance prioritize hierarchy and control (Weber, 1947), writing on his Bureaucracy Model, described governance and administration as a rational-legal institution, wherein governance is characterized by the author by vertical control. In the context of school governance, such models place the government at the top of the decision chain, and schools are treated as administrative departments expected to act on government regulations. The accountability channel is vertical, and schools are accountable to federal and, consequently, to central administrations and not to parents.

In the past, Nepal has largely practiced centralized governance. Until the early 2000s, Nepal’s education sector has been governed by the Ministry of Education (MoE, now turned as MoEST), District Education Office (DEO, now turned as EDCU), and other central governing authorities (Bhatta, 2011). Here, decisions on financial management, teacher recruitment, resource allocation, and curriculum design were largely governed by the Government. Although it led to standardization, it has been argued to have led to a gap between school management and community governance, thereby affecting efficiency (Shrestha, 2018).

Decentralization Theories in School Governance

Decentralization literature recommends the transfer of power and resources away from national governments to other units to enhance accountability, participation, and efficiency (Rondinelli, 1981). In the education sector, decentralization is viewed on several fronts. These include administrative, financial, and political.

The transfer of accountability for the administration and execution of public services to lower-level administrative authorities is known as administrative decentralization. It entails grassroots operational advancements and institutional modifications with the goal of enhancing effectiveness, responsiveness, and service delivery. Decentralization started to take shape in Nepal during the 1990s following the passage of the Seventh Amendment to the Education Act and accelerated following the 2015 reshuffling of governance following the creation of a federal structure. Decentralization improves accountability, and academic literature suggests it brings decision-making nearer to the community (McGinn & Welsh, 1999). What is often overlooked is the fact that not every case of decentralization translates to good governance. Decentralization, Daun (2007) suggests, needs adequate capacity on the receiving end**.** In contexts where local governments and school-level actors lack technical, financial, or managerial capacity, decentralization instead reproduce inefficiencies, weaken oversight, and shift accountability without improving educational outcomes.

Participatory Governance Theory

Participatory governance has roots in democracy and focuses on involving citizens more actively in decision-making. The assumption is that it is best to let communities, parents, and teachers decide matters affecting schools, given their familiarity with the context (John, 2009). School management, parent-teacher associations, and community audits are some of the most common approaches to participatory governance.

Participatory theory argues that greater transparency is achieved when stakeholders are able to review the information, analyse decisions, and shape priority areas of expenditure (Fung & Wright, 2003). However, research from developing nations shows that when communities lack knowledge, self-assurance, and the capacity to challenge school administrators, participation can become symbolic (De Grauwe, 2005). In Nepal, although the structure of community participation is provided on paper, evidence suggests community participation to be limited (Carney & Bista, 2009). This shows the restriction that transparency methods are only effective when they are combined with capacity-building initiatives that allow communities to actively participate and hold school officials accountable.

Managerial and New Public Management (NPM)

The New Public Management (NPM), developed by Hood (1991), brought market-oriented changes into public sector areas, including schools. This approach favours efficiency and management, along with performance, financial audits, and accountability, which is consumer-driven. In an NPM school administration, the role of school administrators, including the Head Teacher, involves working as managerial professionals.

In Nepal, some principles of NPM have affected school improvement planning, financial regulations, and indicators of monitoring. However, it has been argued by some scholars that too much attention to managerial responsibilities could compromise the importance of democracy, which encompasses elements such as participation and equity (Sharma, 2017).

Elite Theory and Governance

An elitist theory, which is associated with Pareto, Michels, and Mosca, states that every society is ruled by elite groups, referred to as small groups of people who hold power and influence (Bottomore, 1993).

In the educational sector, elite theory is used to explain how governance in community schools can fall under the control of important stakeholders such as politicians, economic elites, and government officials. Elite capture is explained clearly by literature on governance within development (Bardhan & Mookherjee, 2006).

In the school system of Nepal, the influence of elite may occur when politics interferes with the selection of the SMC members, hiring of school teachers, allocation of funds, and distribution of scholarships. This is important, especially when the nation is practicing federal governance, and by default, the ward chairperson is the chair of the SMC.

The Neo-Elitist Theory

The neo-elitist theory, also called the democratic-elitist, approach provides a more comprehensive tool to analyze power distribution and governance. Unlike classical elitist theories, which argued elite rule is not compatible with democracy, neo-elitist attempts to show elite rule is possible under a democratic framework if power distribution and abuse are controlled by elite competition and institutional checks (Schumpeter, 1942).

According to neo-elitist interpretations, democracy is actually rule by elite rather than direct rule by people. People influence governance indirectly through voting, monitoring, and holding elites accountable rather than by making policy decisions themselves. Under neo-elitist views, elite rule is supposed to be accountable to people and society. Elite power has to work under checks and balances set by formal and proper transparency, laws, and political competition. Under neo-elitist analysis, elite power is supposed to work under checks so that it is also accountable to people and society. Neo-elitist perspectives on school administration suggest that political elites and political bureaucrats, including ward chairs, head teachers, and significant members of the School Management Committee (SMC), are inherently qualified to oversee and manage school governance. However, it is anticipated that elite power will function under checks. The new legal rule that declares Ward Chairs to be the Chairs of the School Management Committee (SMC) appears to naturally give political elite, like Ward Chairs, control and dominance in school governance in Nepal's new federal structure of governance. This is obviously more advantageous to increase formal, vertical, and top-down accountability and coordination between Ward Chairs and the metropolitan city administration.

Relevance of Neo-Elitist Theory to this Study

The relevance of neo-elitist theory to this study is found within its ability to explain the dynamic changes occurring under the governance system of Lalitpur Metropolitan City (LMC). The school governance structure in Nepal, with respect to the automatic selection of ward chairs as members of the SMC, shows how political power takes precedence over governance decision-making, notwithstanding the importance placed on community involvement and democratization. The neo-elitist theory is used to explain why political power takes priority over governance decision-making, despite the importance placed on community involvement and democratization, within the structure of the SMC. The neo-elitist theory also has the ability to explain the power disparity between the HTs and politically aligned members of the SMC. In doing so, it highlights the discretionary power of elite members of the government on matters of financial governance, audits, and transparency. In adopting neo-elitist theory to the present study, it is possible to explain how power is exercised by schools within the structure of LMC school governance and how such power has affected financial accountability and transparency systems.

Transparency: Clear and Public Disclosure

According to Carothers and Brechenmacher (2014), the word transparency comes from the verb "transpire" that means to become known. Transparency means offering no obstacle to sight, that is, something that can be clearly seen through. Therefore, transparency is when something is easily understood or recognized (Seshabela, 1996, as cited in Mngomezulu, 2001). Hawkins (1969, as cited in Mngomezulu, 2001) explains a word transparency as being able to seen through. Similarly, Jhons and Morphet (1975) refers to transparency as procedure of reporting to stakeholders including governing body in simple non-technical fashion.

Transparency includes clear and public disclosure of information, rules, plans, processes, and actions by governments, companies, organizations, and individuals. It is the principle that public affairs need to be conducted in the open. Questions designed to measure transparency focus on financial management, financial record keeping, and stakeholder knowledge of schools' financial status. Such revelations are meant to reduce information disproportionateness in the context of school governance and make it possible for the school stakeholders to efficiently monitor decision-making and resource utilization.

According to the Merriam-Webster dictionary, one of the definitions of "transparency" is "characterized by visibility or accessibility of information especially concerning business practices". Therefore, in the study's context, transparency is not limited to the mere dissemination of information, but it is also a functional concept and implies an enabling environment in terms of availability of information, facilitating stakeholders' comprehension of decision-making mechanisms in relation to allocated resources. It is agreed in the literature that in the case of technical forms of dissemination, lack of power relating to transparency is likely to undermine an accountability path.

Huddleston (2007) defines 'school governance' encompassing all aspects of the way a school is led, managed and run including a school's rules and procedures, its decision-making structures, the behaviour of its personnel and how they relate to each other. It includes financial transparency and accountability in schools.

For the purpose of my research, transparency mean participative decision-making, inclusive decision-making and broad involvement of school stakeholders.

Accountability: Crucial in Education Governance

Accountability is the most important part in the school governance process. It is one of the responsive works of authoritative person or body for the fulfilment of the right to information of all related stakeholders (Shrestha, 2011). As far as school governance is concerned, it is mentioned in literature that in order for accountability within such school systems to be effective, it is important that relevant information is accessible for inquiry with regard to any particular action taken or decision made in particular school systems or institutions, otherwise it is argued that "accountability can be seen as purely procedural."

Accountability is the state of being accountable, answerable, and responsible for certain actions or decision (Hawkins, 1999, as cited in Mngomezulu, 2001). The term accountability covers wide range of philosophies and mechanisms governing the relationship between any public institution, its governing body and the whole of the society which include the apolitical and political environment. Further more accountability means answerable to one's clients (moral accountability), answerable to oneself and one's colleagues (professional accountability), and responsible to one's employers or political masters (contractual accountability (Kogan, 1986)

Accountability means holding individuals and organizations responsible for executing their powers properly (in accordance with the rules and duties of their post), and for paying particular consideration to vulnerable parties. More specifically, accountability is about upwards and downwards responsibility of actors (to their superiors and to service users), participation, and sanctioning of actors for their corrupt acts.

Carothers and Brechenmacher (2014) says that accountability represent vital embodiments of the opening to politics that occurred in development work in the 1990s. They bridge three distinct practitioner communities that emerged from this new direction those focusing on governance, on democracy, and on human rights.

The issue Accountability is a crucial component in education governance but the original date of accountability is not found at all. Normore (2004) explains no particular date can be found as the onset of serious thinking about how accountability should be structured and managed in organization. Accountability, according to Schedler (1999), involves three dimensions information, justification, and sanction; that is, “it obligates power-holders to open themselves to public scrutiny; it forces them to explain and justify their actions; and it subjects them to the threat of sanctions.”

Any kinds of policies, act, rule and regulations made by government are major tools which plays vital role to run the system of country. Education act and rules can lead to systematize governance of school which will help to ensure right to education of children.

Education Regulations 2001 and Education Act, 1971 clearly mentioned that the financial accountability of the community schools in Nepal and further emphasized that the school should make plan and program to run the school, financial arrangement should be maintained and reported it to the respective Education Office.

The notion of decentralization in Nepal has been introduced in school system through eighteen amendment ordinance, 2060 (2004) clause (12) has provisioned for the formation of School management Committee (SMC) as a school governing body for operation, management and supervision of school. The act has provisioned on function, rights, and duties of the SMC; to mobilize the school resources, to keep the school record, to prepare the financial, physical and academic records and reports to prepare the school budget and send that to education division of local government.

As mentioned in Ministry of Information and Communication Technology (MOICT, 2007), "every citizen shall, subject to this Act have the right to information and every citizen shall have access to the information held in the public Bodies" which empowers every citizen to question its documents, activities, files and, records of any programs. The Right to Information (RTI) act has provides immune power the must use proactively. Peoples' inspection, access, and oversight on activities of government can be enhancing transparency and accountability to avoid corruption problems in different sectors including schools. I trust that the right to having information is the sovereign power of citizens which creates transparency and accountability. After the peoples' Movement 2006, the Interim Constitution of Nepal has guaranteed that every citizen shall have the right to information on any matter of his/her of public importance (United Nations Development Programme [UNDP] Nepal, 2008). It includes the right to study or observation of any written document, material held in public institution.

Education Act 2028 (1971) has clearly mentioned the functions, role, rights, and duties of School management committee; however, there is no more clear definition of financial transparency and accountability in the policy (GoN, 1971). And also, no clear provision to dissemination financial information to the public and students and only focusing to District Education Office (DEO, now turned as EDCU).

According to MoE, (2016) the implementation of federalism in the country is to review the responsibilities of federal (or national), provincial and local levels in terms of education planning, management and budgeting. It further stated that a scaling system to fecund community schools on the basis of several indicators related to education achievement, school governance and facilities available will be developed and implemented. Thus, my study explores how community schools are practicing school governance especially in financial accountability and transparency matter.

My understanding on right to information in relation to transparency is that since government and parents are investing money at school for their children's education. So, all stakeholders of school deserve their right to know the status of financial resource and schools accountable to any kinds of quires made by stakeholders. The understanding of 'right to information' was supportive to me to assess whether the school stakeholders under my study had easy access to have information regarding financial matter and school's responsiveness towards them.

Shah (2016) revealed that decentralization in education was influenced by donors in line with EFA and MDGs to increase local ownership and school accountability towards children and parents. Applying decentralization and governance theories, Shah (2016) further claims that SMC plays a role of a manager, an administrator, a decision maker, a resource identifier, mobilizers and allocators, a coordinator, and mediator as well as leader and motivator for improving quality of service delivery in school education. This gave me an understanding that formation and activation of SMC improves school governance and delivery of quality education.

Shrestha (2011) the MPhil dissertation applying qualitative paradigm with linking theories like social psychology theory states that the government is the responsible body for managing government expenditure however there is poor and unmanaged implementation of framework and also gaps between the system, provision, and execution in Nepal. It furthermore stated that the financial accountability is practiced in the school by the HT although the components of public financial management are practiced in school and he concluded that the financial accountability of community schools in Nepal is at lower level than desirable. This gave me the stakeholders' perceptions on financial accountability and transparency role of community schools.

Munakarmi (2015) in her MPhil dissertation employing case study qualitative methods under interpretative paradigm concludes that parental involvement in school improves governance and management. She argues from social capital and cultural capital theories that networks of parents with teachers makes bridge and bonds among themselves for school improvement. The study further highlights a need to explore decentralized management and contextualization of national policy into school context. For better school governance, she claims to have good networking among parents, teachers, and schools which I am exploring in my study.

With this empirical study, I realized that accountability and transparency within school governance issue is a new phenomenon which can be studied only from qualitative methods on its own natural settings. Thus, I consider choosing qualitative methods of research with case study approach from a multiple perspective of education stakeholders.

Policy Review

This chapter critically reviews the policy and legal instruments that define the framework for school governance, financial accountability, and transparency in Nepal, with a particular focus on how these frameworks are experienced and operationalized within the community schools of Lalitpur Metropolitan City (LMC). The purpose of this review is not merely to list laws or guidelines but to analyse how these instruments interact with local realities, institutional capacities, and power dynamics through the lens of governance theory specifically the principal–agent framework, decentralization theory, and social accountability approaches.

The discussion is organized into three analytical layers. Firstly, examines national-level governance instruments, including the Good Governance (Management and Operation) Act 2064 (2008), the Right to Information Act 2064 (2008), the Public Procurement Act 2063 (2007) and its Regulations, the Audit Act 2075 (2019), and the Local Government Operation Act 2074 (2017). Secondly reviews education-specific federal policies, such as the Education Act, and the newly introduced School Education Sector Plan (SESP) 2022–2032 with a focus on Chapter 6 (Governance and Management of School Education). And thirdly focuses on local-level policies and practices in LMC, including municipal directives and the contested practice of appointing local government representatives as School Management Committee (SMC) chairpersons. Finally, synthesizes theoretical implications, highlighting key challenges and opportunities for institutional reform.

National-Level Governance Policies and Laws

A set of connected legal and policy rules supports Nepal's national governance and public money management system. Together, these promote openness, responsibility, and citizen involvement. The Good Governance (Management and Operation) Act 2064 (2008) is central to this system, it sets up administrative systems that are participatory, open, and focused on citizens (GoN, 2008). The act requires that public bodies do their work in a low-cost and participatory way while making sure citizens can get information.

The good governance act is applicable all public institutions in Nepal including schools. Article 16 of the Good Governance Act 2008 highlighted that, authorised officials such as the SMC and HT make decisions in transparent way and budget and plan is prepared in consultation with school staffs and other stakeholders. The school can also maintain certain confidential in accordance with law (Nepal Law

Commission [NLC], 2008). However, the report of Sharma et al. (2018) shows that schools are not adequately discussing with stakeholders while preparing budget and school plan and the budget related information of public schools are not shared among the stakeholders appropriately. Rather, budget related information is shared broadly in the school's annual meeting.

Giving citizens, including parents and school communities, the power to ask for information from public institutions is the Right to Information (RTI) Act 2064 (2008), which provides citizens necessary rights to get information in understandable language and format about the public services, budget, and performances. This also makes public institutions like schools and local governments accountable to be transparent by sharing relevant information to the public. In education, parents can use this right to know and understand school's budgets, plans, and policies.

The Public Procurement Act 2063 (2007) and its rules (2064) make the steps for buying goods, works, and services the same for public groups, ensuring fairness, competition, and good use of money a rule that is very important for school-related buying like building classrooms, furniture, and textbooks.

Nepal's careful financial management is supported by the Audit Act of 2075 (2018/2019), which provides for objective audits to be conducted by the Office of the Auditor General (OAG). The latter enjoys powers under the constitution to check whether budget spent by the government is not from unknown sources and to identify solutions when weaknesses emerge. In this regard, the financial systems in the government and Public Financial Management processes such as Public Expenditure and Financial Accountability (PEFA) reviews and Public Financial Management reform plans ensure common standards of budget preparation, accounting, and reporting are followed from national to local levels of the government to facilitate the review of local financial management. The Local Government Operation Act 2074 (2017) gives a lot of money and functional power to local municipals and rural municipals, making them the main agents of responsibility in Nepal's decentralized governance system, especially in managing education, giving out budgets, and watching over local service delivery. These rules together make up Nepal's formal structure of governance, putting ideas of participation, openness, and administrative responsiveness into public institutions.

There are clear strengths in the national system. These include that it offers a holistic legal framework that covers information-sharing, financial procedures and supervision. Under governance theory, it can be advocated that having converging pathways of responsibility, such as information flow, supervision, and enforcement are necessary components to make authority transform into management accountability. In this system too, the rights of the citizens as stakeholders in accountability are included in the framework underpinning by the Good Governance Act and RTI Act.

However, there are still several system-wide limits, which the principal-agent idea can help explain. Giving freedom to choose to local “agents” (Metropolitan cities, ward offices) is what decentralization does, but it does not automatically give “principals” (citizens, parents, or central ministries) enough information, tools for watching, or power to punish. Weak city accounting, little follow-up on audits, and poor buying oversight give chances for agents to not do their job, where local actors follow their own interests instead of public goals.

In Nepal, audit reports often find problems, but making sure rules are followed is not consistent. However, absence of actual consequences for reporting would collapse the accountability and enforcement nexus inherent in actual responsibility. Moreover, the gap between information and action is clear while the Right to Information (RTI) and Good Governance Acts make sure information is published, they do not promise that citizens can understand or use the data well.

Nepal’s governance situation also shows role conflicts between schools that overlap. Education planning and budgeting comes under the responsibility of the local governing bodies under the “Local Government Act” and is managed by the School Management Committees (SMCs) for the performance at the school level. When the same city actor (like a Ward Chair) controls budget giving and is also the SMC Chair, the reasons to monitor are weakened the monitor becomes both the watcher and the one being watched. Such structural conflicts, warns governance theory, reduce trust and responsibility.

Finally, the gap from audit to action hurts deterrence. Although every year the Office of the Auditor General (OAG) reports misuse of funds, follow-through is lacking. Issues tend to persist with plans not tied to timelines or policies that can be enforced. As the Cabinet Office of 2016 states, sound management requires “closing the accountability loop” through a connection between results and the remedial process.

Briefly stated, Nepal has a sound legal framework for accountability and transparency in community schools. However, in reality, its effectiveness is blurred by a number of dynamics, including inconsistent application, policy-practice gaps, and the inability of local institutions and the public to demand transparency in public service delivery. Finally, there is a degree of incentive structure in place that gives elites opportunities to capture public finances, thereby undermining transparency in public institutions as envisioned by national legal frameworks.

Federal Level Education Policies and Guidance

In particular, by describing how governance in community schools is supposed to be carried out in a country like Nepal, specific regulations that focus on the education sector enable greater detail within a country's governance structure. The backbone of regulations, with specific definitions of how community schools are established and managed, is established through the regulation of the "Education Act, 1971" and subsequent regulations. School Management Committees (SMCs) are also statutorily recognized as "official" entities that manage governance of schools. They have the powers of drawing up plans, allocating budgets, utilizing local resources, and monitoring expenditure of funds.

An example of an initiative that promotes the ideals advocated in the Education Act is the School Sector Development Plan (SSDP), 2016-2023. This was aligned with the Education Act and provides a strategic frame for the reduction of inequalities in the quality and delivery of basic education to all stakeholders through greater equity, inclusiveness and quality enhancement in the country’s public basic education system.

The latest and most extensive policy framework for the sector is the "School Education Sector Plan (SESP)" for the period "2022-2032." This framework draws on the experiences of the SSDP. In fact, the "Chapter 6- Governance and Management of School Education" of the SESP outlines a radical vision for the governance of school education in Nepal with a stated focus on "decentralization for effective school management, people's participation in school decisions, transparency, and accountability in the delivery of school education services." This plan envisions an accountability system at a "federal-provincial-local" as well as at the school community level.

Key Provisions in the School Education Sector Plan (SESP) 2022–2032

Governance is clearly placed by the SESP as "the backbone of effective school management," saying that "accountability shall be ensured through participatory planning and transparent monitoring mechanisms at all levels of government." It also says that good governance in education means "ensuring that all stakeholders, including parents, teachers, local representatives, and students, understand their roles and responsibilities and act in a coordinated manner to achieve learning outcomes."

Several institutional pillars to make governance stronger in Nepal's education system are identified by the School Education Sector Plan (SESP) 2022-2032. The SESP presents six governance principles intertwined. The first principal emphasizes decentralization by promoting a formal division of responsibility among federal, provincial, and local authorities to eliminate overlaps and clarify previously undecided questions leading to a lack of accountability (MoEST, 2022, p. 128). This is consistent with governance theory, where one of its fundamental goals is institutional differentiation as a means of avoiding conflicted roles and responsibility diffusion (Rhodes, 1996). The second principal emphasizes for institutional integrity, ethics, and moral responsibility by proposing accountability embedded in a framework centered on a code of practice among teachers, head teachers, and officials, thus integrating a moral-professional approach not found in a strictly legal framework (MoEST, 2022, p. 129). The third principle supports participatory governance and community engagement by ensuring the inclusion of parents and citizen representatives on school governing bodies, balancing transparency with inclusiveness, with the claim that inclusiveness together with transparency increases legitimacy and trust (MoEST, 2022, p. 131).

The fourth principle tackles financial and administrative transparency by emphasizing the need for the open disclosure of information related to school budgets, purchasing, and school performance data to the community at large, thereby correcting the previous information imbalance between schools and communities (MoEST, 2022, p. 130). The fifth principal tackles capacity-building by means of digital governance by supporting the capacity of planning, monitoring, and reporting for local governments and schools in digital information systems, hence reflecting the emergence of a new kind of governance approach with a digital orientation towards increased accountability (MoEST, 2022, p. 132). Lastly, social inclusion with its focus on the gender aspect demands the inclusion of women along with other marginalized groups like “Dalits” within school governing bodies, consistent with the concepts surrounding the idea of social accountability and inclusive governance that necessitate shared ownership and shared trust (Fox, 2015).

Critical Review through Governance Theory

The School Education Sector Program (SESP) brought to light for significant improvement in the management sides of Nepalese education sector. This program represents the alignment of roles of community schools with the federal constitution and incorporates principles of participation into management. Still, the application of these norms varies.

The SESP, as understood through the lens of principal-agent theory, aims to reduce moral hazard by codifying the supervisory responsibilities at different levels. The municipal governments act as agents of the federal government, and school administrative committees act as agents of the municipalities and the parents, but the chain of accountability is very weak unless the principals, the parents and the communities have access to information and mechanisms of approving.

Similarly, decentralization theory suggests that given authority improves responsiveness only when it comes with local ability and safeguards for responsibility (Faguet, 2014). The SESP recognizes this by stressing “capacity development and technical backstopping for local governments to manage school education effectively” (MoEST, 2022, p. 132). Yet, in practice, gaps in the ability to plan, account, and monitor stop these ideals.

From a network-governance view (Rhodes, 1996), the SESP’s multi-level responsibility model is a networked approach that involves federal, provincial, local, and school levels. The success of such networks depends on coordination and trust. However, overlapping duties often create institutional friction, where roles are blurry and responsibility is spread out.

Finally, social-accountability theory (Fox, 2015) stresses that information-sharing systems must be paired with civic empowerment. The SESP’s focus on participatory management, social audits, and digital sharing reflects this combination, but openness may stay symbolic rather than transformative without consistent civic action and awareness.

Local-level Policies: Lalitpur Metropolitan City (LMC)

On the local government side, the existing legal context for the Lalitpur Metropolitan City (LMC) includes the Local Government Operation Act of 2017 and the relevant national policies for education stated above. The LMC has formulated a set of procedural regulations and directives concerning the management of the school as well as the establishment of the School Management Committee (SMC), the local education grant, and the coordination between the Metropolitan city Education Division and the Ward Education Committees (WECs).

In theory, such metropolitan city regulations should facilitate the realization of the principles of participatory and open governance embodied in the Good Governance Act and the School Education Sector Plan (SESP). The instructions from the LMC Education Division regarding the annual formation and renewal process of SMCs, financial reporting and the submission of annual plans are to be followed. The documents outline the requirements that “each community school shall prepare an annual plan, submit their budget proposal to the municipal education division and maintain records of income and expenses verified by SMC” (Lalitpur Metropolitan City [LMC], 2020).

Despite the above guidelines being in place, the available evidence suggests that the strict follow-through of these guidelines has not been the case. Personal experiences in the field have shown that the formation processes of SMCs have, to a great extent, varied across the different wards. Some schools have the election of the SMC chairperson done at the parent meetings, while in other schools, the decision lies with the offices of the respective wards.

The Practice of Appointing Ward Chairs as SMC Chairpersons

One of the notable and increasingly prevalent phenomena observed in the context of the Lalitpur Metropolitan City (LMC) and rising in Nepal as a whole is the tradition of appointing the elected ward chairperson or an elected Ward Member designated by Ward Chairperson in the School Management Committees (SMCs) of the respective schools. Even though the tradition seems beneficial regarding the cooperation of schools and the city administration, it invites a number of concerns (LMC, 2020).

According to Rauniyar (2024), the court stated that the appointment of the ward chairperson as the school management committee chairperson leads to a conflict of interest because the very people are supposed to be monitoring or evaluating the performance of the said chairpersons within the school. Therefore, as a school executive decision-maker, the elected representatives in the ward may not be in a position to hold themselves accountable. This court decision came from a case involving the Kathmandu Metropolitan but also equally applies to all local governments, including the Lalitpur Metropolitan, as argued in Rauniyar v. Kathmandu Metropolitan City (decided December 20, 2024).

On matters of governance, it can be argued that contradiction in terms exists in that of Ward Chairpersons. On one hand, there are democratically elected Ward Chairs who report to their political masters and on the other hand, chairs of SMCs are required to be impartial governors of school administration. This has resulted in confusion in the monitoring process since, as studies have shown, when decisions on budgets are made in one place and decisions on school administration are made in another, school staffs feel obligated to execute decisions with which they disagree.

This can also be discussed using the principal-agent model. While decentralization grants powers to the agents in the locality, Ward Chairs fail to empower the headteachers' and parents/communities to oversee any possible abuse of these powers. This means the responsibility lies with higher authorities in place of the communities. Thus, the concept of participatory governance in policy formulation loses meaning.

Theory of elite capture (Bardhan & Mookherjee, 2006) further clarifies the implications of this structure. With the ability to control resources within the schools, the elites can thus be able to influence the distribution of funds so that their political allies benefit from the SMC meetings. This also indicates that there are social realities that exist within the Nepali institutions where institutional loyalties are overcome by personal loyalties (Bista, 1991).

Political Oversight and Resource Access as a Two-Sided Process

In case of appointing ward Chair himself/herself as SMC chair, governance-theoretical analysis of this scenario exemplifies the conundrum of political embeddedness (Faguet, 2014). Local political involvement can help improve responsiveness and resource mobilization. At the same time, this involvement clouds the issue of accountability. Notably, the School Education Sector Plan (SESP) has accepted this complexity and stated that “while the role of the local government is primary in the coordination and monitoring of the performance of schools, this should not impact the autonomy of the school management structure” (MoEST, 2022, p. 131).

As a result, top-down formal city control can improve efficiency in administration but may face challenges of politicization as well. This is because the role of political actors in enforcement means that the responsibility is delegated upwards to city governments instead of being shared horizontally between parents and communities, as observed in governance studies, which suggests that being overly politicized can render decentralization a control instrument instead of a tool of empowerment (Crook & Manor, 1998).

Capacity and Procedural Limitations

The quality of governance in LMC schools is challenged by the lack of capacity. The Head Teachers and SMC members lack capacity in financial management, procurement, and record-keeping.

The MoEST (2022) similarly points to "limited capacity of local governments and schools in planning, reporting, and data management" as a major governance challenge (p. 132). It suggests "continuous capacity development for education officers, Head Teachers (HTs), and SMC members to ensure compliance with financial and reporting standards" (MoEST, 2022, p. 133). Yet, such efforts do not get enough funding at the metropolitan city level.

This lack of ability creates a culture of procedural following where reporting and record-keeping happen as bureaucratic rituals instead of meaningful responsibility exercises. Governance theory makes a difference between symbolic participation and real responsibility; in Lalitpur's situation, most schools show the first. This strengthens Fox's (2015) idea of "thin accountability," where openness systems exist on paper but cannot be enforced and lack citizen involvement.

Information Dissemination and Public Display

Transparency in the LMC schools is also evidenced by the provision of formal information dissemination, including the use of notice boards and summaries of finances. This does not embrace the actual availability of information. It is noted by the SESP "Information dissemination must be accessible, understandable, and inclusive, ensuring that all community members, irrespective of literacy, are able to interpret the data" (MoEST, 2022, p. 130).

Moreover, annual social audits and public hearings are held, but these happen more as a matter of course rather than as opportunities for engagement. The information is merely shared but not interpreted. This is reflective of the compliance approach also seen in the local governance structures.

Transparency in Distributive Justice: Scholarship Allocation

It also pertains to decisions regarding the distribution of scholarships for students. Schools in LMC usually keep a portfolio for every student that includes socio-economic details and performance records. The scholarship is considered for such aspects, which are discussed in SMC meetings with the presence of teachers and parents.

The procedure makes way for an attempt to ensure equity and avoid favouritism. It is consistent with the principles of Fairness Theory and supports Govinda's (2011) idea that the transparent criteria of resource allocation build up the legitimacy and confidence of the community.

However, existing research has also advised that even if such procedures are in place, their social and political biases may not totally disappear. For instance, it has been researched those procedures in the distribution of scholarships may not always totally escape being affected by political allegiances or social relationships (Golden & Min, 2013). This, denotes those procedures may not guarantee an environment free of bias; accordingly, accountability requires interventions in an unbiased.

Cross-Cutting Theoretical Synthesis and Policy Implications

Through all three levels of policy and practice national, federal education, and local, the review identifies a consistent structural tension for all its normative strength and participatory spirit, Nepal's governance system remains unevenly implemented, politicised and limited by capacity. To interpret these patterns governance theory offers a number of lenses. The analysis in this dissertation has found several areas of governance and accountability in community schools in general, and in particular in Lalitpur Metropolitan City (LMC). This issue has been addressed through three theoretical streams.

First, the principal-agent model accounts for why there is continued loss of agency in school governance. Such delegation of authority from the federal government to municipalities or from municipalities to SMCs results in a multi-tiered hierarchy of agents if principals, namely the public and the parents, do not possess the corresponding power to supervise and lay down the law. In this asymmetry, discretion is at local levels such as cities and towns, where elite may come to dominate decision-making. The problem is not decentralization as such but asymmetrical decentralization: it transmits authority faster than oversight and civic capability outgrows it.

Second, decentralization theory provides rays of hope, as well as making us see the potential dangers. The theoretical attraction of decentralization lies in its power to make services more responsive and program design more attuned to local needs. But Faguet (2014) cautions that this outcome depends on the institutional thickness of local governance: competition among actors, civic mobilization, and technical capability. In LMC, while municipalities possess fiscal resources and administrative presence, citizen participation remains weak and politicized, limiting decentralization's accountability dividend.

Thirdly, the theory of network governance (Rhodes, 1996) explains the complex accountability relationships in the education sector, whereby a shared role is played by different actors at different levels. Although this could result in mutual learning and synergies due to a higher level of cooperation, a lack of a clear definition regarding responsibilities and means of communication could lead to confusion, duplication, and finger-pointing. It is theoretically well-supported, although challenging in practice, to espouse a "clear delineation of roles and responsibilities among the three levels of government," as espoused by the MoEST (2022, p. 128).

Finally, the role of citizen-based oversight is a core component of the social accountability theory. As stated by Fox (2015), "answerability, conceived as disclosure and explanation, is a necessary but not sufficient element of an accountability relationship." Nepal's context establishes the component of answerability through the Right to Information Act and public audit; however, it is limited in its enforceability part by the limited empowerment of parents and lack of citizen organization. The only way to fill this is to achieve interactive forms of transparency in order to interpret the available information.

Analysis of above discussion highlights a number of gaps present in terms of policies and laws that are not clarified in governance and accountability policies for community schools, especially in the case of the LMC. Firstly, there should be a clear definition and demarcation of responsibilities through an update to municipal education policies, along with necessary federal notifications to ensure that there are no conflicts of interest, particularly through a ban on dual responsibilities by chairpersons of wards and SMCs. The matter of institutional separation should also be enshrined within municipal bylaws, taking into account advancements in Supreme Court jurisprudence on conflict resolution between governance and other institutions. Secondly, SMC chair persons should also be elected through parent meetings in an open and fair manner that ensures proper quorums, which would help improve downward accountability to ensure community trust between schools and local population.

Third, proactive disclosure must be institutionalized. This entails requiring schools to make financial and performance disclosures in a format accessible to all, like infographics, on school and city government websites (MoEST, 2022, p. 130). Fourth, the oversight role of the municipalities must be strengthened but not controlled. This requires the establishment of the LMC Education Support Unit. Instead of being a school manager, the role of the unit would involve technical support, auditing follow-through, and capacity-building. This unit must ensure the use of standardized formats for purchase documents and accounting books.

Fifth, capacity building and training is institutionalized through regular workshops involving head teachers, accountants, as well as SMC members, on budget literacy, procurement, and audit interpretation (MoEST, 2021). This should also be budgeted as part of the municipal education plan, with provincial education offices supporting these efforts. Sixth, mechanisms for social accountability should be strengthened through community-conducted social audits and public hearings at least every two years, involving parents, students, as well as community journalists, while information clinics should also be organized by municipalities to inform their constituents on how to utilize RTI tools, as well as facilitate understanding of school budgets. The seventh recommendation is that equity and inclusivity parameters should specifically be promoted as part of fulfilling SESP directives, focusing on promoting balanced participation of women, Dalits, as well as other marginalized sections, as decision makers at schools (MoEST, 2022, p. 133). The need for inclusivity should particularly be enforced at municipal-level monitoring, while gender and caste should also regularly be emphasized through annual performance reviews at schools.

Lastly, digital monitoring and transparency are emphasized through fulfilling the SESP directive regarding digital information systems, as well as opening up data dashboards at a municipal level, showing school budget, payment, audit outcomes, as well as scholarship details (MoEST, 2022, p. 132).

Theoretical Underpinning of the Study

Theoretical underpinning of the study is neo-elitist theory, which serves as an overarching concept to dissect power relations under the decentralized governance regime of education policy in Nepal. According to neo-elitist theory, although democracy provides an opportunity to masses to take part in governance, it is the elite classes, either political, administrative, and socio-economic, who assume decision-making power and influence governance, depending on how such elite classes utilize their power (Schumpeter, 1942).

In the legal-administrative system of Nepal, the School Management Committee (SMC) has been established to manage schools. Although there is a provision in the Education Act and Local Government Operation Act of 2017 to transfer management authority of schools to local governments, it has not been made compulsory to appoint the Chairperson of the SMC to be the Chairperson of schools by local governments. However, it has been made compulsory to appoint the Chairperson of schools to be Chairpersons of SMCs in community schools by the Lalitpur Metropolitan City Education Procedure-2019, which has institutionalized political leadership in schools. Consequently, elite governance is embedded at the school level, and what used to work as a community-centric mechanism of governance is replaced by elite governance, which is controlled by politically elected representatives. In several governance realities and apprehensions, which are empirically studied, neo-elitist theory is helpful to understand, wherein conflict of interest is common among the elite classes who assume dual responsibilities of overseeing municipal and governance affairs. Such dual responsibilities result in a downward accountability structure, which is not and should not take priority over the vertical accountability structure based on political governance.

Again, such transparent governance, which has been practiced and is supposed to work under normative administration, could eventually result in discretionary and selective transparency, which is dependent on elite interests, rendering community involvement merely symbolic. In such governance realities, influences of Head Teachers (HTs), teachers, and parents to assume importance and take part in decision-making could also potentially weaken due to power geography. Although the governance by elite classes, under neo-elitist theory, is not negative, yet it is an assumption of neo-elitist theory under which governance by elite classes is efficient and result-oriented, provided such governance is strictly monitored by institutionalized checks, which are designed to keep such governance accountable to various stakeholders. Under the School Education Sector Plan 2022-2032, the checks are provided, but it is dependent on the elite classes' intentions to act not violating the principles of transparency and community-centric inclusivity.

Summarizing the Chapter

This chapter reviews the theoretical, empirical, and application-literature about the governance of schools that focuses particularly on financial accountability and transparency matters in community schools. The chapter clearly sets forth the existence of the governance of schools in the context of relationships of power in institutions that have a direct impact on the quality of education in the context of community schools. Finally, the chapter clearly establishes the trends in the governance of schools around the world that have moved in the direction of a more decentralized form of governance since the adoption of the new constitution of Nepal in 2015. A review of the theoretical framework focused on some of the prominent governance ideologies. These range from the classic bureaucratic approach to governance in Nepal's educational sector before the adoption of decentralization. On the one hand, there is the ideology of decentralization.

These ideologies have the benefit of decentralizing governance to improve accountability. At the same time, there would also be a risk of deteriorating the governance structure if the decentralization process lacks the necessary capacity. The role of community participation in governance cannot be overemphasized. There would also be the risk of governance losing democracy if the approach to governance focuses more on the managerial aspect. There would also be ideologies of elitist governance.

CHAPTER III
METHODOLOGY

This chapter describes the research methodology I employed to examine financial accountability and transparency in the community schools of Lalitpur Metropolitan City (LMC). The purpose of this research was to explore participants' perceptions and understandings of financial accountability and transparency in the community schools of LMC. Due to the emphasis on meaning and interpretation within the research problem presented here, the research design was qualitative and exploratory nature.

In this regard, I purposefully selected Lalitpur Metropolitan City (LMC) as the case study site to meet the given objectives and for the analysis of three community schools carried out through a qualitative case study approach. The reason for choosing LMC was based on administrative relevance, socio-political diversity, and the enforcement of decentralization policies on the governance of education within the federal state structure of Nepal. Through a case, differences within governance and perceptions among the various stakeholders are represented.

This research was qualitative in nature, so it focused on exploring the reality of financial accountability and transparency from the viewpoints and interpretations of various research participants including Head Teachers (HTs) and Chairs of the School Management Committee (SMC), Ward Chairs, Chairs of Parent-Teacher Associations (PTAs), teachers, and officials from the LMC. Due to its ability to closely interact with participants and for the purposes of interpreting social processes, qualitative research approaches were found to be suitable for this study (Denzin & Lincoln, 2011).

The aim and objective of this chapter was to describe the research methodology used to explore the research questions and justify the research methodology used based on the objectives and paradigm underpinning the research. In this regard, this chapter explained the philosophy that underpinned the research methodology and the qualitative case study approach and process that was used to select the research locations and participants. In addition to this, this chapter explained the unit of analysis, methods and instruments used to generate the data for this research endeavor. Additionally, this chapter explained the methods and approaches used for the analysis and interpretation of the research findings. In this regard, methodologically outlining and explaining this framework for this particular project serves to help inform and facilitate this process and should therefore add to the credibility and consistency of any subsequent findings.

Interpretive Paradigm

This study was conducted within the framework of the interpretive research paradigm, which provides the ideological foundation for researching and interpreting financial accountability and transparency within community schools of Lalitpur Metropolitan City (LMC). A research paradigm, as explained by Denzin and Lincoln (2011), is a basic set of assumptions and beliefs that informally determines the actions taken by the researcher through the establishment of research agendas and the use of methodological approaches. In this study, the specific research agenda focused on the explanation and description of various participants' interpretations and experiences with accountability and transparency within specific contextual settings, the research paradigm selected was establishing is the Interpretive Research paradigm.

The paradigm of interpretation claims that reality is neither objective nor unitary but is multiple and constructed by society. Based on a philosophy of relativism, reality is declared to be subjective and relative to people's experiences and interpretations (Denzin & Lincoln, 2011). In this current research context, the reality that existed with regard to school governance, accountability, and transparency was perceived as being relative and constructed by the experiences and interpretations of school stakeholders such as Head Teachers (HTs) and members constituting the School Management Committees (SMCs) and other stakeholders such as teachers and account staffs of schools.

It is on this background that the ontological premise for this research was that the reality of financial accountability and transparency in community school is contextual and shaped by the day-to-day interactions and experiences that stakeholders have with the financing processes and structures at the school level. A lack of accountability and transparency were therefore considered to be shaped and constructed at the social and local levels with regard to power and governance at the school.

In support of its ontological position, the research used subjectivist epistemology. As explained by Saldana (2016), epistemology is referred to as concerns with knowledge and the process of knowledge construction. In terms of interpretive philosophy, knowledge cannot be found out as objective facts and is instead co-constructed between the researcher and research participants. Willis (2007) adds that subjectivist epistemology is focused on ways and means by which meaning is made within dialogue and interpretation.

In this study, the knowledge with regard to the processes of financial accountability and transparency within community schools were produced with a high degree of engagement with participants within their natural context. The researcher herein was not functioning within the framework of being a strictly observational researcher. Instead, I was fully engaged within this research endeavor and was interpreting meanings within this context with the participants. This was done with recognition that I was interpreting this process with his background and experience within education governance. The interpretive paradigm made it possible for the study to explore the ways participants make sense of and conduct interpretations on accountability and transparency on a day-to-day basis from within school governance structures. The paradigm allowed for a more detailed analysis and exploration of the perceptions and meanings for financial decision-making and accountability processes as they relate to community schools' governance practices and processes within the context of Nepal.

Methodology: Qualitative Case Study

This research adopted a case study method to examine the issues of accountability and transparency in community schools, as both concepts are considered complicated and deeply ingrained within various environments. The case study method is considered a better approach when the research inquiry focuses on understanding how and why a process occurs within a real-world environment where the researcher has no control (Yin, 2018).

In addition, it is important to note that accountability and transparency in school governance cannot and should not be treated as standalone concepts but as socially constructed practices, which depend on local governance structures, power relations, and interactions among stakeholders and the process of policy implementation itself. A case study approach would allow a holistic and in-depth study of the complex relationship among various stakeholders, as this would allow me to study the meanings and practices as they naturally occur (Stake, 1995).

In terms of qualitative research, case studies can be useful for examining processes, relationships, and institutions, rather than focusing on outcomes alone, according to Merriam and Tisdell (2016). In relation to this research, case studies helped to gain an understanding regarding how accountability and transparency can be understood and implemented by School Management Committees (SMCs), head-teachers (HTs), teachers, parents, and members from local government. Gaining such an understanding would not have been possible using quantitative research.

Additionally, the selection of a multiplicity of cases, i.e., three community schools, helped me to increase the level of analysis, which enhanced the credibility and transferability of the findings, as noted by Yin (2018). These schools, being bounded systems, offered a range of different practices in terms of their respective governance, which helped to identify the similarities and differences in the application of the mechanisms for enhancing accountability and transparency.

The application of the case study method is consistent with the epistemological assumptions of interpretivist/constructivist research paradigms, which recognize the role of interpretation, values, and power relations in the development of governance practices (Stake, 1995). This study did not aim to test any hypothesis, which makes the application of the case study method appropriate for the research purpose. On the whole, it can be asserted that the method of case study was most apt in conducting this research, as it allows in-depth, contextual, and multi-dimensional analysis of the issue of accountability and transparency in community school governance, matching well with qualitative paradigms.

On the other hand, this research used a qualitative case study research design to explore the issue of financial accountability and transparency in the governance process of community schools of Lalitpur Metropolitan City (LMC). The qualitative research is regarded as the most suitable research approach for this study because this research aimed to uncover research participants' interpretations and meanings given to various processes occurring in community schools instead of measuring their performances quantitatively (Flick, 2009).

The reason for choosing the case study approach is that it is applicable for a holistic analysis for contemporary social phenomena under conditions when there is no clear demarcation between the subject and its context (Yin, 2014). The functioning of financial governance within community schools are depending upon policies and other political processes, as well as upon culture and personal interactions among participants. It was possible to carry out a holistic analysis for all interrelated aspects with the help of the case study approach.

LMC was considered a singular case with regard to being an embedded system of local educational governance within a federal system context applicable to the Nepalese environment. On the other hand, community schools under LMC regarded as units of analysis within the case to allow for detailed analysis on financial governance practices at the community school while at the same time being under the institutional premise within LMC (Yin, 2014).

In this regard, three community schools were purposively selected for study within the Lalitpur Metropolitan City (LMC). The criteria for this selection were set indicators for financial accountability and transparency such as budget transparency processes, the functioning of School Management Committees (SMCs), access to school finances, and social audits. These three selected community schools were selected with the intention of capturing diversity with regard to accountability and transparency for finances. In this research, a single case analysis approach has been taken with the intention of being able to examine diversity within the case analysis approach for LMC.

Data were collected from various sources to add to the credibility and quality of the findings. Primary data were collected through in-depth interviews with important research participants such as Head Teachers (HTs), Ward Chairs or SMCs Chairs, school teachers, school accountants, and officials from the LMC. In depth interviews were carried out to obtain information on the perceptions and roles of important participants with respect to decision-making and processes for accountability and transparency. Non-participatory observations on processes at the school governance levels were done to collect other important pieces of information that cannot be gathered from interviews.

Further, the analysis of documents was a vital part of this case study method. Some documents at the school management level and utilized for this case study included the annual financial reports, the School Improvement Plan (SIP), social audit reports, and the minutes of SMC and PTA meetings. Additionally, field notes were utilized as a means for the researcher to document observations and any insights gained throughout the research process. The use of multiple sources of evidence within one case made possible the application of methodological triangulation and thereby helped ensure the credibility of research findings (Stake, 1995; Yin, 2014). In general, the qualitative case study design provides for a rigorous and contextually appropriate methodological framework that fits well with the paradigm and research goals of this study.

Purposive Selection of Research Site and Participants

The research site and research participants were purposefully selected to align with my study purpose, which is to examine financial accountability and transparency of community schools. This being a qualitative and exploratory approach, I employed purposive sampling so that I could include settings and participants which were rich in information. Through the use of purposive sampling, I was able to target those schools and participants directly involved in governance and financial management at both local and central levels, who were well-informed about the practices in existence.

As an example of Yin's recommendations, the case was carefully selected in order to understand the processes of governance in-depth in the chosen institutional setting. Lalitpur Metropolitan City (LMC) was selected as the case study site as it represents an efficient unit of the local government in the federal structure of Nepal, in which there has been an active process of decentralization in education governance. Prior acquaintance with the social, political, as well as education context of Lalitpur helped in making it easily accessible.

In this research, community schools are considered as embedded units in a single case, which is Lalitpur Metropolitan City (LMC), and three community schools are purposefully chosen to include variability in their location, size and governance system.

The selection was made in discussion with the metropolitan city authorities and informed by observable signals of governance and financial transparency, such as infrastructure, administrative capacity, and record-keeping practices. Only one school is located in the city's core urban area, while the other two schools are situated outside the main urban zone. This design allowed my study to explore both center and periphery contexts without having to create separate cases for each.

These included Mahadev Higher Secondary School (MHSS) in the city center, Aradhana Higher Secondary School (AHSS), and Rudreshwor Higher Secondary School (RHSS), which are outside from the main city. MHSS had better infrastructure, more visible, and enjoyed closer connections with municipal offices. In contrast, AHSS and RHSS are a few kilometers away from the center of the city and are also situated in semi-urban and peripheral areas with relatively limited resources. These differences offer a useful context in which to consider the significance of location, capacity of government, and administrative guidance as they influence financial accountability and transparency in the same metropolitan context.

Research participants were selected based on the principles of purposive sampling according to Maxwell, where participants or settings are selected to provide information difficult to acquire from other sources. Participants in the study was selected based on their role, responsibility, and length of experience in school governance and financial management. Such participants had to have spent at least three years in their current positions to ensure that they were well acquainted with the processes of governance and decision-making.

At each school, the major players in governance were invited as primary participants such as the Chairpersons of the SMC, the Chairpersons of the PTA, and the Head Teachers (HTs), due to their central roles in financial planning, decision-making, and accountability. Added to these, one teacher and a school accountant from each school participated to provide hands-on and technical perspectives on the financial processes, record-keeping, and implementation of decisions. Lastly, the Deputy Mayor of Lalitpur Metropolitan City (LMC) was also participant-sourced as a key informant to identify the larger context of governance with oversight responsibilities for local education governance. The participant selection was intended to generate thick, rich descriptions of governance practices, as Merriam (2002) advocated. In focusing upon administrative, managerial, and financial actors from varying levels, there was diversity resulting in complementary data points. This method therefore supports an enhanced analysis that allows study into both strategic decisions and daily financial practices in community schools. In sum, site and participant choices could be seen to conform to the interpretive stance and qualitative case study design adopted in this research. They allowed for contextually grounded insights into financial accountability and transparency in community schools within LMC.

Data Gathering and Information Generation

In this study, a multi-method approach was employed with the intention of generating rich qualitative evidences that was contextual and believable. It should be understood that one of the tenets surrounding qualitative research is the process of generating knowledge that considers the act of data collection as a means for interpreting the deeper meaning that research provides on participants' reality (Strauss

& Corbin, 1998). It is with this rationale that multiple methods were employed for the collection of the research evidence.

In-depth interviews, observations, and document analysis were employed in the study. In fact, all these approaches were carefully incorporated with the goal of allowing for triangulation and strengthening research findings' validity and rigor. Before any fieldwork activities were conducted, interview schedules were created with the intention of seeking consultation from the dissertation supervisor. The preparation of these schedules was based on readings from relevant literature and the research framework. In fieldwork activities, however, interviews were flexible, and the researcher found no compelling reason to be bound by interview guides' pre-designed topics. Conversely, they acted more like prompts to allow for free-flowing conversations and for participants to influence research inquiry design.

Use of multiple evidence sources is highly recommended within the conduct of a case study. Yin (2014) asserts that a well-facilitated case study is strengthened by the coming together of evidence from various approaches and outlines six key evidence sources including documents, interviews, archives, direct observation, personal observations, and artefacts. The research made use of documents, interviews, and direct observations mainly due to their suitability for research on governance and financial activities within a school environment. In-depth interviews were employed with 17 key informants and were basically the empirical source.

This methodological approach goes further than merely being interview-based. Although Merriam (2002) proposes that intensively qualitative interviewing can generate description sufficient for grasping social phenomena, this research was deliberately designed to validate interview information with observations and document analysis to compensate for potential drawbacks with one method for generating information.

In-Depth Interviews

In-depth interviews were central to the methodology employed for generating data for this research. In-depth interviews allowed for generating detailed information and personal interpretations from research participants with direct involvement and experiences within the context of financial accountability and transparency of schools. Selected participants acted as key informants with specific knowledge and insight within the context (Patton, 2002).

The study involved representatives from the Chairs of Local wards or School Management Committee (SMC) chairs, Parent-Teachers Associations (PTA) chairs, Head Teachers (HTs), school teachers, accountants as well as the Deputy Mayor of Lalitpur Metropolitan City (LMC). The need to involve HT is essential because of their direct engagement in school management as well as financial management. Similarly, representation from PTA Chair is critical in highlighting the voices of parents.

Fieldwork activities were carried out between the 15th of February and the 16th of April 2025. Interviews were carried out at convenient locations selected by the participants. Interviews were started with the Deputy Mayor. This was due to the political power that is responsible for governing the education system at Lalitpur Metropolitan City (LMC). I stayed close to the locations near the school sites for at least one week.

All interviews were conducted on a face-to-face basis and were at least one hour long. A number of participants were interviewed twice for the purposes of seeking more clarity on certain emerging themes. With prior consent from the participants, all interviews were audio-recorded with a view to transcribing them accurately (Merriam, 1998). Fieldwork notes were taken during and immediately after all interviews were carried out.

Prior to conducting each interview, rapport building was carried out by explaining the reason for conducting the research and the planned application of the research findings (Patton, 1987). The participants were made aware of the plan for confidentiality and the freedom to withdraw from the research process at any time. Open-ended questions were asked during the research process to allow for the free and reflective response approach (Esterberg, 2002). These were complemented with probing questions should additional explanation be necessary (Denzin & Lincoln, 2003).

After the interviews were conducted, the audio recordings were transcribed carefully. The transcriptions were checked several times for their accuracy where possible participants were asked to verify their transcriptions to validate the findings.

Observation

In addition to the interview methods and document review, this study employed unstructured non-participant observation as an additional qualitative research instrument to gather relevant data for the study. Observation was used to gather data about the practices, interactions, and behavior related to financial accountability and transparency that may not be fully expressed by the interview participants.

Unstructured observation was also seen as appropriate for this study as the aim was to understand governance as it naturally happens. Creswell and Poth (2018) have argued that unstructured observation allows the researcher to observe and describe social processes, power relationships, and institutional practices as they naturally occur. Merriam and Tisdell (2016) also see observation as appropriate for qualitative case studies with an aim of understanding some particular process rather than trying to measure the outcomes.

Data collection through observation was carried out during school events, annual social audit meetings, parent-teacher meetings, school anniversary celebrations, etc. These events were considered for observation since they are officially recognized spaces where financial disclosures are likely to happen, and where stakeholder engagement is officially promoted. During these observation periods, attention was given to: how financial information was presented, who dominated discussion on matters relating to budgeting and expenditure, extent of involvement from parents and communities, and whether opportunities to query or provide feedback have in fact been facilitated.

The significance of observation in relation to financial accountability and transparency is centered in the potential of such an activity in revealing inconsistencies in processes and practices. Although schools met the minimum procedural requirements, such as posting notices concerning their finances or undertaking social audits, these activities, according to the observations, appeared ritualistic in nature, providing only a semblance of opportunities for community scrutiny. This is in relation to Schedler's (1999) concept of accountability, which underlines the significance of transparency in relation to justification and enforcement. In addition, observation helped me in triangulating the interview findings concerning upward and downward accountability. For example, while respondents indicated their compliance with municipal financial rules and regulations in the interview study, it was found in the observation study that the discussion in public forums tended to be administrative and technical in nature and therefore inaccessible to parents and other marginalized actors. Fox's (2015) claim that there is no guarantee that transparency will lead to accountability without citizen empowerment was therefore supported by this study.

As such, the role of observation was significant as a methodological approach geared towards increasing the credibility of the study by linking the practices with the perceptions and policies, all with the aim of undertaking a deeper analysis of financial accountability and transparency within community school governance.

Observation was one of the important complementary means for generating research data. This helped me to identify the contextual and processual elements of governance practices, which may not be fully expressed during my research interviews. As suggested by Yin (2014), observation offers direct insight into social situations and institutional processes.

In the interest of the Interpretive paradigm approach to research, observations were carried out with attention to events and interactions and their meanings (Aikenhead, 1997). For instance, observations were carried out with a flexible and unobtrusive approach, paying attention to participants and activities as they appeared at the research sites.

I chose to conduct observations on selected events at the school. These events included social audit interactions between the school and various stakeholders on a yearly basis and another program held on school anniversaries. For instance, observations carried out at a school anniversary program at AHSS helped the research learn about the levels and types of community participation at such events.

Document Review

Reviewing document was the third method for generating data, helped me to both situate and confirm the data collected from interviews and observations. As Merriam (2002) and Esterberg (2002) explain that document analysis is a powerful tool within the case study approach for developing descriptions and verifying claims. Both primary and secondary documents were selected and analyzed. Primary documents included school-level documents like minutes from SMC and PTA meetings, codes of conduct, accounts and social audit reports, and school improvement plan (SIP). Relevant documents on financial accountability and transparency were selected from the national and local policies on education. The documents were critical for providing context within which governance practices might be understood and for allowing for comparison between documented practices and actual practices. The document data was encoded and analyzed with other research methods for increased triangulation through the use of summary methods.

Field Context: Lalitpur Metropolitan City

Lalitpur Metropolitan City, also referred to as LMC, symbolizes a major city in a metropolitan setup in Nepal, which also offers a distinct socio-political and educational background for analysing financial accountability and transparency in community schools. This metropolitan area has been traditionally known for its rich cultural and architectural history. However, it has recently come to symbolize a fusion of traditional settlements as well as very quickly developing urban residential areas. Its citizens are also socio-culturally diverse with Newars comprising a significant population, in addition to numerous caste and ethnic groups who are also migrants, mostly due to the development of urban expansion, job opportunities, as well as access to education. There are certain imbalances that exist in this metropolitan area between the vicinity of the major city and peripheral, semi-urban residential wards, especially in terms of access to quality education.

Politically, LMC aligns with the prevailing country political setting, where all political parties are actively involved. Notably, with the new 2015 Constitution and federal rearrangement, many governance powers were delegated to sub-national governments. Hence, it is expected that elected officials, particularly mayors, deputies, and chairs of legislative wards take prominent governance stances in all education matters including school management. Although political stability in local governments has slowly been regained, political party performance affects all institution operation including functioning of community schools.

The standard of community schools in LMCs remains uneven. This is because community schools in major urban areas are likely to have better infrastructure, a sufficient supply of teachers, and better access to government resources. On the other hand, community schools in semi-urban and rural constituencies usually struggle with security of infrastructure, enrolment variations, lack of finances, and fragility of accountability. Local government and third-party institutions, including NGOs, are working towards improved management and inclusivity; nevertheless, issues of finance management, lack of transparency, and community involvement still abound.

Indicators of education in the LMC suggest that there has been improvement in enrolments as well as community participation, which can be linked to increased knowledge of education rights and municipal initiatives. However, issues pertaining to performance, disrupted classes, and drop-out rates in marginalized communities continue to be a point of concern.

One important structural change that came to pass within school governance stemmed from the usual tradition that involves appointing Ward Chairpersons as Chairs within School Management Committees (SMCs). This occurred after a period that saw the leadership of SMCs composed largely of parent representatives elected through community-based processes. While this was meant to promote community ownership, it often turned out to be a platform for political contests. The choice of leaders of SMC was, in most cases tied along political lines, which would affect their neutrality in school governance.

This new governance structure has also helped improve links between schools and government units, which has facilitated better resource flow, coordination, and management. This has brought about a direct form of accountability in financial management, which has become relevant to this study with respect to community schools and accountability structures. Therefore, it can be said that the social, political, and educational environment of LMC creates a practical and relevant context for understanding how local governance structures affect financial accountability and transparency. The transition from Parent-led to Ward Chair-led SMCs represents a substantial form of institutional change with important implications for community school governance. This dynamic environment provides a solid empirical foundation for understanding the complexities of decentralization, political agency, school-level finance practices, and as such, it underpins the methodological justification for using LMC as a research site for this proposed study.

Data/information Analysis Procedure and Interpretation

The research utilized a case study design with a qualitative approach where data analysis and interpretation took place concurrently. As initial data collection took place, engagement with data analysis and interpretation took place. Conceptually, data analysis for a qualitative study occurs in a manner that remains integrated with data collection (Strauss & Corbin, 1998).

Activities involved in field work included writing down field notes and reflexive memos, with observation notes in association with audio recordings of in-depth interviews. The role of audio recordings of in-depth interviews was to facilitate the observation of verbal communications as well as non-verbal ones, such as emotional expressions. Reflexive notes were used as a tool for critical analysis. They involved writing down tentative interpretations with regard to financial accountability and transparency practiced during school governance.

The data processing involved a systematic data preparation exercise. All interviews were audio-recorded and fully transcribed to ensure authenticity. Listening again to audio recordings was supplemented with cross-comparison with other descriptive field notes to check for the accuracy of pronunciation while re-immersing in the data to recollect circumstances underlying particular responses. That helped me to obtain a better grasp of data for more accurate coding.

Following this, a coding exercise was launched to provide direction for structuring data in a manner that forms a basis for analysis. Codes were generated using an inductive approach. This was because codes were generated based on persistent concepts, themes, and concerns observable within participant responses regarding issues pertaining to management of schools, management of finances, reporting, and accountability. As advocated in Interpretive Qualitative Inquiry (Creswell, 2009), no pre-established coding scheme was used.

Whilst coding, similar responses given by various participants and sites were contrasted to establish points of convergence and divergence with regard to comprehension and practice. This process made possible a reflection on how participants with differing roles, for example Head Teachers (HTs), chairs of School Management Committees (SMC), Parent and chairs of Teacher Association (PTA), teachers, and LMC authorities made meanings regarding financial accountability and transparency in their particular roles.

As the analysis continued, themes identified were continually considered, refined, and revised. Overlapping themes were integrated while others were unraveled to form sub-themes to better represent the complexity associated with experiences of the respondents. This continues to be a characteristic of a qualitative inquiry where themes continue to be refined throughout data analysis and writing processes (Denzin & Lincoln, 2003).

The last themes included those concerning understandings regarding financial accountability and transparency in addition to SMCs' practices of governance in community schools. Sub-themes included processes concerning making decisions and showing budgets, responsibilities of SMC management, involvement of communities in financial management of schools, and factors associated with implementing transparency in finance in a particular school.

This took into consideration that as a professional background in the field of education, this would affect how I would interpret other individuals' views.

According to Creswell (2009), researcher positionality cannot be ignored when engaging in a qualitative research study. My background helped to embed other participants' voices within a larger conceptual environment without downplaying their voices. Reflexivity was considered a strength. This analysis of data and its interpretations in this study was iterative, inductive, and reflexive. There was constant shuttling between data generated through field experiences and themes and insights emerging out of this. This research has made a nuanced and context-specific assessment of experiences associated with financial accountability and transparency in community schools in LMC.

Ethical Consideration

Ethics played a prominent role in the research process because a human participant study entailed sensitive issues about accountability. Ethics in research relate to using moral values in a manner that does no harm to those involved and other individuals (Morrow, 2008). The researcher argues that research has significance only when beneficial for mankind and when dignity and rights are fully considered. In this regard, ethics were taken into account in this study when dealing with data. Ethics involve using moral values when assessing data for accurate research. This aspect took place in this research when dealing with data.

As pointed out by Creswell (2009), ethical issues are extremely important when data is being collected and interpreted and when findings are being reported. Keeping this in mind, care was taken to be ethically aware throughout this research. Trust, honesty, and respect were identified as being imperative for effective participant involvement. Without being ethically strong, it would be impossible to have effective cooperation and truthful input from research participants. This meant that research participants were treated with utmost respect and transparency while considering their rights. Before engaging with participants in field studies, I was open about research purposes, aims, and methods. To obtain informed consent before participating in studies, I made participants aware of how data would be used. This involved making them understand that their involvement in research was only voluntary. They were also made aware of their right to withdraw without any repercussions.

All data was treated with utmost confidentiality and anonymity. The participants were assured of being rendered unidentifiable unless consent was granted for disclosure. Where possible, pseudonyms were used. All audio recordings and other documents were placed in a secure manner and were only accessible to this researcher. Social and personal details were impossible to trace when reporting back results.

Rapport was considered more important while collecting data because of its significance in engaging with ethics in conducting a qualitative study. The interviews were organized as per the convenience of the respondent, considering their role as Deputy Mayor, chairs of School Management Committee (SMC), chairs of Parent Teacher Associations (PTAs), Head Teachers (HTs), teachers, and accountants. Before commencing with the interview for data collection, engaging in casual conversations with respondents was considered. This was done with a focus to develop a comfortable zone for collecting data. Wherever a respondent displayed signs of reluctance while responding to a particular query, no pressure was drawn on that particular respondent.

Burgess (2005) points out that carrying out ethical research means considering issues such as accuracy, confidentiality, right of access, and continuity of intent. Following this line of thought, therefore, no bias was shown among the respondents considered in this research. All research participants were treated equally without any privilege, and did not inquire about anything distant from research objective. Emotions and professionalism were respected, and neutral attitude was maintained throughout, fostering and environment where respondents could comfortable in sharing their thoughts.

Ethical standards were also extended to the analysis and interpretation of data. The data were analysed honestly without any form of data manipulation. The voices of the research participants were accurately represented in the study. Reflexivity was maintained throughout data analysis. Continuous analysis of the researcher's positionality and work background was conducted to reduce bias. In general, ethics were viewed not as a procedure but as a constant throughout this research. By ensuring regard for ethics such as confidentiality and informed consent, this study aimed to preserve academic integrity. Ethics thus form a basis in establishing credibility and integrity within this research.

Issues and Limitations Encountered in the Study

As in any other qualitative study being conducted in a real-world environment, this particular study had several issues and limitations. As a matter of fact, any research using a qualitative case study design inherently requires immersion as a means of building a level of trust with those being studied. This directly resulted in several practical and contextual issues.

One of the first problems in this study had to do with selecting proper research participants for the sites identified for this research. Although schools were carefully identified for selection, finding participants who had a connection with schools in regard to governance and who were prepared to be open about their experiences with such a study was a problematic task. Additionally, participant completion of in-depth interviews without withdrawal was a goal achieved. All respondents participated fully in my study without withdrawing.

One of the difficulties encountered while collecting data was the reluctance shown by the respondents in expressing their opinions freely, particularly concerning sensitive issues associated with financial accountability and transparency. This was particularly observed among some of the HTs and teachers who feared possible political pressure from the School Management Committee (SMC). As a result, some of the study respondents were averse to audio-recording their opinions. Though this resulted in a diminished verbatim data quality in some of the cases, this challenge was remedied with extensive use of reflective observations.

Time management was another critical challenge when carrying out field research. Synchronizing research interview schedules for participating respondents and for researcher was a challenge, especially in cases where SMC chairs and lower-level representatives had a number of other administrative and political commitments. This was managed with help from HTs.

The issue of maintaining confidentiality was another challenge in my study, especially when dealing with data representation and reporting. Though maintaining confidentiality forms a critical moral requirement when engaging in any form of research qualitative in particular maintaining this aspect also impacted the degree to which particular details about a given situation could be outlined. This means that while some details had to be abstracted for purposes of drawing more vivid explanations.

Besides these difficulties, some other limitations with regard to methodology need to be mentioned. The study was only conducted in a few community schools in a major metropolitan city area. As a consequence, this research does not claim to be applicable to any and all schools. This particular piece of work intends to provide information that may help inform readers about similar environments. Additionally, while making use of data for drawing conclusions, this particular research used a concept of interpretation. Consequently, while making an effort to provide clarity with regard to this research, I must admit that their experiences in this particular field of study affect this research. Despite such challenges and limitations, they did not affect the integrity of the study. They even contributed to a better comprehension of complex realities with regard to the management of schools. They highlighted the sensitivities associated with financial accountability and transparency in a community school. Overcoming such challenges reflexively contributed to increasing authenticity in connection with research data.

Credibility as a Quality Standard

The question of maintaining credibility stood as a major priority in all stages of my research, since in qualitative case study research, it has been noted that rigorous attention needs to be directed to issues of trustworthiness for intensifying authenticity in findings. Since this study focused on community schools in Lalitpur Metropolitan City (LMC), with a view to analyzing the sensitive issues related to financial accountability and transparency, it became important to use methodologies that were focused on addressing issues of accuracy, fairness and in-depthness of interpretation. In this regard, consistent with Lincoln and Guba's model of trustworthiness, as outlined in 2005, a set of methodologies including member checks, prolonged engagement, in-depth description and peer debriefings were used in an organic manner, that was part of an overarching emphasis on issues of openness, reflection, and responsibility.

Member Checking

Validating Interpretations with Participants Member checking was a major strategy used for establishing credibility. Merriam (1998) described member checking as offering respondents an opportunity to check, validate and confirm interpretations done by the researcher. This tenet was used with vigilance to make certain that respondents were given a sufficient chance to validate information offered.

After transcribing all interviews of the respondents comprising Head Teachers (HTs), SMC chairs, PTA chairs, teachers, school accountants, and deputy Mayor were consulted to validate if their message has been correctly captured in accordance with their intent. Following Lincoln and Guba (2005), validation was not only a means for establishing validity but also a site for performing collaborative interpretation. Some respondents, like Carlson (2010), preferred that their transcripts be audio-read.

In a number of cases, respondents were able to develop their initial suggestions, discussing complexities with regard to political pressures, limited resources, and school internal dynamics. The telephone follow-ups were maintained for those participants not available for a personal interview. This ensured that a certain level of correctness was maintained, in spite of misinterpretations, as well as developing further insights. The member check helped me to increase a sense of ownership of the research among the respondents.

Long-term Engagement: Emersion in a Field

Engagement over a prolonged period of time in qualitative cases eliminates distortion, unused meanings and builds a rapport with respondents (Lincoln & Guba, 2005). Substantial amounts of time were taken in all sites, including interviews, personal interactions, school observations and school visits.

With a deep understanding that accountability and transparency are incorporated into all school activities, it became important to note how school stakeholders including teachers, school officials, and members of school management committees (SMCs), carried out their duties in a normal environment. This involved making a number of visits to these schools to help in understanding realities that were not necessarily articulated in interviews, including communication between teachers and chairs of SMCs, as well as political leaders.

This enabled constant contact, even in situations where absences were temporarily necessary for fieldwork, allowing for observations of new developments. This facilitated enhanced depth and richness in data, as well as the contextualizing of individual narratives in relation to school-level realities.

Rich and Thick Description: Offering a Descriptive Context

Flick et al. (2004) emphasize that rich and thick descriptions facilitate capturing the complexity and uniqueness of qualitative data. In my research, thick descriptions were obtained from in-depth field notes, transcribed interviews, analysis of relevant policies as well as interpretation of findings in the literature.

My study used the point of highlighting the sociocultural, emotional, and personal experiences of participation, as informed by Carspecken (2001). The discourses of participation that were often contradictory, yet at other times similar, were reported in a way that allowed readers to make their own interpretations of financial accountability and transparency in community schools.

Furthermore, being open to emergent findings, as suggested by Hammersley and Atkinson (2007), also helped in shaping this study. With the unfolding of realities in the field, approaches to data gathering were suitably modified, and interpretations of emerging conflicts were done with increased criticality.

Peer Debriefing: Increasing Analytical Rigor

Throughout my study, peer debriefing was done systematically. This enhanced analysis rigor. Lincoln and Guba (2005) suggest that peer debriefing assists in identifying hidden assumptions, biases and misinterpretations. These emerging themes, coded data and preliminary results were shared periodically with a colleague who has knowledge of qualitative research concepts and comes from an educational background.

Further, other colleagues met along the way in Social Audit programs in a community school, including teachers, SMC members and representatives from the community, who also reviewed initial analyses. This helped in gaining alternative interpretations and ensured that the analysis stayed focused on realities from school stakeholders.

The positionality, including my teaching experience and experience as a member of SMC, has been taken into consideration to avoid being overshadowed by these experiences. The group verification with teachers and members of SMC/PTA has been done in order to verify that interpretations are not reflective of the thoughts of mine.

Doing No Harm and Anonymity: An Ethics Perspective

Every step of my research was ethical in nature. This resonates with Morrow (2008), where it was highlighted that research ethics are a set of moral values that are to be utilized for doing no harm and also for showing respect, fairness, and integrity. This has been taken into consideration in this research, as highlighted by Creswell (2009).

To respect participants' dignity, I applied this approach when contacting all participants were with respect and in recognition of their expertise and experiences.

Interviews were timetabled around their convenience, especially with busy Deputy Mayor, Head Teachers (HTs) and SMC Chairs or Ward Chairs. Informal talks were done before every interview to facilitate building of a relationship and overcoming hierarchical issues, as suggested by Burgess (2005). Some respondents felt reluctant owing to political sensitivities, such as potential retribution from SMC. To ease any discomfort, respondents were assured of their freedom to skip questions and withdraw from interviews anytime. If any respondent feel discomfort, the questions were changed and sensitive issues were addressed cautiously.

My study considered confidentiality a priority, especially when it involved reflective comments related to finance practices, political meddling and deficiencies on the part of institutions. This ensured that all respondents were guaranteed confidentiality, with names being used as pseudonyms where appropriate. This protected their identities in all ways, including peer debriefing.

This study was conducted with an absolute emphasis on the principle of doing no harm, which ensured that no part of this research imposed psychological, social, and professional danger on those involved as research subjects, as well as those in the school communities. A lot of care has been taken in this study to design and order interviews in a way that protected subjects from psychological suffering, fear of retaliation, and internal conflicts among HTs, SMC Chairs, and other stakeholders. Throughout this research, caution has been exercised to make certain that data obtained from subjects would not be used in a manner that would lead to misplaced understanding, increase tensions that are already prevalent in a politically charged relationship between SMC chairs, head teachers (HTs), and teachers. The integrity of interpretation was a very important part of this research methodology, where interpretations were focused on subjects' true voices, which were offered in a fair, equitable, and balanced manner using various interpretations. This study outlined, in a very concrete, clear, and distinct manner. The purpose, boundaries, and potential use of this research to all of its subjects in order to secure their voluntary participation in this work in a manner that ensured informed consent. The ethical obligation of this study has also been pushed further in order to compile this manuscript, where inflation, misrepresentation, and selective presentation of findings were avoided.

Summarizing the Chapter

This chapter presents the methodological framework used to explore the stakeholders' comprehension of the governance of schools in terms of financial and transparency specifically in community schools of the Lalitpur Metropolitan City (LMC) in Nepal. This study takes a qualitative approach using a case study design to explore how stakeholders in LMC perceive and practice financial accountability and transparency in community schools. An interpretive approach to research argues that realities in school governance are socially constructed, a matter of context and determined by lived realities of stakeholders. This underpins the epistemology and methodology of this study, which has enabled a co-construction of meaning as opposed to a mere observation.

The LMC was purposively chosen as the context for the study, considering the fact that the city has diverse politics, administrative importance, as well as the presence of the emerging concept of the management structure in the decentralization of education. Finally, three community schools have been considered within the case study. One school was found in the centralized location, while the remaining two are situated within the semi-urban and peripheral areas. Moreover, the participants, including the chairs of the SMC, PTA, head teachers (HTs), school teachers, accountants, and the Deputy Mayor, have been purposively sampled.

The data collection made use of a multi-method approach involving in-depth interviews, naturalistic observation, and a thorough analysis of documents. In-depth interviews were an important mechanism for gathering the data because they allowed the respondents to share their individual views or perceptions with a decent amount of freedom. The naturalistic observation helped the research gain familiarity with school-level practices and procedures not easily obtainable through an in-depth interview technique. On the other hand, a thorough analysis of school documents aided the validation of the findings along with the interpretation of the results.

Data analysis proceeded in a manner consistent with inductive, iterative, and reflexive approaches characteristic of qualitative case studies. Interviews were mobile-recorded and subsequently transcribed; field notes and reflective memos were taken and open coding was used to find key concepts emerging in data. The codes were consolidated, using constant comparison, emerging from data to form nodes of coded data that were then categorized and themed. Reflexivity informed data analysis, with a focus on considerations related to data interpretation stimulated by this particular research role.

Credibility and trustworthiness were enhanced using techniques such as member checking, prolonged engagement, thick description, and peer debriefing.

Member checks enabled the research respondents to confirm or clarify the findings. Prolonged engagement enabled establishing a rapport with respondents, overcame potential hierarchical issues, and enhanced understanding of key realities. Rich description enabled a faithful representation of governance, whereas peer debriefing enhanced analytical validity and corrected potential biases.

I integrated ethical considerations into the research process. Voluntary participation, consent, privacy, anonymity, and autonomy were maintained. Interviews were organized for respondents' convenience; delicate questions were treated with care and pseudonyms were used when necessary. The research followed the principle of "do no harm" to avoid conflict, professional harm, and psychological distress among respondents due to research findings. The integrity of respondents' voices was maintained to avoid misrepresentation and manipulation of data.

This chapter also recognizes the challenges and constraints in carrying out field studies, such as consent from participants owing to political sensitivities, limitations in audio tape recordings, scheduling and respecting confidentiality in a political setting. While these issues present certain methodological challenges, their impact on enhancing reflective understanding and methodology has added value to this research. On a general note, this chapter of methodology has outlined the philosophical bases, design of a case study, model of sampling, data creation techniques, analysis techniques, ethical issues and strategies for establishing trustworthiness for this research. This study combines interpretation with high-quality analysis in order to derive results that are valid and reliable with regards to ethical interpretation of community members' perceptions of financial accountability and transparency in the community schools of Lalitpur Metropolitan City (LMC).

CHAPTER IV
STAKEHOLDERS' UNDERSTANDING ON ACCOUNTABILITY AND TRANSPARENCY

This chapter explores the perceptions of various actors involved in community schools of Lalitpur Metropolitan City (LMC) regarding financial accountability and transparency mechanisms. The LMC educational framework serves as the specific context for this study, with in-depth explorations of three representative community schools. The central theme concerns the implementation of accountability and transparency within school administration, particularly within the context of Nepal's evolving federal system. Through qualitative interviews and on-site observations, the research uncovers the interpretations and practical applications of these fundamental governance principles by participants such as Chairs of SMC, school Head Teachers (HTs), local government representatives, school accountants, and parents.

The analysis uses governance theory, focusing on principal–agent relationships in decentralization and participatory accountability, as well as local governance influences. The chapter combines local perspectives with Nepali public sector responsibility and trust to connect empirical evidence with theoretical interpretation.

Understanding of Accountability

Accountability, as perceived by respondents, manifested as a multifaceted concept, spanning between a principled ideal the ethical responsibility to serve the citizenry and a bureaucratic requisite the obligation to conform to regulatory stipulations. This division is fundamental for comprehending the functional limitations within the governance of schools in Lalitpur Metropolitan City (LMC). The incorporation of local government officials, particularly the Ward Chair or the elected ward members nominated by Ward Chair, within the School Management Committee (SMC), as mandated by the LMC Education procedure, 2076 (2019), has codified the framework for accountability. However, this formalization frequently prioritizes administrative adherence over substantive performance (Bardhan & Mookherjee, 2006).

Indeed, the dominant view for the interviewees initially interpreted accountability specifically with financial reporting and compliance with budget obligations. Such a narrow vision exalts the notion of proceduralism, where the emphasis is on turning in paperwork and meeting financial obligations issued and administered by the local government, thus foreshadowing a system mainly geared toward upward accountability toward the LMC's Education Division. This can be observed from a ward representative's explanation: *"If the financial report is satisfactory, we view the school as accountable, but its performance is a different issue."* Furthermore, this particular vision more often than not encourages nominalism, a decoupling mechanism where mere compliance with rules is disconnected from actual improvements in performance. Notably, Accountant X explained, *"We submit reports because we are required to submit them, and not because we expect a rigorous examination,"* suggesting the very strict financial examination required by the LMC Education Procedure, 2076 (2019), is perceived as a symbolic gesture and not a tool for serious evaluation (Andrews et al., 2017).

Unlike those that focus on formal structures, some school Head Teachers (HTs) and parents from the local community appeared to hold a more profound and nuanced perception of accountability that is anchored on public service and trust. For instance, HT 'A' presented a well-defined notion of accountability that goes beyond what is expected of a community school, including their accountability to the community that depends on their educational services to educate their children. *"Our responsibility goes beyond the local government; we are also responsible to the community that depends on us for educating their children,"* HT 'A' said. Of course, this definition stretches accountability to something that goes beyond educational structures, including educational development and integrity, which are natural components of accountability in education (Hanushek & Woessmann, 2010). Notably, this definition harmonizes with what has been defined within the School Education Sector Plan (SESP) formulated within MoEST (2022).

When comparing these different understandings, it becomes increasingly apparent that there is a marked deficiency from a conceptual standpoint. There is an indication by governance literature that real accountability entails the management of transparency, which is actually the reporting, and consequence management, which is the penalty (IEG, 2007). The important point, within the context of the LMC, is that while there is more emphasis placed upon transparency, which has been achieved by improving reporting, the other important component, which is consequence management, is sometimes lacking, especially within the context of academics.

Understanding Transparency

Stakeholders have conceived transparency on two interrelated axes. First, they view transparency as openness and visibility within administrative and financial matters. Being open and visible is what transparency encompasses. Secondly, and perhaps as important, they perceive transparency as a benchmark for the quality and integrity of actors' actions. The apparent inconsistency inferred by the second observation suggests there is a central challenge found within the governance framework within community schools at LMC today. Though following formal rules is important, this is not sufficient to strengthen community desires, especially within the context of decent leadership. It is inferred that there is inconsistency within transparency following specific contexts. The inconsistency reflects a distance within both formal rules and their subsequent execution.

How Following the Rules Doesn't Always Mean Sharing Information

Transparency, as perceived by the bulk of stakeholders at the school, meant compliance with the LMC Education Procedure 2076 (2019), which mostly included showing budgets and audit reports at notice boards or conducting public forums. Yet, these practices did not offer accessible information to the community at all times. Parent "F" revealed that knowledge about the budget was restricted to periods when forums were held, with reports spreading mostly through unverified information otherwise. The pattern of spreading information was hierarchical and occurrence-based, creating a situation of information asymmetry at a community level (Gaventa, 2002). In addition, transparency required only through compliance with a regulatory obligation may often give a mere display of transparency without really motivating a transformation at an organization level. This may allow entities to perform with a sense of impunity, without any accountability and motive to alter a status quo (Fox, 2015).

Culture, Distrust, and Community Responsibility

The problem with just following the rules is made worse by the fact that the community doesn't really trust the people who manage public money. This distrust comes from cultural and historical ideas about these officials. Many people thought that being transparent meant that public officials should be honest in their personal lives. This suggests a strong ethical standard is held for those in positions of authority. This distrust was encapsulated in the frequently cited Nepali proverb, "जसले मह काट्छ,

उसले हात चाट्छ" ('He who cuts the honey also licks his fingers'). These are common expressions of a concern for the fact that people having immense power may have the tendency to abuse government resources for their own motives. Personal motives very often prevail over the need to follow the best practices within an institution (Bista, 1991). This deficit of trust clearly points out the fact that there can be no simple disclosure of information. According to Ackerman (2005), simple access to information would not lead to real accountability within the community without the opportunity to query the existing power structures.

Within the existing framework of Lalitpur Metropolitan City (LMC), the one-way flow of information, mostly coming from power structures, has a huge negating effect on the potential oversight abilities within the community. A fundamental element applied within governance could find itself reduced to a mere procedure without any tangible effects.

Accountability and Transparency: Participatory Approaches

Although the respondents concerned generally recognized the formal structures that had been put into place for governance like the School Management Committee (SMC) meeting, financial audit, and assemblies, a periodic criticism was that these had largely become token attempts at compliance rather than being used for actual discourse. This discussion will consider how such mandated procedures have been implemented in LMC.

In accordance with the tenets of decentralization, the LMC has established various formal procedures that are meant to ensure accountability. LMC Education Procedure 2076 (2019) is one such example that has made it compulsory for the Education Department to go for field visits and discuss with the School Head Teacher (HT), School Management Committee (SMC), Parent-Teacher Association (PTA), teachers, and students at least once a month. In this procedure, there is an evident supervision by the administration at the grassroots level. But available evidence shows that these procedures are followed only for the sake of following them and not for achieving anything.

This viewpoint was candidly expressed by an Accountant (Accountant "X", Field Interview), who stated: *"We prepare reports because we must submit them, not because anyone will verify them closely."* Andrews et al (2017) contend that an environment prioritizing habitual adherence to prescribed regulations often fosters a compliance-based culture, wherein the focus shifts to merely satisfying external reporting obligations rather than genuinely embracing the fundamental intent behind them. This phenomenon manifests as a restricted form of responsibility, primarily dependent on information sharing through channels like public gatherings or evaluations, but deficient in rigorous enforcement mechanisms, such as tangible sanctions or repercussions for misconduct (Fox, 2015).

The presence of this constrained accountability on a widespread level helps to establish a cycle of documentation without remedial action, thus undermining a level of confidence on the part of the citizens. The Head Teacher 'B' repeated this lack of satisfaction with subsequent actions taken: *"The audit report arrives, but we do not hear what happens next."* Lack of any public reactions on the part of the institution further maintains a perception of a lack of authenticity within their accountability systems.

Financial analysis and public forums are basic structural tools introduced for the purposes of encouraging accountability and enforceability (IEG, 2007). Nevertheless, the stakeholders generally felt that these tools were one-way communicative processes. Essentially, financial analysis is primarily centered on financial appropriateness and budget compliance (fiscal accountability), rather than educational success or outcomes (Hanushek & Woessmann, 2010).

Furthermore, public forums, which were otherwise meant to encourage deliberate participation in accountability processes (Gaventa, 2002), have generally become passive communicative processes. Empirical evidence has informed researchers that communities and parental levels of concern generally feel a powerless reaction when trying to contest entrenched leadership structures (Crook & Manor, 1998). Hence, while decentralization strategies might necessitate the use of these structural mechanisms, in practice, they have generally been co-opted or impacted by a pervasive culture of respect to hierarchical control and protocol. This makes these tools fewer effective mechanisms for meaningful administrative reform.

Political Interference and Favouritism: The Educational Aspect

Within my current study, political interference, especially the kind exhibited in favouritism of particular individuals or groups, is regularly cited as one of the concerns. This type of interference works as an effective, unofficial channel that affects the official rules aimed at ensuring accountability and transparency.

According to the Education Procedure, 2076 (2019) of Lalitpur Metropolitan City (LMC), the ward chair or elected ward members nominated by ward chair automatically positions as the chair of the School Management Committee (SMC). While this structural relationship between schools and local authorities offers the potential for improved resource allocation by aligning school needs with local government actions, it also exposes school-level decision-making to the risk of being driven by political considerations rather than educational needs.

The chairperson of ward "E" admitted sometimes being dependent on informal influences when he said, *"School decisions may, at times, be driven by political rather than educational need."* By inference, resource allocation and strategic personnel allocation in schools can sometimes be dependent on political allegiances rather than merit, which happens because of political motivations (Bardhan & Mookherjee, 2006).

The structural barrier posed by political influence makes an appearance at the local level by way of a common interviewee expression, *'aphno manchhe'* or 'one's own circle of people.' It refers to nepotism, where loyalty to one's personal network takes precedence over following rules, which is a social phenomenon described by Bista (1991).

This often generates dominance, which is perceived as the influence of public choice by local elites or political leaders for their own or political gain. According to Faguet (2014), these practices result in the deterioration of both equity and the predictability of formal institutions. Evidence highlights that local administrator occasionally supported learning institutions associated with their political followers during the allocation of resources, hence violating the tenets associated with transparent and fair governance. According to Gaventa (2002), in cases where decentralization lacks strong public scrutiny, it may paradoxically increase the power of privileged actors, since local administrators acquire more autonomy in controlling resources without an appropriate level of public accountability. This political interference affects accountability since it generates an irregular, opaque process that lacks democratic checks.

Capacity Deficiencies and the Limitations of Community Engagement in Education

Barriers in the structure of accountability and transparency at both school and public levels are associated with capacity limitations, particularly in human resources, skills, and administrative abilities. Respondents identified that there was a significant weakness in financial and administrative skills at the school level. As a Head Teacher (HT) 'B' said that their training concentrates mostly on teaching but very less on financial matters. This problem underscores the extreme challenge that teaching staff are faced with in dealing with complex financial and reporting requirements while lacking expertise in that area. This mismatch in professionalism was implicitly acknowledged in the Nepal School Education Sector Plan (SESP) (MoEST, 2022), suggesting that the overall effectiveness of the entire educational system depends on the competency and responsibility of its teachers in managing those competencies (Bovaird & Löffler, 2003). Unpreparedness in training, specifically in financial matters and regulatory matters, directly leads to operational efficiency over effectiveness (Andrews et al., 2017).

The challenge of capacity is further intensified by administrative overload at the local government level, meaning that this limits the capacity of the LMCs to implement their own set of rules. An Education Officer illustrated this limitation by explaining that a lack of human resources limits a complete evaluation of reports for schools. The challenge at this level of oversight creates what Andrews, Pritchett, and Woolcock refer to as "isomorphic mimicry" because "organizations mimic the appearance of accountability without actually attaining substantive accountability because of the low probability of deep scrutiny."

Community Participation

While the engagement of the community, through channels like the School Management Committee (SMC) or the Parent-Teacher Association (PTA), is seen by the larger community roughly as a prerequisite or an essential part of devolved governance (Mansuri & Rao, 2013) for downward accountability, it is consistently found by stakeholders to actually amount to little more than going through the motions, with the community participation found by Crook and Manor to amount to 'participation without power' (Crook & Manor, 1998). A parent expressed a commonly held viewpoint, indicating that while they attend meetings when invited, they feel unable to question official decisions.

This suggests that community members are included primarily to lend legitimacy to the process but are effectively prevented from meaningfully influencing decisions, particularly regarding crucial financial matters. This perfunctory inclusion curtails the effectiveness of social accountability, which relies on citizens being able to examine and challenge authority (Ackerman, 2005). The role of the agency of members in the community is structurally mediated by a number of factors, which include socialization, gender, and an uncritical acceptance of authority. This mediating factor constrains engagement from playing more than a passive role in deliberative spaces, participation in democracy, and thus the ability to challenge authority to affect outcomes (Gaventa, 2002).

Consequently, community involvement in LMC often functions as an upward validating mechanism for the school administration rather than a robust downward accountability mechanism.

Cultural Conceptions of Responsibility

The culture that prevails within the Lalitpur Metropolitan City (LMC), concerning the aspects of governance, influences its realms of accountability and transparency, largely due to social relationships that override established procedures, hence creating a mode of accountability based on relationships. Nepali governance is very hierarchical, illustrated by a common saying among stakeholders: 'जसको शक्ति, उसको भक्ति' ('Power commands loyalty'). This saying points to a social rationale where respecting authority is a fundamental moral belief. This often means that accountability is directed upwards to those in higher political and administrative positions, instead of downwards to the people (Bista, 1991). Head Teacher "B" mentioned this directly, saying, "*we follow what the Metropolitan City decides; they are our seniors."* This shows that the HT sees the Metropolitan City's instructions not just as administrative, but as a directive from a superior they must obey out of respect and obligation.

Such standards promote a lack of transparency, and the normal encounter between the citizen and the representative, where the citizen holds the power as the sovereign, is instead modelled on the patron-client system (Bardhan & Mookherjee, 2006). "The desire to act in accordance with the rules is not only a means of avoiding possible repression but may also express a desire for conformity and obedience in the social relations, and even before the law, as a manifestation of disciplinary power," as supported by the concept "disciplinary power" proposed by Foucault (Gaventa, 2002).Therefore, accountability in the LMC is more dependent on the social fabric and a code of respect and loyalty rather than the discipline imposed by the law concerning the operation and good governance as described in their Management and Operation Act, 2064 (2008).

Specifically, the cultural focus on hierarchical organization impacts the processes of making and implementing decisions in the LMC. People who hold subordinate positions in society tend to show conformity to their superiors. This cultural factor might reduce the level of public scrutiny that is required in accountable governance. This is because the public might feel reluctant to doubt or query the superiors since this constitutes lack of respect and violates the social norms.

The patron-client relationships which come from this cultural environment also make the issue of accountability even more complex. In this instance, instead of being autonomous agents accountable to their constituents, representatives can view themselves as patrons with duties to their clients. Clearly, this can promote discrimination and bias on the basis of relationships and not on equity. In this regard, instead of offering public service, the emphasis is on cultivating loyalty and this is what results in opacity.

Furthermore, the idea of disciplinary power, described by Foucault, can also be considered in this scenario. There are certain social norms that guide people on what is expected from them and this impact could be more significant as compared to formal rules and regulations. Members of LMC could abide by the norms that are already present and avoid doing things that might hamper social harmony.

The case of LMC also highlights the need for an understanding of local culture in efforts to improve governance. Some generic solutions that work elsewhere may not work in other contexts because they overlook the deeply embedded social values that determine how people behave. Improving accountability and transparency in the case of LMC involves mitigating these aspects by encouraging public engagement, weakening the power of hierarchy, and promoting an accountability culture that is rule-bound rather than relationship-based.

Bista (1991), as well as Bardhan and Mookherjee (2006), also offer important commentary on aspects of governance in a social and cultural context specific to Nepal. In Bista's work, insight is gained into the deep-rooted presence of hierarchical relationships of power, while in that of Bardhan & Mookherjee, an understanding of how relationships of power impact on the nature of accountability can be derived. The Foucault conceptualization on disciplinary power (Gaventa, 2002) provides a tool for analyzing more subtle aspects of on-subject regulation due to power and social norms.

In addressing challenges associated with accountability in an LMC, it will be important to tackle this issue in a way that brings about change at the school level, in addition to cultural change in attitudes. This will include programs aimed at educating people about their own rights and responsibilities, in addition to greater involvement in decision-making, in addition to programs to protect persons who may want to act as whistle-blowers.

In summary, accountability at LMC cannot be separated from local cultural idioms and norms. In Nepali governance, due to its hierarchical form of governance, as well as its patron-client relationship and role of disciplinary power, there are challenges to accountability through hierarchies and rules. In order to improve governance, there should be strategies to counter these aspects of culture through participation, transforming hierarchies, and encouraging a culture of accountability based upon rules, which are expected to increase transparency and lead to fair, just, and equal governance for all citizens.

Reflections on Governance Theory

My study of the Lalitpur Metropolitan City (LMC) case shows that there may be certain benefits as well as inherent challenges relevant to decentralization in a situation where a historical environment of conflict exists. In a scenario where a clear gap exists regarding accountability and transparency at the management level of these learning institutions, a combination of various theories on governance is needed.

The delegation of power to subnational units via a federal structure represents the increased liberty given to localities, but, in turn, creates a principal-agent problem (Bardhan & Mookherjee, 2006). Here, the principals are the people and the parents, while the agents are the local bodies, representing the resource managers. There is a clear finding that the principals might lack the very competencies and power necessary to effectively monitor their agents (Bardhan & Mookherjee, 2006). This creates conditions for elite capture (Faguet, 2014) since the school administrators or local administration may start acting with the interests of the elite, described by the local phrase *"aphno manchhe,"* which is translated to favouritism.

Analysis of community engagement validates the common concern about the applicability of Participatory Governance Theory (Gaventa, 2002) that involving citizens in decision-making does not necessarily lead to accountability. Even in SMCs and community meetings that are supposed to allow community members to participate, research reveals that parents' poor civic abilities and the politico-cultural hierarchical structures that are inherent limit their actual power (Bista, 1991). This problem exists in the way the structure enables accountability for information but does not provide a way for compliance with rules that are in place (IEG, 2007).

The governance framework for the education system in LMC is a hybrid system incorporating various modes of governance. While the formal system, as embodied in the LMC Education Procedure (2076) and the country's School Education Sector Plan (SESP) (MoEST, 2022), continues to exist, the informal system, incorporating political patronage and the custom of respect, also continues to exist as part of the social structure. While the former incorporates flexibility into the system, the later affects the ability to assign responsibility, specifically during situations where errors exist since the reporting responsibility (upward) and the network (of loyalty and aphno manchhe) makes the assignment and allocation of responsibility difficult.

Viewpoint of a Head Teacher (Urban Community School)

An urban community school Head Teacher (HT) in the Lalitpur Metropolitan City (LMC) discussed the nature of financial accountability in terms of institutional/procedural responsibility. The participant stated the following in support of the statement that accounting in general involves:

"Accounting in general involves recording of accounts of debtors (customers), monthly accounts of creditors. An account of one month's expenses of cash. An account of the expenses of cash in one month. Recording of accounts of debtors (customers). Recording of accounts of the expenses of cash. Recording of accounts of the expenses of one month. Accounting in general involves the recording of accounts of debtors (customers)."

Also spoken was the reality of the growing nature of documentary evidence in despite these measures, however, the participant was able to recognize a largely "upward-looking" nature of accountability for their particular case context since there was more focus on pleasing the municipal authorities. Even when social audits and public hearings took place in a public hearing committee setting for the Head Teacher (HT) of the participating educational facility, they seemed more like administrative activities to him than a place for community scrutiny. All of these have been indicative of a governance approach that has largely developed in terms of a rule-based accounting construct.

Perspectives of SMC Members (Semi-Urban Community School)

The members of the School Management Committee (SMC) conceptualized transparency in terms of information disclosure. According to them, transparency would involve publishing the details of income and expenses in the notice board of the schools concerned. They also believed transparency to involve the disclosure of their decisions in their meetings. A representative of the SMC also stated that "transparency was ensured once expenses were made known to the public."

In spite of the above challenges in the SMCs, the members had a poor understanding of transparency as a continuous governance process. The financial discussions in the SMC boards were largely dominated by the SMC Chairperson and the Head Teacher (HT). The parents had a passive role in the discussions. The evidence suggests that transparency was viewed in terms of the visibility of information without the inclusivity of the governance process.

Summarizing the Chapter

The aforementioned narratives present that there is a constant difference between how community schools in Lalitpur Metropolitan City (LMC) are supposed to be run and how they actually are. This is because informal political and cultural habits often take precedence over official rules. People involved mostly see accountability as a matter of financial reporting to the LMC, which makes them focus more on pleasing the authorities than serving the community. For example, Accountant 'Y' said that they only make reports because they have to, not because anyone checks them carefully. This leads to a situation where people just follow the rules on paper (soft accountability) instead of being held responsible for their actions (hard enforceability).

While some people have a good idea of what accountability should be (like Head Teacher "B", who said they are accountable to both the LMC and the community), this idea does not work very well because there is not much enforcement when it comes to academic results. This creates a common problem where the ward chair cannot always control what the schools do (the agents), which is a typical issue when power is given to local areas.

At the same time, being open and honest is only done sometimes and only when required. This is mainly a formal requirement within the LMC Education Procedure 2076 (2019) and is not seen as an efficient mechanism for participation. The process of exchange shows inconsistency. Parent 'F' said that they only hear about the budget when there are meetings; otherwise, they hear things from other people. This kind of limited transparency does not solve the problem of deep distrust in the community. There is a proverb that says, He who cuts the honey also licks his fingers, which shows that people do not trust those who control public money.

The enforcement of good governance is always weakened by four major problems. First, political favouritism and when powerful people take advantage exist because of informal networks and cultural respect for elders. Head Teacher (HT) 'C' said that they do what the ward chair decides because they are their seniors. Second, there are big limitations in what people can do. HTs do not have enough financial training, and the ward office does not have enough staff to monitor things properly. This, in effect, leads to people imitating others' behavior without necessarily understanding the principles, thereby inhibiting effective supervision. Cultural hierarchies also instill an environment where members seek to appease those above them rather than address their accountability to the masses.

Together, these challenges encourage compliance with the regulations without substantial effect, making the formal system ineffective. This implies that proper accountability cannot be realized through the creation of schools alone. It also requires giving power to the public, continuously improving skills at the school level, and having a strong commitment to serving the public interest. This is the only way to truly turn Nepal’s community schools into institutions where everyone participates and shares responsibility.

CHAPTER V
PRACTICES OF ACCOUNTABILITY AND TRANSPARENCY

This chapter takes me out of the theoretical debate and places me squarely inside the classrooms of Lalitpur Metropolitan City (LMC)'s community schools. My study focuses on the critical question of what the schools are doing to attain accountability and transparency within the domain of financial management processes.

Nepal's shift to a federal system didn't just rearrange government offices; it fundamentally rewrote the job description of school leadership (MoEST, 2019). The most visible change is the transfer of power: the locally elected Ward Chairperson or elected ward members nominated by ward Chairperson is now automatically the Chair of the School Management Committee (SMC) as practicing in LMC based on their education procedure 2076 (2019). This is more than a policy change; it's a repair of who holds the purse strings and the final say.

Building on the context and theory established in earlier chapters, this section synthesizes the direct voices and experiences of the people involved, the Head Teachers (HTs), the ward chairpersons, the accountants, the teachers, the PTA representatives, and the municipal officials. My core focus is to show how this political leadership has reshaped the daily governance landscape the real-world practices that determine whether public funds are used efficiently and fairly.

My preliminary findings reveal a central tension, a dual effect that defines this new system. In one respect, the political power of the Ward Chairperson has been useful and functional in terms of imposing a formal accountability process, improving the school's budgeting processes, reducing paperwork, and affirming the school's essential link with the municipal resources. However, in another respect, the focus on the political imperative has exacted a certain toll in terms of a lack of participation. The grassroots, substantive notion of transparency, through which the parent feels empowered, can be eschewed in the process (Fox, 2007).

In order to examine this complex process effectively, this chapter is divided into three critical domains of analysis. First, there is an examination of the obligatory procedural systems strict budgeting norms, procurement committee systems, and non-negotiable reporting systems for external auditors that are employed for the purpose of guaranteeing compliance with finance standards. Second, the scrutiny is on the transparency systems, which aim at the disclosure of finance information, such as the Social Audit process, the display of finance information and the mechanisms for the distribution of scholarships. Third, the domain is the examination of structural gaps that have existed, such as the absence of professional finance personnel.

In conclusion, therefore, this chapter moves from the question ‘What are the rules?’ to ‘Do these practices sincerely improve governance and trust?’ The observations provide in-depth perspectives on their implications for participatory governance in the emerging federal education system in Nepal.

Mechanisms of Transparency (Public Disclosure Focus)

Transparency in community schools is practiced through a combination of formal documentation and mechanisms for public information sharing, though its substantive quality remains contested. Transparency, understood by stakeholders as the dissemination of financial information to parents, staff, and the community, is primarily operationalized through social accountability tools. Yet, even such processes may also be vulnerable to influence by society. The respondents confirmed that it may also rely on political and personal appeals, particularly when scholarships are up for competition. Therefore, procedural transparency alone does not fully eliminate bias; substantive accountability requires impartial oversight and community monitoring.

The Role and Practice of Annual Social Audits

The Annual Social Audit represents the single most important and central activity that guarantees transparency is disseminated at the grassroots level. This event is more than a simple routine meeting, it is the main public account, often referred to as the school’s day of reckoning, where the whole community, including parents, teachers and other community influencers, come together to evaluate the performance for the past year. Once a year, the school administration has the opportunity to account for all income and expenditures in detail and therefore has assured the public that all records are completely transparent. This is important because it provides a place for everyday parents and community members to publicly question or “hold accountable” certain financial expenditures or management decisions.

Beyond its purpose, however, the audit also serves as an effective tool for monitoring and learning. It has been stated by participants that beyond building trust amongst stakeholders, this transparent annual public accountability also creates a point of ongoing educational pressure; staff members, knowing that their own decisions are going to be examined publicly, seem to care more and follow procedures more closely. This public accountability is not just a symbolic gesture in this regard, but a tool with real power; there are many comments from stakeholders when they were able to successfully raise issues and questions publicly during the audits.

Information Dissemination and Public Display

In the context of community schools within the Lalitpur Metropolitan City (LMC), information dissemination and public display together form an apparent aspect of bureaucratic transparency. Beyond the statutory requirement of annual financial audits, schools also engage themselves increasingly in practices that aim to formalize the disclosure of information, usually in the form of publicly displaying financial statements showing sources of income, expenditures, and the utilization of grants in notice boards at the school premises and, in some instances, on institutional websites. Such visible forms of disclosure are meant to show-good governance norms, affording opportunities for parents, teachers, and residents in the vicinity to see how public money is apportioned and spent. According to Fox (2007), these forms of transparency can be categorized as "procedural transparency" the availability of formal mechanisms and documentation indicating openness, even if substantive accessibility has been limited. Indeed, over recent years, the formalization of the processes pertaining to maintaining documents has improved. For instance, the financial decisions need to be given in writing by the municipal authorities, and accounts of expenditures are systematically maintained and archived, demonstrating an increasing congruence with institutional standards of accountability.

However, while these procedural improvements are commendable, access to this information by the general public remains limited. A number of participants in this research, including both parents and community members, highlighted the fact that transparency often *"remains limited to paper records,"* by which they mean that although the documentation exists, neither proactively nor in a manner digestible for the ordinary citizen. This is an important critique, highlighting differential conceptions of transparency within governance theory, relating to transparency as compliance versus transparency as empowerment (Fox, 2007; Gaventa, 2002). The first concept refers to the availability of formal rules that oblige disclosure, while the second emphasizes the right and ability of citizens to interpret, analyze, and make use of the information for the sake of accountability. Yet, financial reports will continue to be incomprehensible to a large segment of parents, especially illiterate ones or where there is less development in information technology. This, therefore, makes disclosure less likely to be empowering.

This disconnection between procedural and substantive transparency reflects a larger governance challenge-while rules and documentation mechanisms may meet the administrative requirements, they generally do not help bridge the gap between state reporting and public understanding (Ackerman, 2005; Mansuri & Rao, 2013). To serve its democratic function, the flow of information needs to be accompanied by efforts at making the flow comprehensible and relevant to diverse audiences. Simplifying records of finance, using visual formats such as charts or pictorial representations, and integrating explanations in local languages might make such disclosures more inclusive. The institutionalization of regular community meetings to discuss financial reports transforms transparency from an act of one-way disclosure to a dialogic process of accountability. As one parent interviewee highlighted, *"We see the numbers on the wall, but we don't always know what they mean."* This captures the gap that exists between technical compliance and substantive transparency. Strengthening the communicative dimension of transparency-accessible, understandable, and actionable financial data-continues to be an important precursor to the realization of the participatory ideals of good governance in community schools.

Transparency in Distributive Justice: Scholarship Allocation

The call for transparency in the domain of community schools goes beyond routine financial disclosure into the realm of distributive justice, especially regarding such scholarships and other welfare-related benefits for the students. Scholarship allocation processes have thus been evoked as a center point for institutional justice and procedural integrity in Lalitpur Metropolitan City. Schools usually follow a collective decision-making process developed to minimize discretion and ensure equity. Most of the processes involve the preparation of annual student portfolios that include detailed records of socio-economic backgrounds of students, their household incomes, caste or ethnicity when relevant for affirmative inclusion policies, and performance. These are used as the primary evidence for determining eligibility and prioritizing beneficiaries in this regard. Such collective deliberation speaks of a procedural promise toward transparency since decisions are not limited to the discretion of individual administrators but are subjected to peer scrutiny and consensus-based evaluation.

There is a significant shift here towards the notion of institutionalized equity, as defined in the literature on governance, whereby there is a strategic integration of equity considerations within the frameworks of administrative decision-making (Govinda, 2011). It can be hoped that by abandoning personal or ad-hoc modes of decision-making in favor of documented forms, the problem of nepotism, let alone political intervention, can be avoided. Indeed, this is especially important within the context of local governance in Nepal, where the tradition of *aphno manchhe*, or one's own circle, has often played a role in the distribution of public goods (Bista, 1991). Portfolio measurement criteria, based on municipal guidelines, contribute further to the procedural formalization of justice, including an impression that justice is based on merit, as opposed to connection.

From a theoretical perspective, these strategies are connected with Fairness Theory and other tenets of distributive justice in the governance context. Fairness Theory argues that it is not just outcomes that underpin beliefs about institutional legitimacy and trust but the perceived fairness and transparency of the procedures through which outcomes are produced (Colquitt et al., 2001). If the allocation of scholarly awards is made through the application of openly stated and understood principles, then this serves to enhance both the moral and cognitive components of institutional trust. However, should a lack of transparency or perceived arbitrariness occur, then any scholarly institutions also risk appearing less credible with regard to equity and integrity in public service. A number of interviewees referred to the publication of scholarly prize outcomes on notice boards, accompanied by justification for allocation.

As one teacher explained, *“Even if a student does not get the scholarship, the parents know why, because the list and criteria are public.”* Such openness transforms what could be a contentious process into one perceived as legitimate and just. Yet, even with these developments, it remains a challenge to guarantee that the principles of fairness operate evenly in all schools. Sometimes, selection criteria are roughly defined, allowing huge scope for arbitrary interpretation.

Moreover, limited awareness of the selection-related eligibility criteria on the part of the parents may hinder their participation capacity to engage in monitoring mechanisms. Continuous orientation sessions, communication of selection-related criteria in simplified language, and community representation on scholarship selection committees could reinforce transparency and accountability further. This embedding of distributive justice into the routine of day-to-day administration, however, requires more than procedural controls, it has to be an instance of cultural change, beginning with a recognition of fairness as a value of governance rather than as a compliance requirement. As Govinda (2011) underlines, “Schools able to institutionalize equity tend to achieve higher levels of public trust and community involvement and more durable forms of accountability.”

The Dual Implications of Political Leadership on Practices

The findings of this study reveal the complex and sometimes contradictory role that local government representatives play when they serve as chairpersons of School Management Committees (SMCs) in community schools. Holding both political and educational leadership positions create a dual dynamic one that can strengthen accountability in some ways but limit it in others.

In positive ways, the engagement of elected representatives has strengthened the linkage between community schools and the Metropolitan City or the urban administration. In this respect, there is better coordination, faster budget allocation, and consistency between educational institution plans and municipal plans for overall development in the neighborhood or community. This is true in terms of aligning with the intent and essence of Nepal’s federalism structure, wherein decision-making becomes people-centered and oriented toward efficient service delivery as described by Faguet in 2014. As cited from several respondents, municipal management has also imposed procedural order or discipline on community schools. head teacher (HT) 'A' noted, "When the ward chairperson becomes the SMC chair, everything becomes faster, and budget allocations are approved on schedule, and even interactions with the Metropolitan City become easier." This shows how political leadership offers one of the greatest strengths in assuring better and efficient service delivery for community schools. During the interview with the Deputy Mayor, it was noted that the appointment of the Ward Chairpersons as SMC chairs has reduced tension arising from political affiliations. Ward chairs are the elected representatives who are formally bestowed with powers. According to the interviewee, the move has increased professionalism within the SMC.

Despite this very strong linkage between politics and school management, some challenges come along with this strong relationship. The dual nature of the SMC chairpersons acting both as politicians and school managers can make it difficult to distinguish between the role of public service and the role of politics. *"Sometimes the pressure from our political party impacts how we decide school matters,"* admitted one of the chairpersons in a ward. Although the presence of elected leaders is justified institutionally, it can open the door to what scholars call elite capture where political actors dominate decision-making to advance party or personal interests rather than educational priorities (Bardhan & Mookherjee, 2006; Faguet, 2014). This phenomenon mirrors Dor Bahadur Bista's (1991) notion of *aphno manchhe* a deeply rooted social practice of favoring one's own circle which continues to influence Nepal's governance culture. As a result, mechanisms designed to enhance accountability sometimes become tools for political gain, with resources or recognition distributed to reinforce electoral support.

Governance-wise, this is an expression of the long-standing paradox of decentralization as an empowering process in opposition to decentralization as an institution of capture. Theoretically speaking, decentralization is expected to promote responsiveness as well as public participation in decision-making. However, as explained in the ideas of Faguet (2014) as well as Crook and Manor (1998), when localized power is not balanced in terms of controls, this particular process may only produce more of the same. Regarding this particular context in Lalitpur Metropolitan City (LMC), political leadership may have strengthened administrative compliance in terms of decentralization. However, this process may also have restricted open public discussion in SMCs. Some teachers may have been very apprehensive in presenting alternative ideas in meetings led by political personalities.

The engagement of elected representatives within school management committees (SMCs) cannot be established only with negative connotations. Their inclusion can help legitimize and publicize SMC policy. Conversely, the inclusion of elected members can ensure that the needs of the school are met within the municipal budget, ensuring better school infrastructure and community engagement. Such positive elements are encapsulated by the 'productive paradox' of participation established by Gaventa (2002), which establishes that tools of empowerment can have contradictory effects. The pivotal aspect, henceforth, is to hit the right cord between adhering to the positives of political leadership and avoiding the negatives associated with it.

The use of Ward Chairpersons as SMC chairs brings forth both positive and negative outcomes in school governance. This was confirmed by field interviews in which it was indicated that despite the possibility of conflict of interest arising, this aspect may improve the capacity of the administration in relation to resource allocation in schools. Respondents indicated that schools with Ward Chairs as their administrators tend to have faster budget processing as well as assistance in construction or maintenance. An accountant quoted: *"When the Ward Chairperson chairs the SMC, the Metropolitan City will process our budget faster and also assist in the construction or maintenance."*

In conclusion, the role of political actors in SMCs can be said to capture both the potential strengths and weaknesses of Nepal's decentralized system of education. While its impact on enabling greater access, coordination, and efficiency cannot be denied, the same process compromises the independence and participatory tone of school governance. The success of such political leadership thus stands to be not dependent on its institutional nature but on the personal integrity of those who occupy these institutional spaces. This makes the process of political leadership in education a contradictory process, a means of facilitating school linkage with the state as well as a factor that interrupts a genuinely community-led process of school accountability.

Enhanced Formal Oversight vs. Risk of Politicization

The bringing in of ward leaders in charge of School Management Committees (SMCs) has turned around the whole accountability system of community schools. It is not only that the schools have been kept under a close watch more formally, but also the political element has been mixed up in the situation. The presence of schools at a local authority is the good side of the picture. Teacher 'A' expressed that, the ward leader being with us at meetings facilitates the city getting the okay and notice most quickly. Hence, things like budgets getting okayed, construction, and project work are done quicker since the red tape doesn't hold them up as before. Besides, the involvement of an elected official creates more trust in the school among people, the thinking being that money is managed rightly.

Though, this political situation at the same time makes it possible for expositions to be overly involved in politics. The power has shifted from parents and locals to that of the politicians through a kind of inverting game. Winkler and Gershberg (2000) stated that in some cases, schools become a part of the local political party rather than being a union of choice. I came across a good number of teachers and SMC members to tell me that money was used for making the politicians look good rather than the education of children. For example, they would rope off doing the interiors of the school with the money earmarked for the purchase of the books. To quote one person, growth for the photo was the term that was used to mean that politicians only needed something to show off.

Besides that, Nepal has this *aphno manchhe* culture thing whereby backing up their friends is highly valued. Thus, politicians may be giving jobs to their friends and relatives, selecting the contractors whom they like, or supporting schools in their localities which is not right. This is not only interfering with the teachers' rights but also hampers the democratic process among all stakeholders. Also, parents might be intimidated to raise questions on what the politicians say. Hence, even if the situation is presented in a good way, the community does not possess as much power as it is supposed to.

This passage gives insight into what some researchers refer to as “the doing what you’re told without having a say dilemma” (Fox, 2015). On the one hand, things are more controlled, but on the other hand, the common people may still not be heard because of politics. The presence of ward chair has positively contributed to the organization of SMCs though it has also turned them into being more about the allegiance to politicians rather than the cooperation spirit. In order to solve it, required to see to it that the school board is a non, political zone and that is the school administration job. For this problem to be resolved, it has become essential that the SMC remains an area which remains free from politics, and this remains the responsibility of school administration.

Increased transparency and resource availability are the results of political leadership's oversight. However, this oversight also creates dependence which might lead to a situation where the political authority will be the one to account for the legitimacy of democracy. The schools of LMC and the entire education system of Nepal have to figure out a way of enjoying the benefits of having good relations with the politicians while still safeguarding the freedom and the participation which are the prerequisites for genuine accountability. If transparency and accountability are to be their lasting legacy beyond elections, then political authority based on power should give way to that based on trust, dialogue, and proper involvement.

Power Relations and the Limitations of School Autonomy

This is because the appointing of politically aligned ward chairpersons as chair within the SMC framework has literally brought about a paradigm shift within the power dynamics of community schools. This is especially the case since the shift from the parental dominated school structure within the committee running the school towards the politically dominated committee running the school has literally brought about an imbalance between the power dynamics, teaching staff and their political appointees within the school. This is evident since the Head Teachers (HTs) within the community schools have on various occasions reported on having to take into account the wishes of the chairpersons within the wards, especially if these wishes run counter to the administration or teaching aspects. An interview with the Head Teacher (HT) 'B' highlighted the situation *“Sometimes we have to follow their decision even if we do not fully agree, because they are also our authority in the ward.”* This further brings out the point that decentralization within the context of hierarchical politics can literally bring about top-down control within the decentralization process.

The above imbalance can be likened to a critique of decentralization in developing countries by Bjork (2006), which argues that a decentralization of power without specified accountability safeguards often transfers the power and control from the central bureaucracy to the local elite rather than to the local people themselves. Specifically, in Lalitpur metropolitan city (LMC), the fact that the chairperson of the school management committee (SMC) simultaneously represents the politics of the locality and exercises overlordship over the school’s educational governance effectively reinforces a vertical form of accountability that tends to conform more to local authorities’ satisfaction than to school-level participatory governance of the institution itself. What outcomes in a limited decision-making context in which head teachers are envisioned not as educational leaders but as strictly reactive administrators who carry out orders rather than formulate new changes hurts the democratic intent of school-level governance, which inherently calls for joint decision-making and shared responsibility in outcome (Bray, 1999). Teachers’ apprehension to go against the HT’s decisions can be likened to a pervasive cultural practice of submitting to one’s superordinate leadership that all the more tends to be reinforced by the political height of the ward chairs. Specifically in this respect, the above occurrence can be likened to the observation of *afno manchhe* “one's own circle of people” culture among the Nepalese by Dor Bahadur Bista (1991), who outlines a culture in which hierarchical loyalty to the leadership tends to prevail over all institutional norms and professional freedom of actions.

The loss of autonomy of schools under this setup also proves the point of formal versus substantive empowerment and addresses the wrong of formal implementation and substantive non-delivery of promised autonomy under the initiative of decentralization, wherein in principle, greater autonomy is given to schools on issues of planning, budgeting and human resource management, while in fact, a paradoxical situation is discovered, wherein outward appearances of autonomy create conditions of continued management outside schools and decision-making rests with the chair of the SMC in a politicized setup, creating spaces of politico-negotiated deal-making and management, as discovered in some South and Southeast Asian contexts, wherein Bjork (2006) reveals certain elite managerialism in certain contexts, wherein school management at the grassroots levels operates in a condition of innovation and response, as in the observation of a certain school teacher in LMC, who says, *"First, it is important to please the chairperson and after that, we attend to things in the classroom."*

Besides the existing disparities of power structures, other operational challenges further limit the efficiency of the newly formed leadership system. Also, in many instances, the chairpersons of the wards tend to handle a variety of administrative tasks; thus, they are less accessible when dealing with matters pertaining to schools on a regular basis. Though by holding formal power, they bring prominence to schools within municipal development plans, lack of continuity with occasional visits tends to create a bad impression about governance standards because of lack of participative leadership power for a long period of time. Indeed, it may take schools long for budget examination, audit or purchasing decisions due to lack of efficiency and decentralization of control, as intended by decentralization policy.

From the lens of governance theory, this situation is illustrative of the delegation-control dilemma (Grindle, 2007), where power is conceptually delegated downwards but is always conditional on the voluntary involvement of lower-level leaders. The pinpointing of all power without any accompanying institutional safeguards against discontinuity can therefore impair both accountability and efficiency. Within the situation of Lalitpur metropolitan city (LMC), even as schools are better connected politically and resource-wise, the trade-off involved is the subtle loss of educational autonomy and participation. To balance this situation, there is a need to better demarcate the boundaries between political leaders and education professionals so that school leadership promotes cooperation rather than domination. Upgrading the ability of school officials to administer finances, explain financial information and participate in shared planning could also make such dependency on political leaders less necessary.

In conclusion, the newly framed approach to leadership reshapes the internal dynamic of power in a way that both enables and limits institutions of education. While the addition of the ward chairpersons enhances the external legitimacy and linkages of the schools, it is also a dynamic that fosters imbalances that impede the professional freedoms of teachers and their participative role. The major implication of the decentralized education sector is therefore not merely the reallocation of power but the guarantee of its use to enable teachers and communities while leaving the integrity of the decision-making process of the institutions undiminished.

Structural and Participatory Gaps within the Current Practices

Although there has been an improvement in procedural accountability at an institutional level, this remains offset by structural and participative deficiencies that weaken the potential of these procedures to promote good governance.

Capacity Deficits: The Lack of Financial Professionals

One of the structural voids highlighted as a challenge by school authorities includes the general absence of professional accountant personnel. The fact that in many schools' financial matters are handled by teachers who are not professional accountants makes the system more porous to abuse within the entire governance structure (Winkler & Gershberg, 2000). Such a challenge aligns with the argument in literature that where there is a lack of capacity within a structure, there can be weak formal accountability systems, thereby creating a system where de jure accountability cannot be synonymous with de facto accountability (Winkler & Gershberg, 2000). The presence of a void, thus, makes the entire system suffer a “accountability gap” (Fox, 2007). To counter this challenge, there was a general emphasis on the need to build the capacity of HTs, as well as the entire school personnel, in order to ensure proper financial practice in the entire system.

The Participatory Deficit: Symbolic vs. Substantive Transparency

Despite the use of transparency tools like social audits and the posting of financial information, there is limited use of participatory practices. According to findings, financial discussions are limited between school administrators and parents since the latter are much more interested in educational results and the fact that their financial contribution levels are minimal (in the form of school fees) and so offer no great impetus for them to rigorously monitor expenses. Thus, there is evidence of community participation in Nepalese community schools often being more of a cosmetic element in reality (Carney & Rappleye, 2011).

It is further possible that when schools overemphasize political legitimacy, it could indirectly affect parental feelings of ownership of the governance process. To address parental participation, there is a need for a balance between representation and community participation, promoting parental voice, while creating a monitoring system for transparency to promote shared responsibility.

Social Audit as a Tool of Transparency

Social audits took place in all research schools every year. These social audits resulted in transparency. In these activities, there was the presentation of financial statements and activity reports to the parents. There was a lack of engagement between the presenters, parents, and the community during the social audits. Financial information was presented in a way that discouraged the community from asking questions. The parents who participated in the interviews appreciated the information but confessed to having struggled to comprehend the allocations in the budgeting. This suggests that the transparency practices that existed in the form of openness in the capital spending of the schools would not have achieved much in building the capacity of the parents to influence the spending.

The Role of Politicians in Establishing Responsibility

In one of the cases, the Ward Chairperson was the Chair of the School Management Committee. This was a reflection of the new governance structure framed in the wake of federal restructuring. The engagement of the Ward Chair affected the practices of accountability to a great extent. All matters pertaining to finances, purchasing, and the approval of the annual budget of the schools remained in consonance with the municipal guidelines.

There was greater discipline in financial processes, especially in the tendering process. Additionally, the model brought more centralization in terms of the authority to make decisions. There was some hesitation in going against financial decisions owing to the political nature of the Ward Chair. Though there was greater accountability for the model to the concerned local authority members, there was limited accountability to the parents/guardians.

Summarizing of the Chapter

This chapter explores the application of accountability and transparency in community schools of Lalitpur Metropolitan City (LMC), going beyond what has been stated in respect to accountability and transparency principles, to examine what happens in practice in regard to the management of financial and decision-making processes within the context of a federal education system in Nepal. The discussion draws on experiences from Head Teachers (HTs), teachers, Chairs of Parent Teacher Association (PTA), Ward Chairpersons, accountants, parents, as well as local government representatives.

The results show that the changes brought by federalization in school governance, particularly the establishment of ward chairpersons as SMC chairs, have significantly altered accountability. On the positive side, political leadership has strengthened vertical accountability. There is improved compliance with financial regulations, tendering, audit, and municipal reporting. Coordination with municipal governments has improved, with faster-dispensed fund approvals, increased supervision, and closer ties with municipal resources. This has encouraged rule following, thereby enhancing accountability to the municipal government.

Despite this, the enhancement of official oversight has been complemented by a lack of participation. The transparency mechanisms, for instance, via annual social audits, visibility of financial reports, and documented scholarship allocation procedures, remain procedural in practice. This means that even though financial reports are documented and shared, they are often displayed in a way that is not understandable to parents and the community. This means that transparency is basically a matter of compliance, with little practice in involving people in a way that encourages debate and challenge to decisions, as parents find it difficult to make sense of financial reports, which they rarely query.

The chapter has clarified transparency with regard to distributive justice, especially in the allocation of scholarships within the scholarship program. The use of portfolios, coupled with collective decision-making, has helped minimize incidents of favoritism. Transparency within the sector has improved perceptions of the matter, but discrepancies in the application of standards, along with a lack of parent knowledge, are limiting factors for substantive accountability.

An important Fisherian perspective is centered on the role of political leadership. Although the election of ward chairpersons has strengthened institutional ties, political leadership can centralize power, hinder open discussion, and lead to a lack of autonomy in schools. The teachers, as well as HTs, might feel compelled to conform to political choices, which is attributed to the elite capture phenomenon, as stated by the *aphno manchhe* phenomenon.

In conclusion, the above example in the chapter clearly shows that the accountability and transparency of the community schools in LMC have a paradox in that there is a lack of community participation and school autonomy in the presence of formal control and procedure compliance. While there has been improvement in efficiency and access to resources brought about by political governance, there are new power relations that contradict the democratic values embodied in school-based management. The argument in the chapter is that there can be more to accountability than formal procedures and transparency; it entails institutional capacity, moral leadership, and participative processes

CHAPTER VI
MAIN FINDINGS AND ANALYSIS

This chapter is dedicated to an in-depth discussion of key findings regarding financial accountability, transparency, and governance practices in community schools within the LMC. It further synthesizes analyses that are based on empirical findings obtained from interviews, observations, and document reviews within broader theoretical and policy debates on decentralization, democratization, and public-sector governance in Nepal. The Neo-Elite Theory is one of the central analytical lenses relied on in the analysis of this chapter, based on how democratic and participatory institutions may be structurally captured, shaped, or otherwise influenced by elite actors, despite their formal design to enhance community participation and downward accountability. Hence, the chapter draws on key themes emerging from the findings, such as the concentration of authority in the SMC, the strengthening of upward accountability to municipal authorities, persistent weakness in terms of downward accountability towards parents and communities, ritualistic forms of transparency, widespread conflicts of interest, and the ways in which decentralization reproduces local power hierarchies.

Centralization of Authority under the SMC Chairperson: A Neo-Elitist Consolidation of Power

One of the key findings of this research involves the concentration of authority in a single figure, that of the Ward Chairperson, who, under current municipal practice, becomes the statutory Chair of the School Management Committee (SMC). Decentralization is presumed to make decision-making closer to the community and participatory in nature, but empirical evidence shows that in Nepal, decentralization has institutionalized a new form of local elite domination. This happens in complete conformity with Neo-Elite Theory, which holds that decentralized democratic spaces become arenas where elites often consolidate power through changes in governance structures to preserve it.

In practice, the Ward Chairpersons exercise significant control over budgetary approvals, procurement, resource allocation, and teacher oversight. The combination of control over municipal budgets and political networks provides far greater leverage than anything formally granted by law. A number of Head Teachers (HTs) explained that aligning with the Ward Chairperson's preference was necessary, not because it was legally required, but rather because school functioning, most especially, access to municipal grants, depended considerably on maintaining good relations.

From a Neo-Elite perspective, this concentration of authority is unsurprising. Elites respond to changes in institutions, such as decentralization, through the reinvention of roles in forms that enable them to retain control while projecting legitimacy (Michels, 1911). Therefore, even though decentralization formally created opportunities for greater community involvement, it actually shows how political actors monopolize decision-making and limit opportunities for genuine participation by marginalized groups, parents, or teachers.

Accountability to the Metropolitan City: Strong Compliance, Limited Independence

The findings suggest a strong promotion of upward accountability to the municipal structure and to federal regulatory policies. The schools' compliance levels are high for budgeting report formats and school improvement plan (SIP) requirements. The head teacher (HT) sometimes refers to the Chairperson of the School Management Committee (SMC), known as the 'Ward Chair', as a direct and effective channel to the Metropolitan City to ensure that schools comply with the Metropolitan City's directions.

This phenomenon is connected to the trend observed in decentralized systems, where local units strengthen vertical accountability processes rather than promoting horizontal or bottom-down forms of accountability (Smoke, 2015). Under LMC, local units have significant power over school budgets, audit processes, and school performance. It is therefore observed that schools emphasize compliance even if that act reduces their autonomy.

On the basis of Neo-Elite Theory, vertical accountability is practiced as a tool through which political elites retain their power or control over decision-making processes. Instead of strengthening the autonomy of local institutions, decentralization could bring elite actors closer to institutions of governance, making them capable of forcing compliance in a manner that is compatible to their objectives. This explanation reveals that meetings of the SMC tend to be a platform for endorsing municipal directives.

The dominance of upward accountability also brings about a situation where school autonomy is undermined. Despite the fact that the community schools are expected to operate within a certain autonomy according to the School Sector Development Plan (SSDP) of Nepal (MoE, 2016), the situation at LMC is such that the Head Teachers (HTs) and the members of the School Management Committee (SMC), to a certain extent, feel that they have to make decisions that are somewhat different from what is anticipated by the Metropolitan City.

The Illusion of Accountability: Parental Exclusion and Ritualistic Transparency in Community Schools

This analysis shows a concerning trend of shallow forms of downward accountability at community schools, which includes a lack of parent involvement and a performance of transparency. While a healthy form of downward accountability is to react to the needs and views of students, parents, and communities, this analysis shows a gap in this process. Parents adopt a passive role, merely receiving information. Parental involvement in meetings is also symbolic, with their input serving merely as a rubber stamp on decisions already made by mainstream stakeholders.

This trend aligns with the literature on decentralization, suggesting that community participation may fall into tokenism if the underlying balance of power remains untouched (Cornwall, 2008). Parents feel excluded from financial discussions and consider them too complex or simply explained enough that they cannot contribute effectively. The lack of financial know-how among parents makes them reliant on information mediated through the lenses of the existing elite. Based on the Neo-Elite Theory, these processes can also be perceived as the elite maintaining its hegemony by denying access to critical information and opportunities for effective participation (Bottomore, 1993; Pareto, 1968). Thus, many parents are also filled with resignation and consider their role in governance as nothing more than a mere formality, an empty exercise that lacks efficiency.

Applying the principles of Neo-Elite Theory, these processes can be interpreted as ones in which elites retain and consolidate elite control by limiting meaningful participation and access to information. Such control is maintained by creating a situation in which only those who lack specialized knowledge, confidence, and political influence feel reluctant to defy authority (Bottomore, 1993; Pareto, 1968). Consequently, one could see that parents are more resigned to the inevitability of participating in the governance system, which is more symbolic than anything else.

Furthermore, deeply rooted cultural values strongly influence the patterns of downward accountability. In a close community, going against political leaders and school authorities might be considered unacceptable social conduct. This has emerged from interview evidence, where concerns about social turbulence and loss of political favor emerged among parents if they dared to question decisions. Such evidence supports existing studies, which show that cultural hierarchical values may consolidate elite power despite a supposedly decentralized political framework (Acharya, 2018).

Despite Parent-Teacher Associations (PTAs) being embedded as representative entities aiming to boost parental involvement and responsibility within the context of community schools, the reality of PTA operations reveals itself to be imbued with political attributes. The study reveals that PTAs are often determined by political affiliations, elite dominance, etc., thus hindering them from becoming truly representative entities of the varied interests of parents, particularly those belonging to marginalized communities. Instead, PTAs tend to become associated with School Management Committees (SMCs). The political attributes of PTAs also make them less transparent, as crucial questions about financial management are rarely raised within them. The involvement of only certain influential parents also diminishes PTAs' deliberative attributes, rendering them mere endorsing agencies rather than truly representative entities. Thus, even though PTAs are symbolic representations of ‘participatory governance’ within the context of community schools in Lalitpur Metropolitan City (LMC), the political attributes associated with them diminish them as effective entities of ‘accountability governance.’

The Facade of Openness: Symbolic Compliance Without Comprehension

A key principle of good governance becomes a procedural exercise in community schools. Accounts are disclosed on public notice boards, and social audits are conducted compulsorily to meet government requirements (MoEST, 2022), yet this exercise rarely enhances community understanding.

The critical distinction lies between procedural transparency (merely completing mandatory actions) and substantive transparency (ensuring that information is comprehensible and actionable) (Fox, 2007). Numerous schools presented financial data utilizing technical jargon or in formats inaccessible to the average parent. Consequently, transparency becomes a symbolic demonstration, legitimizing elite decision-making rather than facilitating informed public scrutiny.

Neo-Elite Theory suggests that elites frequently employ transparency procedures to uphold legitimacy while preserving their control over the substance of decision-making (Scott, 2008). This explains why community schools might publicly display financial records yet feel no obligation to ensure parents understand them. Openness as a facade provides the elite with a means to comply with regulatory requirements while still maintaining their power.

Additionally, the perfunctory approach to transparency is exacerbated by the community members' low financial literacy. Without deliberate efforts to build the community's capacity to understand financial documents, parents would not be able to identify any anomalies that might have been recorded in the financial transparency framework.

Information accessibility enables effective social audits, participatory governance, and accountability in community schools. While formal mechanisms, such as annual social audits and disclosed public financial statements, have become increasingly common, their potential for accountability is undermined when information is not accessible with regard to timeliness, clarity, and comprehensibility. In this study, information asymmetry between decision-makers and community stakeholders is perpetuated because financial information is often disclosed in technical formats that favor bureaucratic and political actors. The end product of such an exercise is an embattled social audit process, which becomes little more than a ceremonial exercise. Through the lens of participatory forms of governance, accountability is promoted not merely through the provision of information but also through the acquisition and evaluation of information provided by stakeholders. Accessible information provides parents, educators, and members of the community with the ability to hold sway and counter elite dominance, and SMCs and ward chairpersons accountable for their financial choices. As such, information accessibility takes an intermediary role in linking accountability and transparency and provides an avenue for moving away from merely symbolic forms of social audit and towards actual forms of democratic governance. The potential of decentralized school governance is undermined when spaces of participation are inclusive but substantively exclusive due to a lack of information access.

Collective Structure of the School Management Committee and the Implications of its Governance

In the context of Nepal's legal and administrative structure, school governance is institutionally located in the School Management Committee (SMC). The School Management Committee is conceptualized as a collective entity and not as individual authority. In this context of the legal and administrative structure of Nepal's education system, as outlined in the Education Act of 2028 (1971) and its subsequent regulations, and the Lalitpur Metropolitan City (LMC) Education Procedure of 2076 (2019), the School Management Committee (SMC) is established as a body of 11 members representing a wide array of stakeholders. The composition of this body is as follows: Chairperson of the SMC, member-secretary of the SMC being the Head Teacher (HT), parent members who have been elected and must be female, educationists, teacher members, and ward members.

In the view of the normative model of governance, the composition of the school's membership, which is plural, is meant to guarantee checks and balances, participatory decision-making, and shared responsibility in the administration of the school, its finances, as well as its academics. The presence of the female members, including the educationists, in the school's membership reflects the policy intent to promote the participation of both genders in the educational process. The same case can be seen in the role of the HT as the school's member-secretary.

Nevertheless, the results of this study have highlighted a major disconnect between the theoretical structure of the SMC, as defined, and its actual operation. Theoretically, authority is decentralized within the SMC's structure. However, in reality, the decision-making authority rests with the SMC Chairperson, particularly if the Chairperson is also the Politically Elected Ward Chair. The LMC Education Procedure 2076 clearly states that the role of the Chairperson is to provide coordination and leadership. However, it does not, in law, grant the Chairperson unilateral authority over budgeting, procurement, etc. The reality, as supported by the research, suggests that the other SMC members are relegated to passive rather than active roles.

The study found that the substantive influence of the female members, parent representatives, and educationists on the financial deliberations of the meetings was minimal. This implies that members' involvement was more procedural than deliberative. This reduces the horizontal accountability of the SMC.

Although the HT's role in financial record-keeping and implementation is a statutory requirement, it can often be influenced by the SMC Chairperson, especially in schools where resource allocation and infrastructural support are subject to municipal or ward authorities. It can be argued that there exists a power imbalance in the committee, where although the members of the SMC may be considered equal, in practice, equality of decision-making power may not necessarily prevail.

Therefore, the problem identified in the current study is not the lack of collective governance but rather the underutilization of collective potential in SMC. The current centralized system is not based on legal provisions but rather on political strength, the capabilities of SMC members, and a procedural compliance system that limits the effectiveness of internal checks and balances. Hence, in the current context, SMC can be considered more of an administrative validation system than a forum of financial deliberation and accountability.

From the above analysis, it is clear that the key to the improvement of financial accountability and transparency within community schools not only entails the need to follow the procedural rules and guidelines on the establishment of SMCs, but also entails the need to develop and enhance the capabilities of all the members of the SMC, especially the women and the representatives from the community, so that the ideal and ambitious goals of collective governance, as enunciated by the national laws and the directives of the Local Management Committees, may not be replaced by the dominance of individual political authority.

Structural Conflict of Interest: The Dual Role of the Ward Chairperson

The conflict of interest evident within the structure arises from the dual role of the Ward Chairperson, who represents the Metropolitan City and serves as the chair of the School Management Committee (SMC). When power is given to a single person, it disrupts the checks and balances required for democracy to thrive (Lipsky, 1980).

Ward Chairs implement decisions of the Metropolitan City and supervise school management. Consequently, the line between political and management control is crossed, and several matters arise. The Ward Chairperson, who is tasked with overseeing school performance, also has an equal measure of decisions up for review, which is a contradiction (Sharma, 2017). While schools are more inclined to support overt infrastructure initiatives, which are more aligned with political goals, other less overt yet more important to education, such as pedagogical and learning enhancements, tend to receive less attention. The discretionary power granted to the Ward Chair allows political considerations to enter the distribution of resources.

These indicate conventional propositions by Neo-Elites, which contend that elites are engaged in role-centralization, using institutionalized arrangements to further empower themselves politically (Higley & Burton, 2006; Mosca, 1939). Although the Supreme Court of Nepal has raised objections against such an arrangement, it is not effectively implemented. The continuity of such a conflict upholds the resilience of elite arrangements against changes.

Dependence on Political Actors: Patronage, Resource Access, and Negotiated Governance

As this case study reveals, schools depend on political actors, especially Ward Chairs, to secure grants, budget allocations, and other resources. This has resulted in a patrimonial political agenda, in which resources are allocated on the basis of political affinity and loyalty rather than institutional merit (Chhetri, 2021).

Fundamentally, it embodies principles of the Neo-Elite Theory, which asserts elite continuity and domination, leveraging control over public resources and the perception of elites as the sole indispensable link between society and the government (Scott, 2008). In practice, schools that are on good terms with Ward Chairs can obtain grants and institutional support faster, but if schools attempt to take on more control and challenge Ward Chairs, they can face administrative delays. Essentially, such a dependent relationship serves to suppress opposition, as Head Teachers (HTs) and school managements could potentially not have access to necessary resources if they act against elite interests.

Marginalization of Teachers and Parent SMC Members

The study shows that SMC members, particularly teachers and parents, have limited decision-making roles. According to teachers, consultative discussions focus mainly on operational matters rather than financial planning. Similarly, parent representatives on the committee report that decisions are ready-made before discussion during SMC committee meetings.

This situation reflects the view expressed by Cornwall and Coelho (2007) that decentralization is "participatory in form but not in substance." In most cases, SMC meetings are seen to operate more along the lines of political elites disseminating information than as platforms for joint deliberation. They also possess little political capital and financial expertise to oppose elite opinion, further locking into place the hierarchical system cited under the principles of Neo-Elite Theory.

At the same time, the marginalized influence of teachers also raises other interesting and important debates on issues to do with the autonomy of teaching professionals. Given the pivotal role teaching professionals are supposed to play regarding the operation of community schools, it is interesting and surprising to learn of little, if any, influence over financial decisions-making.

Audit Practices and the Persistence of Financial Irregularities

Despite the annual social audits conducted in community schools, the follow-through on the audit results is very limited. These exercises may actually focus more on procedural compliance than on pointing out substantive problems. No attention is paid to minor matters, and corrective measures are barely ever enforced.

All these actually fall under the 'audit ritualism' phenomena reported on under public administration literature, which specify audits conducted in schools becoming more symbolic and legitimizing rather than actually increasing accountability (Power, 1997). Taking the Neo-Elite view into account, it is possible to support audits only if such operations fail to impinge on elite decision-making and reveal politically inconvenient inaccuracies.

Scholarship Distribution: Procedural Equity with Hidden Elite Influence

Scholarship distribution is another area where schools aim to achieve equality. These schools generally use student profiles that take into account socio-economic factors, academic achievements, and vulnerability to determine the most appropriate recipients.

Nevertheless, it has been found to have an elite influence on the last result. Appeals by residents, social ties, political persuasion, and applications by prominent individuals could influence the distribution of scholarships. Though the purpose could be to support deserving students, it violates the normative ideals of egalitarianism and equal distribution. This practice is explained by Neo-Elite Theory as the principle of selective generosity, which the elite uses to legitimize themselves and establish strong control over society (Mosca, 1939). When the elite interfere with distribution, they increase their social capital and power within the community, thereby strengthening the hierarchical structure.

Tension between Policy Intent and Governance Practice

The gap found by the study between the nation's policy intentions and governance practice, pointed to by policy documents such as the Local Government Operation Act 2017, School Sector Development Plan (SSDP) 2016-2023, and Right to Information Act 2008, and governance practice evident in schools, is supported by global literature. This literature has found that although democratization and decentralization are intended to empower local communities, elite capture and control of institutional systems can prevent such intended benefits (Agrawal & Ribot, 1999). This is explained by Neo-Elite Theory, which contends that elites can respond to changes, including new institutions, thereby rendering improvements brought about by those changes ineffective (Higley & Burton, 2006).

Production of Local Power Hierarchies

The findings of the study show that, contrary to the assumption, the power hierarchies within the local state have not been challenged by the process of decentralization but, on the contrary, have given rise to new areas, such as the SMCs, where power hierarchies are reiterated. Decentralization, it seems, has further reinforced the power of the elite, not the people, and has legitimized their power through institutionalized positions. This supports the Neo-Elite theory, which holds that elite power is not easily overthrown, even when democracy and decentralization are adopted. Thus, schools emerge as platforms where elite power is institutionalized, and citizens learn to operate within the already existing power structure.

Impacts on Community Empowerment and Democracy

The situational interplay of elite dominance, lack of downward accountability, symbolic transparency, and limited capacity within communities significantly limits the possibilities of community empowerment. Parents and marginalized sections are not provided with the institutional and knowledge-based capacities to effectively take part in the governance process. Decentralization, theoretically speaking, is supposed to enhance democracy, but it ends up merely reproducing power relations and merely symbolic levels of participation are provided (Gaventa, 2006). This case study clearly establishes the fact that, under present circumstances, Lalitpur Metropolitan City (LMC) is not very conducive to joint decision-making, and elite dominance continues to hold strong. Community empowerment is also restricted due to the reasons that information is not shared on a meaningful basis, participation is symbolic, elite dominance is present, structural constraints impede dissent, and political power is dominantly exercised on resources.

Ethical Leadership and Governance in Community Schools

The present study contributes to this debate by conceptualizing values, ethics, and leadership practices as important antecedents of community school governance (Munakarmi, 2024). While accountability systems and participation mechanisms exist, it has been argued that these processes are, to a large extent, influenced by the ethical nature of school leadership (Bhattarai, 2015). Value-driven leadership has been characterized by integrity, fairness, inclusiveness, and the pursuit of the public good, influencing both power relations and the communication of power to diverse stakeholders (Brown & Trevino, 2006; Burns, 1978). The research findings suggest that when an ethical culture is promoted in the school, accountability systems, including social audits, information sharing, and engagement with the school's parent-teacher association (PTA), assume greater substantive meaning. On the other hand, the promotion of political interests may subvert the school's values, fostering an elitist culture, symbolic participation, and secrecy. Thus, the school culture acts as an important moderating factor in the relationship between political influences on school governance quality, promoting an ethical culture of accountability on the one hand and elitism on the other. The findings suggest that the quality of school governance in community schools is not only an important procedural matter but is also, to a large extent, influenced by the ethical nature of school leadership in the specific context in which the school operates.

Summarizing of the Chapter

This chapter undertakes a qualitative case study of financial accountability and transparency in community schools in Lalitpur Metropolitan City (LMC), Nepal, with the theoretical perspective of Neo-Elite Theory. The findings reveal the effects of decentralization in school management governance, particularly in terms of appointing ward chair persons as chairs of School Management Committees (SMCs), which have not led to an expected promotion of democracy in terms of participation but created space for local elites in the management and governance of the schools.

The study reveals a strengthened form of upward accountability to school governance, reflected in a focus on procedural aspects such as standardized budgeting templates and audit requirements, while indicating a lack of downward accountability to social groups such as parents, students, and school staff. The application of transparency practices, in the form of social audits and publicly accessible disclosure of budget information, generally occurs symbolically, through rituals that provide little easily understandable information to social actors. The implication is that transparency serves to ensure greater legitimacy and governability of power rather than facilitating social inspection (Regmee & Bhattarai, 2014).

The parallel roles that the ward chairpersons play as metropolitan city representatives and as SMC chairpersons create a conflict of interest that limits the effective application of checks and balances within the system. There is an increasing trend of relying on political actors to secure resource inputs, creating a situation in which patronage-based management ensures compliance rather than autonomy to manage. Teachers and parents who are in the SMCs are sidelined from financial management decisions.

Notably, despite the presence of audit mechanisms and rules and regulations, cases of irregularities are still on the increase due to poor implementation and an emphasis on process rather than substantive accountability. The distribution of learning scholarships is regulated by equity and has the potential for elites to leverage social and political networks in this regard as well. Specifically, the findings indicate a considerable disparity between the policy intention identified by the education policies and the practice that occurs on the ground.

The focus is on how imperative it is that the quality in how the educational system is run is taken care of within the measures considered under the realm of good governance. The question is how the championing of values like integrity, justice, inclusiveness, and social orientation actually impacts the effectiveness of the measures considered under the realm of accountability practices like social audits, sharing of information, association with Parent Teacher Associations (PTAs), etc. On the flip side, in the event that the focus is placed on political inclinations, good governance practices move toward elitism, performative participation, the lack of transparency, etc. the antithesis of the basic limits set in the realm of democracy.

In summary, it is asserted in this chapter that while there is decentralization in the Metropolitan City of Lalitpur (LMC), it has reshaped, and not erased the power hierarchies in the locality, as it only perpetuates elitism as opposed to making community empowerment and democratic management of schools in the locality a reality.

CHAPTER VII
CONCLUSION AND IMPLICATIONS

In this chapter, I present the summary, conclusion and implications of my research on "Financial Accountability and Transparency in Community Schools: A Case of Lalitpur Metropolitan City". This research looks at what happens when local government representatives, like the ward chairperson, become the chair of the School Management Committee (SMC) in community schools of Lalitpur Metropolitan City (LMC). The major concern lies within the implications regarding financial accountability and transparency. The shift towards the federal model, which constituted a change within the governance structure of education and which had tangible outcomes within the schools, makes this research uniquely important within the context of the Nepalese case.

Chapter one sets the background through discussions on the ever-present issues of governance, accountability, and transparency that exist in the education sector of Nepal. The concerns have a great effect on the learning outcomes of the students. The theories which form the basis of the research are the principal-agent model, the concept of decentralization, participation theory, and fairness theory. In chapter two, the literature review section defines accountability as the connection between power and responsibility and transparency as the act of disclosing information to make accountability possible. Chapter three discusses the details of the methodology used in the qualitative case study. The findings and discussions are based on three community schools in LMC, and the data is gathered from personal interviews and reviews of documents from the head teachers, chairpersons of the wards, municipal representatives, accountants, and PTA Chairs.

In Chapter four, there is a Policy Review that focuses on the contradiction between the Education Act of 1971, which has centralized governance, and the Local Government Operation Act of 2017, which has delegated governance to local administrations. One of the key points of concern is raised by the dual capacity of the Ward Chairperson as both budget decision-maker of the Metropolitan City and as main overseeing administrator of the school, acting as head of the School Management Committee (SMC). This creates a weakness in the system of accountability. Chapter five looks at how Stakeholders Understand things, finding that people mostly saw accountability as following the rules of the LMC, instead of being responsible to the community for how well students are doing. Also, transparency was often seen as a simple duty, like keeping records, instead of a way to give power to the community. Chapter six studies the Practices of Accountability and Transparency, summing up the key finding: the new political leadership had two results. It made formal accountability stronger by enforcing rules and tightening financial regulations, but it also led to less participation, which damaged openness and local independence.

Summary of Research Findings

The findings of this research are divided into four main ideas, which prove the how the ward chairperson's responsibility has complex and sometimes opposing consequences for how schools handle their finances.

The Uneven Nature of Accountability: Following Rules Instead of Improving Results

A key thing noticed was that there are two very different ways of looking at accountability. Because the Ward Chairperson has power that comes directly from the metropolitan authorities, they are good at making sure schools are responsible to them and national groups.

Following procedures is more important: People in the study, especially school accountants and office workers, mostly thought accountability meant doing what the local Municipal Education Work Procedure, 2076 (2019) says, like filing financial reports and sticking to the budget.

It's been noted that accountability fails to make the required impact on performance: The concern with adhering to the rules developed has also contributed to the school being seen as meeting the procedural requirement of submitting reports without necessarily showing improved performance among the students. As one of the ward representatives argued, *"If the financial report is good, we consider them accountable, and the performance of the students is a different matter."*

The study shows that to truly have accountability need to be open about what's going on and have ways to penalize those who don't meet expectations. In this situation, there weren't strong penalties for not doing well academically or for acting unethically. This meant that schools were more motivated to follow financial rules to avoid problems. However, the bigger idea of being accountable such as teaching well and acting ethically wasn't being addressed.

The Transparency Gap: Process-Based Against Real Disclosure

A new system of Local government for running things requires better official reporting. But, there's still a noticeable difference between just following the rules for showing information and actually making that information clear and useful. Procedure Improvements: Schools are doing a better job of keeping records, saving spending reports, and meeting the legal need for a yearly public review. This review, especially, was seen as the key public record and a possible way to keep track and learn.

Even with these improvements, the financial reports put up for everyone to see (on boards or online) are often just copies of paper documents. Many parents found these reports hard to understand, mostly those who don't read well. What this means is that giving out the information didn't really give the public more power or get them involved.

The Ward Chairperson has power in politics. The Chairperson makes sure everyone follows the rules. But this has also made it harder for people to really get involved. This reduces real, local-level openness where parents feel like they can question choices. It seems that when an elected official has too much power, even if they are local, it can go against the idea of community involvement that is supposed to come with giving power to local areas.

Structural Conflict and Problems with Deterrence

The current structure of policies has a key weakness that hurts good governance. This can be understood using the principal-Agent theory Conflict of Interest: The Local Government Operation Act 2017 causes a conflict by making the Ward Chairperson also the SMC Chair. This person then has two conflicting roles. They act as the agent for the Metropolitan City, which controls the budget, and at the same time, they are supposed to monitor the Head Teacher and the school. This situation reduces the motivation to monitor closely because the person in charge of watching is also the one being watched.

On the empirical side, it has been observed that the lack of accountability has led to the failure of policies in the country. National laws, such as the Audit Act, call for independent monitoring and follow-up of the audit process in the country. Unfortunately, the system in place for monitoring and following up the process is not effective.

The first impact, which is seen in the current structure, is that it can both support and hinder governance through the Ward Chairperson’s position. One aspect is that it can support better financial management in terms of strictly following the procedure and submitting the necessary paperwork. However, it can hinder participation in governing the school since it has to answer to greater authorities because of its responsibilities, as seen in the Ward Chairperson's job. As such, while helping in financial accountability, it can hinder its responsiveness to its stakeholders and its ability to share information effectively.

The intensified supervision on the financial processes of the Metropolitan City by the Ward Chairperson introduces some level of stringency that is sometimes lacking as the schools enjoy greater autonomy. Before the creation of this position, it was not uncommon for schools to struggle to follow the rules, resulting in inconsistencies in the retention of some documents, including financial ones. However, with the oversight that this chairperson offers, errors and irregularities associated with the financial reporting submitted by some schools have significantly decreased. This has contributed positively to the ability of the Metropolitan City to oversee its financial well-being.

It further undermines the power of marginalized parents to participate effectively in local-level decisions (Acharya et al., 2022), as their participation in school and local government-level decisions depends on cooperation from local-level political leaders such as Mayors and Ward Chairs. The Ward Chairperson system also has significant unintended consequences, including the centralization of authority. Previously, the school had the potential to address the concerns of the parent and citizen community directly. This enabled a specific program design at the school that met the exact needs of the community. The need for the Ward Chairperson has changed the school's previous engagement with the community into a more bureaucratic process. It might cause a sense of distance between the school and the citizen community.

In addition, whereas a strong focus on upward accountability can enhance financial management in schools, it can possibly reduce the need for schools to hold their community accountable. The community, composed of parents, can find it more challenging to make their views heard, to have their contributions to schooling taken into account in decision-making, and to influence the decision-making process in schools. There might also be a contract on the curriculum broadened by the community to encompass activities not centered on academic performance, such as art, sports, and culture.

To conclude, the role of the Ward Chairperson creates a situation that involves a trade-off. The role not only improves the management and accountability related to finances in the schools' systems but may also limit the role and involvement of communities. It may also help in the formation and development of a system that becomes more centrally governed and less responsive. It is important to consider the above point to be able to make suitable amendments to the system.

Conclusion of Research

This research demonstrates that appointing local government representatives (Ward Chairs) as Chairpersons of the School Management Committee (SMC) in Lalitpur Metropolitan City yields complex outcomes regarding transparency and accountability. While this practice enhances procedural accountability, improving compliance with official financial regulations and strengthening ties to the Metropolitan government, it paradoxically hinders substantive participation from parents, teachers, and Parent-Teacher Associations (PTAs).

Although strict financial controls mitigate the risk of misappropriation, aligning with the theoretical benefits of decentralization, the model fails to establish downward accountability to the students and parents (the primary beneficiaries). Consequently, the focus has shifted toward administrative compliance rather than the enhancement of educational outcomes. The current structure creates a fundamental conflict of interest, as the local government acts as both the primary funder and the executive decision-maker. This dynamic reorients accountability upward to the municipal executive rather than downward to the community. Even transparency mechanisms, such as the Annual Social Audit, remain largely inaccessible to the general public, thereby reinforcing power asymmetries rather than democratizing school governance.

This study challenges the assumption that decentralization automatically enhances accountability. The findings suggest that appointing political agents (Ward Chairs) as SMC heads effectively re-centralizes power, shifting authority from administrative bureaucracies to local political networks rather than empowering the community. Additionally, the study highlights a critical gap between procedural compliance and genuine empowerment, demonstrating that transparency mechanisms (like Social Audits) do not equate to democratic governance unless accompanied by actual decision-making power.

Ultimately, while the Constitution mandates local management of education, delegating this authority to Ward Chairs undermines the spirit of federalism. Instead of fostering community ownership, this practice effectively re-centralizes power, shifting control from administrative bureaucracies to partisan networks. The result is a system that excels at financial reporting but disenfranchises the local community, severing the link of accountability between schools and the families they serve.

Implications of the Study

The findings of this dissertation offer critical insights for policy, theory, and management practice within Lalitpur Metropolitan City (LMC) and Nepal's broader federal education system. The roles of funding oversight and school management must be separated. The Ward Chairperson should lead the ward education committee (focusing on resource allocation), while the School Management Committee (SMC) leadership should revert to competent community members to ensure downward accountability to parents. Furthermore, the inconsistencies between the Education Act, 1971 and the Local Government Operation Act 2017 require harmonization. Legislation should explicitly assign financial authority to the LMC while entrusting pedagogical and operational management to the SMC and head teachers (HTs).

Lalitpur Metropolitan City (LMC) should rethink its system of governance, moving beyond political control to more technical support and working in partnership with citizens. In such an arrangement, LMC would merely act as an 'enabling organization,' continuing to perform its coordination and auditing functions but restoring independence to School Management Committees (SMCs). This would mean developing an 'accountability triangle' in which different offices of LMC would act as 'facilitators' and 'auditors,' schools would act as 'implementers' and 'reporters,' and communities/parents would act as 'informed monitors' and 'demand-driven stakeholders.' This would be in line with theoretical understandings of 'good governance,' in that 'government matters because it can create and sustain incentives, and because it can hold others accountable.' In addition, 'government matters because it can create incentives, because it can hold others accountable, because it can gain access to information, because it can elicit active participation, and because it can impose sanctions (Behn, 2001; Bovens, 2007). Without such checks and balances, decentralization can result in 'decentralizing without making accountable,' undermining both 'efficacy' and 'legitimacy.'

To transition from passive compliance to active participation, LMC must invest in capacity building. This includes financial literacy training for parents and SMC members to ensure they can interpret financial reports. Transparency must be democratized; financial data should be presented using accessible visualizations and local languages rather than complex bureaucratic reporting. Social Audits should be restructured from passive listening sessions into active forums where community feedback directly influences school planning and budgets.

Future scholarships should focus quantitative comparisons between schools led by Ward Chairs and those led by apolitical community members to measure differences in financial and academic performance. In addition, it is important to investigate how this governance structure impacts classroom dynamics, teacher motivation, and student learning outcomes. Similarly, further analysis of the competencies and motivations of local political actors in educational leadership to determine if political incentives align with educational goals is essential.

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APPENDIX

Informed Consent Form - for research interview participation

Title of Study:

Financial Accountability and Transparency in Community Schools: A case study of Lalitpur Metropolitan City

Researcher:

Narendra Dangol
MPhil Candidate, Development Studies
Kathmandu University, School of Education

Purpose of the Study:

In this study, the goal is to explore the views, roles, and experiences of the stakeholders about the participation of the representatives of the local government as the Chairpersons of the School Management Committee (SMC) and the implications associated with the matter of financial accountability and transparency within the community schools of the Lalitpur Metropolitan City.

Participation Details

If you give your consent, you will be asked to take part in an in-depth interview or discussion lasting about 30-60 minutes. The interview would be audio-taped with your consent in order to ensure the accuracy of data collected. Notes will also be taken during the discussion.

Voluntary Participation

It is purely voluntary. You may choose not to respond to any question or withdraw at any time without any consequence.

Confidentiality

- All the information you provide will be kept strictly confidential.
- Your name and identifying details will not be used in the thesis or any publications arising from this research.
- Data will be securely stored and will be used only for academic purposes.

Risks and Benefits

- There are no anticipated physical risks from participating.
- Some questions may feel sensitive due to the topic of financial management; you may skip any question you do not wish to answer.
- While there is no direct personal benefit, your participation may help improve understanding of governance and accountability in schools.

Consent Statement

I have read (or have had read to me) the above information. I understand the purpose and process of this study. I have had the opportunity to ask questions and have received satisfactory answers. I voluntarily agree to participate in this research.

Participant's Name: ____________________________________

Signature: ________________________________

Date: ___________________

Researcher's Signature: ________________________________

Contact Information:

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Kathmandu University, School of Education

Guide Questions for discussions

1. What is their understanding and perception on Financial Transparency and Accountability?
2. How the stakeholders are being engaged in promoting transparency and accountability? Or what is the role of stakeholders including themselves
3. What is their action and its effects, if any?

मार्गदर्शक प्रश्नहरू छलफलका लाग

1. आर्थिक पारदर्शिता र जवाफदेहिताबारे उनीहरूको बुझाइ र धारणा के हो?
2. पारदर्शिता र जवाफदेहिता प्रवर्द्धन गर्न सरोकारवालाहरू कसरी संलग्न छन्? वा सरोकारवालाहरू (स्वयंलाई समेत) को भूमिका के हो?
3. उनीहरूको कार्य र त्यसको प्रभाव के छ?

Q1: Understanding & Perceptions of Stakeholders

- What is your understanding about school's transparency?
- What is financial accountability?
- Why these concepts are important?
- Who is responsible to maintain transparency and accountability?
- How do you describe the financial transparency of the school earlier than and after the Local Government representative has become the SMC Chairperson?
- Do you feel that financial decisions are now more or much less transparent? Why?
- How has the involvement of the Local Government Representative impacted the school's financial accountability?
- Can you tell how the financial transparency practiced in your school?

प्रश्न १: सरोकारवालाहरूको बुझाइ र धारणा

- तपाईंको विचारमा विद्यालयको पारदर्शिता भन्नाले के बुझिन्छ?
- आर्थिक जवाफदेहिता भन्नाले के हो?
- यी अवधारणाहरू किन महत्त्वपूर्ण छन्?
- पारदर्शिता र जवाफदेहिता कायम राख्ने जिम्मेवारी कसको हो?

- स्थानीय सरकारको प्रतिनिधि विद्यालय व्यवस्थापन समितिको अध्यक्ष भएपछि विद्यालयको आर्थिक पारदर्शितामा पहिले र अहिले के फरक देख्नुहुन्छ?
- अहिले आर्थिक निर्णयहरू पहिलेको भन्दा बढी वा कम पारदर्शी भएको अनुभव गर्नुहुन्छ? किन?
- विद्यालयमा स्थानीय सरकारको प्रतिनिधिको सहभागिताले आर्थिक जवाफदेहितामा के प्रभाव पारेको छ?
- तपाईंको विद्यालयमा आर्थिक पारदर्शिता कसरी अभ्यास गरिएको छ भन्ने बताउन सक्नुहुन्छ?

Q2 Role of stakeholders and its effects on transparency and accountability

- What role you played to promote financial accountability and transparency in school?
- Who (person or institution) else can play major role in promoting transparency and accountability?
  - *Role of Head Teachers? Role of teachers? Role of SMC? Role of Metropolitan City? Role of Parents? Role of Student? Role of Chair? What role the researchers like me should play to promote transparency and financial accountability?*
- What impact you see from the actions of stakeholders in transparency and accountability in school?
- What are the good practices?
- What are the areas of improvements/shortcomings?
- Any other things you want to share with me or ask me as I have asked too many questions.

प्रश्न २: सरोकारवालाहरूको भूमिका र त्यसको प्रभाव

- विद्यालयमा आर्थिक जवाफदेहिता र पारदर्शिता प्रवर्द्धन गर्न तपाईंले के भूमिका खेल्नुभयो?
- पारदर्शिता र जवाफदेहिता प्रवर्द्धन गर्न अरू (व्यक्ति वा संस्था) को मुख्य भूमिका के हुन सक्छ?
  - प्रधानाध्यापकको भूमिका? शिक्षकको भूमिका? विद्यालय व्यवस्थापन समितिको भूमिका? नगरपालिकाको भूमिका? अभिभावकको भूमिका? विद्यार्थीको भूमिका?

अध्यक्षको भूमिका? अनुसन्धानकर्ता (मेरो जस्तो) ले पारदर्शिता र आर्थिक जवाफदेहिता प्रवर्द्धन गर्न के भूमिका खेल्नुपर्छ?

- विद्यालयमा पारदर्शिता र जवाफदेहितामा सरोकारवालाहरूको कार्यबाट के प्रभाव देख्नुहुन्छ?
- के-के राम्रो अभ्यासहरू छन्?
- सुधार गर्नुपर्ने क्षेत्र वा कमजोरीहरू के-के हुन्?
- मैले धेरै प्रश्न सोधिसकेको छु, के तपाईं मलाई थप केही कुरा भन्न चाहनुहुन्छ वा मसँग केही प्रश्न सोध्न चाहनुहुन्छ?