

UNIVERSITY FOR DEVELOPMENT STUDIES

SCHOOL OF BUSINESS AND LAW

DEPARTMENT OF ACCOUNTANCY AND COMMERCE

**FINANCIAL MANAGEMENT PRACTICES AND FINANCIAL SUSTAINABILITY
OF LOCAL NON-GOVERNMENTAL ORGANIZATIONS**

BY

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DECLARATION

Student

I hereby declare that this thesis is the result of my own original work and that no part of it has been presented for another degree in this university or elsewhere.

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Supervisors'

I hereby declare that the preparation and presentation of the thesis was supervised in accordance with the guidelines on supervision of thesis laid down by the University for Development Studies.

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ABSTRACT

The role of Local Non-Governmental Organisations as actors in development, the issue of their Financial Sustainability has been of concern. The study was conducted to assess the effects of the Financial Management Practices on the Financial Sustainability of Local Non-Governmental Organizations operating within Wa Municipality. Survey research design was adopted, Cluster and Simple Random Sampling Technique was employed. Data on the phenomenon was collected both quantitative and qualitative and analysed through content analysis it also employed the use of SPSS V.17. Questionnaire was used as a means of collecting the data for the analysis. The findings revealed the financial management practices has a positive effect on local NGOs financial sustainability, the findings also show that Donor Relationship Management, Funding Diversification and Strategic Financial Management has a positive influence on the Financial Sustainability of Local Non-Governmental Organizations operating within Wa municipality. The study recommended that Local Non-Governmental Organizations should establish well organized Financial Management Systems, limit over-dependence on donor funds there by diversify their funding sources in order to enhance their financial sustainability.



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DEDICATION

I dedicate this work to my lovely wife Mrs Ruth Kuupol MAALDU and my dear sons Cyprian MAALDU and Cyril MAALDU.

UNIVERSITY FOR DEVELOPMENT STUDIES



LIST OF ACRONYMS

AED	Academy for Educational Development
ADRA	Adventist Development and Relief Agency
CRS	Catholic Relief Services
CSO	Civil Society Organization
GAAP	General Accepted Accounting Principles
GSS	Ghana Statistical Service
IFRS/IAS	International Financial Reporting Standards
IMF	International Monetary Fund
LNGO	Local Non-Governmental Organisation
MFI	Microfinance Institution
MOFA	Ministry of Food and Agriculture
NGO	Non-Governmental Organisation
PWD	People with Disability
RDT	Resource Dependence Theory
SME	Small and Medium Enterprise
SPSS	Statistical Package for Social Scientist
UNEP	United Nations Environment Programme
USAID	United States Agency for International Development
WMA	Wa Municipal Assembly



CHAPTER ONE

INTRODUCTION

1.1 Background to the study

The lack of resources is an important factor when considering non-profit organizations financial management practices. Drucker (2012) noted that, most of the time, these organizations encounter a growing list of activities and programs that require stable and sufficient funds, that have to deal with the limited sources to generate funds. The scarce means are the result of global trend toward the human desire for wealth. The ability of a manager to maintain an organization for a longer duration is sustainability. Taking responsibility with the appropriate accountability will attained sustainability. Financial capacity consists of resources of an organization to take opportunities and respond to challenges and external factors that have negative effect on the entity while the general operations are maintained, Bowman (2012). It reflects management ability to redistribute resources in response to threats and opportunities.

Management responds and manages related unfavorable impact but not reducing sustainability and growth. The ability to maintain financial capacity over time is financial sustainability Bowman (2011). NGOs ability to develop diversified resource base so as to continue their institutions and provide benefits to their clients after donor support has stopped (Renz, David and Associates, 2010).

Many NGOs carry out a series of actions related to education, health, agriculture, technology and science, especially in the development of Girls and Women. It gives way in some places, the names of the well-known World War, in the very common quality, one of the vital roles, which are the World Vision of the Catholic Relief Services (CRS), Adventist





Development and Relief Agency (ADRA), and USAID. The benefits derived from the activities of some local NGOs are so numerous that at first glance you cannot see everything, and the municipality of Wa is not excluded from this generosity. Approximately seventy percent of NGOs based in the municipality of Wa are dedicated to raising awareness about aids (PWD, 2015).

Planning, control and control of funds and resources to achieve the objectives of the organization are activities of Financial Management. An effective financial management system classifies costs appropriately and properly tracks expenses to expense managers and accurately report to donors and boards on financial. Strong financial management system makes accounting for donors' resources and beneficiaries of project simpler, improving trust in the reporting organization. It Increases the competitiveness of NGOs and opportunities to maintain a long-term financial condition (Mango course hand book, June 2003).

Accountability a prerequisite for good governance and the question is who is responsible for NGOs. They are required to report to donors for the use of their resources. NGOs are expected to have well-established and organized practices of financial management to enhance successfully achievement of their objectives. NGOs work in a dynamic environment. It is necessary for NGOs to develop well organized financial management systems to ensure their survival in this difficult environment and to assist managers use resources effectively and efficiently to achieve goals and requirements of stake holders, to gain the trust of agencies and partners they serve, giving NGOs the advantage of competing for increasingly scarce resources and helping NGOs prepare for long-term financial sustainability (Stephenson, 2003). NGOs prepare financial statements as a means of communication with donors, the government agencies and stakeholders. NGOs in the

preparation of their financial statements use GAAP and IFRS / IAS, for NGOs to achieve their goals financial sustainability is important. NGOs which are sustainable are able to respond effectively and strategically to changes externally and also adapt the organization systems, processes and activities to meet challenges, access new funding sources and review their objectives and mission.

1.2 The Statement of Research Problem

For NGOs to stabilize and improve growth aimed at achieving the rural people needs their financial sustainability is essential. Different NGO resource bases may need to be developed to continue operations after donor financial support has ceased. However, NGOs generally terminate their operations when donor funding ceases (Kerine, 2015). The enormous developmental functions undertaken by NGOs demand a continuous availability of funds and effective and efficient mobilization of financial resources. The recognition of the vital role played by NGOs at the grassroots level in the task of providing basic social services, including health, education, water and building organizational structures and development proposals as an instrument to meet community needs, underscores the fact that NGOs require more stable and secure funding (Kangiri, 2015). Local NGOs generally relies on donor funding and this affects their financial sustainability. The Academy for Educational Development (AED) collapsed three months after United States Agency for International Development (USAID) stopped funding it in 2010 because it could not sustain its financial operations and there were no other sources of funding (Beam, 2011).

Okorley and Nkrumah (2012) conducted a study to understand the key factors that can influence the sustainability of local NGOs based in Ghana. Their study suggested that



although several NGOs had been registered to operate, only few of them had survived and were functional. The results showed that organizational sustainability is perceived by local NGOs on the availability of funds, availability and quality of material resources, supportive leadership and effective management. The findings also revealed that it is becoming increasingly difficult for local NGOs to attract funding, especially from foreign sources to support their programs.

Northern Ghana has witnessed a dramatic expansion of NGOs since 2000 (PWD, 2011) which was largely driven by greater international donors and the participation of international NGOs interested in civil society.

Local NGOs face many challenges, including the lack of financial sustainability of their programs (USAID, 2010; Manyeruke, 2012; NANGO, 2013). Most of their funding comes from international donors. In their study of the sustainability of local NGOs in 19 countries in sub-Saharan Africa (USAID, 2010: 28) they concluded that local NGOs had strengths in service delivery, but lack of financial sustainability was their main weakness in all over the continent. It depends on donor support. The heavy reliance on donor support reflects the

broader economic context of African countries and local non-governmental collapse with the withdrawal of external donors (USAID), 2010.

Some academics agreed on the sustainability of local NGOs, include Ali (2012), Manyeruke (2012), Waiganjo, Ng'ethe and Mugambi, (2012) and Njoroge (2013) agreed that financial sustainability remains one of the main challenges faced by non-governmental organizations in Africa and will continue to face in the next decade. The only institutions capable of building strong financial systems and attracting or generating stable income flows can continue to survive.

Most former researchers focus on researching and describing NGO financial management practices, outcomes of programs, capacity building while there has little research examining NGO financial sustainability. Little is known about the nature and causes of financial management practices and the low sustainability rate. The levels of international participation and donor contributions to local NGOs in Wa Municipality declined steadily as donors withdrew their programs, affecting the operations of most local NGOs in Wa Municipality.

The problem of this study is to assess the financial management practices of local NGOs and how they affect the financial sustainability of local NGOs in Wa Municipality.

1.3 Research Questions

The research questions are grouped into main and specific;

1.3.1 Main Research Questions

What effects does financial management practices have on the financial sustainability of local NGOs operating within the Municipal of Wa?



1.3.2 Specific Research Questions

1. What is the relationship between financial management practices and financial sustainability of local NGOs operating in Wa Municipality?
2. What influences does donor partners on the financial sustainability of local NGOs
3. operations?

4. What are the effects of strategic financial management practices on the financial sustainability of local NGOs?
5. What are the effects of funding diversification on the financial sustainability of local NGOs?
6. What are the challenges of financial distress local NGOs in Wa Municipality?

1.4 Objectives of the Study

The overall objective of the study is to assess the effect of financial management practices on the financial sustainability of local non-governmental organizations operating within Wa Municipality.

1.4.1 Specific Objective

1. Assess the effects of financial accounting systems on the financial sustainability of local NGOs operating in Wa Municipality.
2. Determine donor partners' influences on the financial sustainability of local NGOs operations.
3. Assess the effects of strategic financial management practices on the financial sustainability of local NGOs operations.
4. Determine the effects of funding diversification on the financial sustainability of local NGOs
5. operations.
6. Identify the challenges of financial distress local NGOs operating in Wa Municipality.



1.5 Significance of the Study:

The conclusions and recommendations of the study will be the starting point that will generate interest for future research on local NGOs financial challenges. Educational institutions in academic circles, the research work will be very useful at different stages, especially in the work of research at universities as study material on financial management practices of local NGOs for reference on the. Therefore, the results of the study will made available to students and other researchers who work in development programs and the results will be added to the body of academic knowledge.

The outcomes of this study are expected to benefit the following:

Local NGOs: Recommendations will present possible solutions to specific outcomes. Local NGOs can help use the results as inputs to strengthen their financial management systems and activities, and focus on activities that enhance local NGOs financial sustainability.

Development partners: Recommendations will serve as possible suggested solutions for conducting training for gaps identified.

Scholars: The research finding will generate interest in the study of local NGOs financial management practices.



1.6 The Scope of the Study

The study main objective to assess financial management practices and financial sustainability of local NGOs within Wa Municipality. The study includes the following financial management activities: budgeting, planning, directing, financial controls and reporting practices for local NGOs. This study will present key findings in financial management practices and make recommendations.

1.7 The Limitations of the Study

The limitations of the study included; the unwillingness of some respondents to provide the necessary information and answers to questions.

Some potential respondents will want compensation for the time they spend answering questions and questionnaires during initial visits to some institutions. In addition, some participants were unwilling to take part in the study.

Again, some respondents, especially directors of organization, were always engaged and busy, so they did not have time to respond to questionnaires, and some directors were not always available, which affected the researcher's budget, since the researcher had to travel to the organizations over and again to interact with the directors of the local NGOs.

1.8 Organization of the Study

For a structured and logical presentation of the topic discussed, the study is designed in five chapters, the first chapter will present the introduction and background of the research, followed by a review of the relevant literature of the relevant variables in the second chapter, the methodology used for the study, presented in chapter three, and the results and discussions of the study in chapter four, chapter five presents the conclusions and recommendations



CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter covers relevant publications and literature that may contribute relevant issues to this study. It consists of several concepts in NGOs, and concept definitions. This chapter includes the theoretical or theoretical foundations based on the management of local NGOs and the conceptual framework in their financial sustainability. The chapter also explains the relationship between financial management practices and the financial sustainability of local NGOs, donor partner's influences on financial sustainability of local NGOs, strategic financial management effect on local NGOs financial sustainability.

2.1 Theoretical Framework

This section covers selected theoretical framework of the study on local NGOs financial sustainability. Theoretical framework describes the theory as an association between definable, observable and experimental structures or variables, and the latter that can be defined as an operational concept in approximate units. This study adopted agency and resource dependency theories as described below.

2.1.1 The Theory of the Agency

This study will be centered on theory of agency. Theory of Agency explains expectations and limits the relationships between the financial parties, so the financial donors (shareholders) and executing agency (local NGO). The performance required by the executive is agreed as compensation when they achieve the organization's goals as a



financial administrator. This is further illustrated as in the Baumol's principle to maximize sales revenue. When the Board of Directors decides to process financial information through management activities and increases the performance of the manager rather than the financial performance of the company in the form of investments or capital returns, there is a conflict of interest that is an agency problem.

Jensen and Meckling (1976) developed the theory of agency and focuses on the relationship in which one or more people are referred to as a key employee of the principal (agent) to perform assignment in your name. Basic basis of the theory of agency is that the principal and the agent are rational individuals who maximize the economy.

Also, the principal and the agent comply with the contracts that the rights of the agent are specified and standard of performance the agent will be measured. Within a case of the agency mentioned, there is likely to be a conflict of interest in fulfilling the obligations of the agent.

Therefore, the manager establishes mechanisms to monitor the agent's behavior and determine whether agents have complied with the terms agreed upon and to stop the agent

from mismanaging resources due to conflicts of interest situation. There are mechanisms to check the agent behavior through budget constraints and operating rules, Lanstrom (1993).

The theoretical model of the agency is based on the fact that asymmetries of information and according to personal interests, managers lack the basis on which to trust their appointed agents and will try to alleviate these concerns by implementing mechanisms to align agents' interests with directors and reduce the margin of discrepancy in information and opportunistic trends.

Donors in this study are seen as key actors, while local NGOs are the agents. Donors sign a contract with local NGOs which spell out the terms of commitments and accountability. Therefore, a requirement is put in place to release resources to the local NGOs will not be misappropriated, accountability mechanisms, such as project evaluation reports, financial reports, project audit reports, and project reports. Evaluation is sent to donors for review at regular periods. Local NGOs are subject to further scrutiny and pressure to demonstrate that they use their resources efficiently, responsibly and transparently and may be responsible for their effectiveness and organizational reliability the Chene Legitimacy (2013). The relationship that exists within the donor and local NGOs encourage common interest by achieving the project objective and, consequently, the successful implementation of the project.

2.1.2 The Theory of Resource Dependency

Resource Dependency Theory (RTD) was developed by Pfeffer & Thessaloniki (1978) they stated in order for an organization to survive it must acquire and conserve resources by interacting with other organizations in the environment. These interactions form their activities and lead to different results. In environments with many resources, minimize interdependence between entities, while environments with greater resource shortages and increased uncertainty present greater challenges among entities (Pfeffer & Salancik, 1978). The theory further explained that organizations are interconnected with other organizations with which they exchange monetary or material resources, information or social legitimacy. These asymmetric relationships often cause entities to encounter conflicting demands, as they can meet one expense are another groups demands.

Organizations rely on certain types of exchanges to work. The theory suggests that dependency is defined as the importance of a particular resource for an organization and the extent to which a resource controls a relatively small number of organizations. People within organizations are thought to be rational representatives weighing costs and benefits.

Abouassi (2012) observed that an NGO balances its internal income with external funds, diversifies its external sources, and avoids concentrating the flow of funds from a specific source. NGO can avoid compliance pressures by relying on other, more flexible sources, including its internal income. NGOs can also meet the requirements of many funders in succession, allowing the organization to respond positively to the best of its interests and postpone other requests until further developments occur. NGOs explicitly confront the external donor with another benefit of the information available to strengthen their position and mitigate requirements of donors. As NGOs become more dependent on resources, donors' ability to constrain the organization's behavior increases, while the capacity of the organization to meet donor requirement reduces.

Abouassi (2012) NGOs does not have many options to react to dynamic funding conditions.



The NGO meets the interests of donors, either immediately donor monopolizes environment of the organization or ultimately the NGO realizes its limited capacity to find an alternative route.

Abouassi (2012) assumes that an organization which resource dependency is to practice loyalty or modification, while the organization with low resource dependency is likely to vote or exert. Therefore, the study that, NGOs deepens on donors for financial assistance amid limited financial or technical resources. To ensure the viability of projects, NGOs adapt through compliance with donor conditions for securing funds for their operations.

Conditions are rooted in disbursement procedures, such as requirements for periodic reporting or financial programs, compliance with audit requirements, budget approvals and reliable banking facilities.

2.2 Concepts and Definitions

2.2.1 Financial Management Practices

Crawford and Bryce (2003) basis for successful NGO management is the combination of responsibility and effective project performance. Financial management practices may be enhanced by transparency and project performance through responsive project management. Financial management practices methodologies that consider improving project implementation, efficiency and sustainability are applied. However, some academics question the application of standard NGOs financial management practices and the financial sustainability. Financial management practices must therefore selected for NGO management and their specific needs.

To contribute to understanding of financial sustainability, this study will analyze in depth the most common financial management practices applied to NGOs, and will be surrounded by the context of the third sector and the challenges of sustainability.

In the past, the problem was very serious because there were sufficient resources to finance programs and projects (Moore, 2005).

The financial structure is the total current liabilities, long-term loans, preferred shares and shares in which the company is funded. Therefore, the capital structure is included in the financial structure, which is a permanent means of financing the company (Boateng, 2004).



The organization and recording of accounting information systems related to financial information analysis will not achieve its objectives if the resulting reports are not analyzed and used to make management decisions (Gitman, 2011).

Romney (2009) said that managing the capital structure meant monitoring the company's capital structure. The capital structure is a combination of all revenue sources of the organization. Many organizations are financed by the combination of equity and debt.

A sound financial management system that supports financial sustainability of a local NGO should be able to produce relevant types of financial statements on a regular basis. It should address issues such as the required types of financial statements; set periods for regular reviews of the statements; ease of comprehension of the statements produced; involvement of board members in fiscal oversight; and a dedicated board committee to look into financial issues (Leon, 2011).

Waiganjo, Ng'ethe and Mugambi (2012) found that there is a strong positive relationship between financial management and financial sustainability of the NGOs.

Ali (2012) concurred with Waiganjo et al. (2013) by indicating that financial management is a major factor that affects financial sustainability of the non-governmental organizations.

Lewis (2011) defined sound financial management practices as involving looking at and taking action on, financial issues of a local NGO that will have an effect on the organizations overall direction and impinge on its ability to attain current and future objectives. Practically, good and strategic financial management looks at two main issues: financing the long-term objectives of the local NGO and reducing the impact of threats on the organization's financial resources (Lewis, 2011).

A strategic plan and an accompanying financial plan will help in efforts to raise funds from donors as donors will have some impression of the direction the local NGO is taking (Ali, 2012).

Leon (2011) noted that many LNGOs do donor-based accounting, which is risky as it does not give adequate controls for regular automatic reviews and this type of accounting was susceptible to human error. The study suggested that NGOs should pursue cost center accounting, which allowed for double entry and coding for donor reports as well as tight controls.

2.2.2 Sustainability

The term "sustainability" has been applied to many areas that affect human life. These include (environmental sustainability), society (social sustainability), economics (economic sustainability), policy (political sustainability) and organization (organizational sustainability). In this literature review, the focus is on organizational sustainability.

Thomas and Thomas (2000) saw “sustainability” as a system's ability to sustain it using locally appropriate (mission) strategies previously defined by system management, which would like the system to continue to meet its objectives (vision).

Selafani (2000) on sustainability, said that the likelihood that an organization's programs, activities and services will continue to deliver benefits of sufficient value to customers.

Identify two main approaches to sustainability theory:

1. The traditional approach, a project-based model;
2. An alternative approach, a customer-oriented model.

Selafani (2000) stated that the traditional approach has focused primarily on public sector interventions. These problems address the problems of how activities are transferred or absorbed by existing administrative structures to maintain the benefits derived from these activities.

The research also states that an alternative approach to sustainability analyzes the organization that produces the benefits that are to continue. It is a social enterprise that mobilizes inputs and market opportunities from the external environment and manages its sustainable production into useful goods and services. Therefore, the marketing function is the critical process in this approach, focusing on identifying customer needs. (Selafani, 2000).

It was also noted that the traditional approach is outdated and static compared to the newer, dynamic, customer-driven model. Therefore, this approach has been followed by many NGOs to the latest model. However, developing a customer-oriented approach to sustainability in NGOs requires developing an NGO's ability to maintain the benefits it provides to its clients. (Selafani, 2000).



NGOs capacity development, this is appropriate to develop the approach client-oriented.

Selafani (2000), proposed some institutional characteristics as follows:

Strategic Management: This allows an NGO to identify opportunities and strategies to increase revenue.

Financial Management: This allows the organization to reach an appropriate level of efficiency in its administrative operations and service delivery.

Marketing Management: This allows the company to adapt to the changing wishes and requirements of customers.

Organization and Human Resources Development: allows change in the organization to effectively manage planned and unexpected operational changes, and

Management Information Systems: Effectively provide the raw materials required by the Organization's strategic planning, marketing, finance and human resource development systems.

The term is also commonly used in the commercial word to qualify the applicable continuity of inter and intra. Their sustainability is used as support for business practices, processes and systems that allow business growth and long- term development. (Sutton, 2000).

2.2.3 The organization as an entity

To understand the term “sustainability of the organization”, it is important first to explain the concept of the organization.

The authors Malunga and Banda (2004) compared organizational growth to the life cycle of an egg toaster with a girl with a toaster. It does not matter the length of time the egg takes, it will surely hatch to become a chick and to start the cycle. They define the organization to be

a social system that develops over a time period, and generally begins as an individual ideal with the help of friends. As the organization begins to grow, three distinct phases are passed, namely, pioneering, independent and interrelated.

In the pilot phase, the structure of the organization is informal in nature, generally without policies or procedures. Every activity in the organization is resolved around the leader who leads its formation, as well as its value, vision, commitment and solidarity. The strength of the organization lies in the leader’s charm, the strength of his values and his commitment.

For them, this is enough to support the organization at this stage. This phase is called the pilot phase. (Malunga et al., 2004).

The radical changes in environment, and individual growth, which tends to relate to conflicting values and beliefs. These organized crises can sometimes kill unless the transition is properly handled to start the independent phase. The independent phase comes with a solution to the challenges in the pilot phase. This phase is characterized by a larger law and system with the introduction of policies, procedures and regulations. Here, there is more order and administration, as well as professionalism, and there is less materialization. (Malunga et al., 2004).

There is greater isolation and isolation with less formal personal interactions. Alienation requires more flexibility and a better organizational dimension. This is done through improved communication, flame management structure, development in improving team dynamics, conflict management and self-reinforcement. (Malunga et al., 2004).

Participants Malunga et al. (2004) concluded that solving the problems of this second phase represents the third phase, called the interconnected or effectiveness phase, as it continues to have positive characteristics for the first two phases.

They note that relations at this stage are symbolic and interrelated. The third phase (the interconnected) can the organization be truly financially and organizationally sustainable, as these leaders in the organization need to establish facilitation conditions to accelerate the organization's progress to an effective and sustainable phase. (Malunga et al., 2004).

2.3 Organizational Sustainability

Organizational sustainability is where the vision and mission of an organization can be fulfilled and to maintain the organizational strength while taking into account the effectiveness of systems and strategies, government, leadership and organization management.

The ability for current generation to achieve their expectations without affecting future generation ability to achieve their future expectations is organizational sustainability. (Malunga et al., 2004).

They said that the institutions impact the environment, responsibility to shareholders, the long-term success of the organization depends on the financial and organizational sustainability.

The institution can ensure its sustainability using two approaches: traditional and organizational development. (Malunga et al., 2004).

1. Traditional Approach: - The traditional approach to sustainability in organization depends on the ability to obtain funds to continue activities in this area. Therefore, the focus and objectives in the funds.

List the means of obtaining funds as follows:

- i. Formulate a training proposal for individuals
- ii. Diversifying the donor base;
- iii. Identification of local sources of funding (social activities);
- iv. The endowment fund depends on creation.



They alleged that staff contacted companies and individuals with funds and persuaded them to contribute resources to non-governmental organizations. With the growing number of NGOs, competition has become increasingly fierce to raise funds for their programs. Many NGOs have been forced to reorient their approach and carry out some activities accurately for money, although their constituency may not need the new activities provided. (Malunga et al., 2004).

2. Organizational Development Approach - Explain that the Organization's sustainable development approach is more complex and understandable than the traditional traditional approach. They point out that with organizational sustainability, money is not everything. Organization Development Approach builds the organization's capacity to become self-sufficient and attracts the resources necessary to sustain its presence, and continuously improves its operations by reducing external assistance. (Malunga et al., 2004).



2.4 Financial Sustainability

The most pressing problem facing NGOs is financial sustainability. This is because local NGOs have mostly relied on funds from foreign donors. External support from external donors is constantly reduced due global financial crisis. As a result, this has raised the problem for a longer duration. (Moore, 2005).

Moore (2005) establishes three categories of accounts in which all NGO funding is found. They are private contributions, funding from government, own funds generation.

Moore (2005) noted that, private contribution from people such as cash or kind, companies and fundraising events. Voluntary assistance in the form of donations and accepted as benefactors.

The document referred to a series of direct and indirect aid funds from the government. Government funds such as contracts, aids and subsidies. Own funds generation includes investment funds, tariffs, fees and service charges. (Moore, 2005).

Abana et al. (2013) carried out a study to assess the damages in these financial management practices in the area of SMEs in western Uganda. In some studies, it would be used by SMEs in financial management to assess the damages of these terms of dimensions, labor management, finance, investments, financial information and accounting information systems. The study refrained from the fact that their financial management is so humble among SMEs.

Financial sustainability encompasses good financial management, income generation, resource mobilization, auto financing (Abdelkarim, 2012).

It includes the ability to generate positive financial balance sustained flexibility sheet to be able to respond to the needs of the NGO and new changes in the operating environment (Leon, 2011).

Saungweme (2014) comes from the analysis that had the greatest influence on the sound task of financial management practices following different diameters, NGOs, local and toll revenue generation and other management. He found the survival of twice the self-sufficiency of 22 days is being mainly low.

Ali (2012) agrees with the majority being sent to NGOs in Kenya are economically unsustainable.

Nguyen (2001) tried to assess the relationship between financial management practices and the profitability of small and medium-sized businesses in Australia. He focused his attention on a variety of practical financial and financial management relationships and the attitude demonstrates at the same time the impact on the financial management practices of SMEs and financial profitability. Additionally, examined fixed (non-current) football management practice example 99 of 51 commercial and manufacturing SMEs. Between 80 percent of SMEs almost always or frequently evaluate capital investment projects in front and make decisions for their review, and energy efficiency in fixed assets after acquisitions. 87 a amortization time, the competition percent of SMEs have stated that the use of the capital budget: discounted cash flow more sophisticated use of technology is only 27 percent, the net present value (NPV), internal rate Return (IRR), the modified internal rate of return (MIRR). The findings revealed that SMEs highly regarded fixed asset management although their knowledge of management techniques was not outstanding.

2.5 Financial Sustainability Elements of NGOs



Lassen (2001) NGO operations are changing rapidly. Foreign aid and the government no longer finance most, if not all, of their expenditures. As such, NGOs need to redefine what it means to be a public service organization. NGOs analyze information, expenditure, funds in relation to productive use of resources. This is a different kind of financial management than just preparing expense accounts for donors and therefore, without abandoning their social mission and commitment to the vulnerable groups.

In addition, it defends the possibility of achieving this level of sustainability by accumulating sufficient income not only to cover the direct costs of projects or the indirect

costs of planning, developing management systems or raising revenue, sufficient funds for unexpected expenditure and follow-up opportunities. (Lassen, 2001).

In practice, an independent financially critical NGO must raise sufficient revenue to cover operating costs and create at least surplus of thirty percent. Sixty percent (60%) of the funds should not come from a source. Income types should be properly diversified between grants, donations and local and international profits. (Lassen, 2001).

Any NGO seeking financial improvement will have three areas in which it has to advance and three specific things in each of these areas that can improve the financial sustainability of NGOs. (Lassen, 2001).

First, management must conduct strategic financial and business planning, diversify and increase donated and donated funds, and uses a non-profit business model that increases NGO revenues. Try to raise funds for the NGO. (Lassen, 2001).

Second, savings should be increased and manage cost. An emphasized specific thing that needs to be addressed is to improve NGO cost savings, asset utilization and productivity.

Similarly, you must create a high-performance software model and manage financial information. (Lassen, 2001).

Finally, the third area is to strengthen organizational and leadership capacity for sustainability. An NGO must promote or have leadership with a strong vision, commitment to sustainability and a fundraising board. You must create teamwork and organizational ability. You should also take steps to embark on a path to financial sustainability. (Lassen, 2001).

Financial sustainability is therefore a continuing challenge for NGOs in developing countries, such as Ghana. There is also a need to encourage more opportunities for

philanthropy, improve government funding mechanisms and support volunteers. (Lassen, 2001).

2.6 Organizational sustainability can be affected by these factors

Doppelt (2003) sought to find out why a small number of companies implemented sustainability measures effectively.

Doppelt (2003) proposed seven keys to "Sustainability errors". He believed that any company that took these mistakes into account was on its way to establishing a sustainable company.

The author listed seven errors:

The first error: thinking patriarchal leads to false sense of security. Entities look for sustainable ruts use some patriarchal approaches to governance. In this sense, employees shall only perform strictly following the orders of the administration and institutions of the Government. This creates a waiver of personal responsibility. (Doppelt, 2003).

The second error: the approach of "Silo" to economic and social development, and environmental problems. Most parts of labor organizations and reassigned to start a separate unit are accustomed. We do not understand that sustainability executive and other special programs, as well as all other units, so the status quo continues. (Doppelt, 2003)

The third error: Without adequate vision of sustainability, companies trying to apply sustainable forms generally lack clarity about their goals. Those companies that do not have sufficient vision generally believe that compliance with the law is their main policy. At the same time, compliance is a retrospective view. (Doppelt, 2003).



The fourth error: Confusion about effect and cause. The current models of most executives and tell them to focus on symptoms rather than the real sources of sustainability challenges. (Doppelt, 2003).

The fifth error: Inability to access information. Individuals need a lot of clear and easy to understand information. Most organizations do not communicate effectively about the need, purpose, strategies and expected outcomes of sustainability efforts. (Doppelt, 2003).

The sixth error: Inadequate mechanisms for acquiring knowledge. When employees have limited opportunities to try new ideas, not the doctrine only becomes. Organizations are reluctant to sustainability mechanisms that rarely establish allow workers to test new ideas, expand their knowledge base and learn to overcome the limitations of changes. (Doppelt, 2003).

The seventh error: sustainability not institutionalized. The ultimate success of the change initiative comes when sustainability thinking, perspectives and behaviors are integrated into daily operating procedures, culture and policies (Doppelt, 2003).

The author also argued that these mistakes can be avoided or managed by changing the way of thinking towards sustainability, introducing sustainability transition teams, changing objective of developing an ideal vision and principles of sustainability, and restructuring the engagement rules embracing the flow of new strategies and tirelessly changing information (Doppelt, 2003).

Thomas and Thomas (2000) grouped factors that affect sustainability into five categories: organization, policy, management, leadership and finance. Depending on the author's organizational factors that can affect their sustainability, they may include: institutional development, organizational value development, and self-reliance development. In his view,

that would require the establishment of a credible provision, an appropriate legal framework, institutional ethics and transparency in organizational matters.

Regarding policies, the authors gave sustainability factors to include: developing policies on need; developing manageable strategies within available resources; engaging all those interested in developing vision, mission and goals; They believe this is possible if the organization develops a participatory analysis of needs and resources, a feasibility study prior to the start of the program, developing strategies through stakeholder participation, involving all direct and indirect stakeholders in decision-making, articulating its policies and plans, and developing a quantifiable definition of strategic activities (Thomas and Thomas, 2000).

Thomas and Thomas (2000) note that leadership factors that can affect sustainability include leader personality, transparency in communication, technical skills, leadership motivations and supervisory ability. In the authors' view, the following leadership factors can improve sustainability. These include strengthening democratic leadership, gradually eliminating failed strategies, avoiding a hidden agenda, and improving staff motivation and the interest of all stakeholders.

Finally, in their writing, the authors said financial sustainability major elements resource use maximum, profitability, value for money, financial resources availability, access public resources, avoiding over-funding project's capacity, monitoring, research & evaluation. Specific measures include leveraging multiple funding sources, accessing government and donor funds, avoiding excessive project funding, and establishing systems for cost-benefit analysis (Thomas and Thomas, 2000).

2.7 Funding Diversification among NGOs

Finding alternative ways of generating funds, also known as funding diversification, means increasing generations of sources of funding such as external and internal donors with the main objective of addressing income weaknesses in the value chain in the process. He identified sixty percent as diversification funding of organization's funds from five major sources. This means that if the organization's funds are generated from sources beyond six, it is likely to keep that organization vulnerable Leon (2001: 16).

Diversification of funding sources protects the Organization from volatility and external shocks from international donors funding due to international funding policies, interest rate fluctuations and changes in exchange rates Lewis (2011: 5).

Funds diversification of local NGOs has been defined as obtaining funding from defriend sources which include public funds, local and national government, corporate. In his view, it was necessary to expand income generation and adopt best practices to ensure its financial sustainability.

Tools such as transparency, accountability, fairness and equity are the critical factors that determine whether there is trust from external donors. Donor funding, are limited whether internal or external, local NGOs use funds particular objective (Lewis 2011: 6).

An organization's ability is limited due to flexible in use of funds. Taking into account the world-wide crisis and declining funds of donors, local NGOs need to increase external donor. During the promotion of their transparency factors, as described in justice, equity, social justice, participation and shared responsibility (Ali, 2012: 11-12); (Waiganjo et al., 2012: 74).



Waiganjo et al. (2012: 74) he added that, in addition to fierce competition for declining resources from foreign donors, local NGOs also faced greater government authority to identify organizations receiving funding in foreign in foreign countries, such as Kenya, donor stopped supporting to individual organizations the pooling of resources in a program-wide approach, where money plays a role in the control of resources. Self-financing attempt to capture sustainability promotes the return of NGOs, especially in developing countries. This led a number of local non-governmental organizations in Sub-Saharan Africa to look for other actors, finance and the financing of country strategies.

Lewis (2011: 13) stated local NGOs plan their strategies of funding, they should diversify their strategies into non-donor-based manner, as this gives them a lot of control over donor agency. Local NGOs should increase local support, because organizations that rely entirely on international donor funds are at risk of being viewed with suspicious consideration by government and local communities (Lewis, 2011: 14; Waiganjo et al., 2012: 75).

Lewis (2011: 14-15) diversification of funding has been experienced, as reducing their sources of funds to one or several donors can affect the sustainability status of local NGO



funding. It was also clarified that the funding diversification of non-governmental organizations could be considered from the point of view of types of funding, which included public funding, core funding. Local NGOs financially sustainable must obtain an appropriate mixture of funds. However, one must understand that fund-raising should be taken into account in best practices in order to avoid conflicts of interest. This means that any action that is likely to put organizations in more conflicting positions for society should avoid this agenda as much as possible. Undoubtedly, the goodwill of each organization is

commensurate with the way society thinks. This has a long impact on the source of their fundraising strategies (Lewis, 2011: 15).

Project financing on the other hand, short-term financing is especially narrow provided by institutional donors themselves decisions on projects ranging from 1 to 3 years (Lewis, 2011: 14).

Ghana having obtained middle-income country status, it became difficult to raise funds easily without undergoing rigorous scrutiny and investigations. Central funding is the funding rose for the organization's central operations, and is highly flexible and reliable. The more funding centers owned by a local NGO, the more sustainable they are. Organizations with a high level of core funding can continue in operation when external funding stops (Lewis, 2011: 15). The exceptions, however, are that if organizations rely heavily on core funding without recourse to administrative and support funding, it may adversely affect their success, as core funds will be used to deal with these activities.

Waiganjo et al. (2012: 75) points out that it is about diversifying sources of financing and benefiting from local sources of financing, local NGOs faced an identity crisis, which was traditionally seen as financed by donors.

Rawlings (2011) and Waiganjo et al. (2012: 75) points out that there are effects to diversify the financing of NGOs in Kenya and the challenges faced by the competition of private funds and faith in companies constituted as part of their banks and corporate social responsibility. It is also important to add that the restructuring of the financial sector in Ghana in the banking sector may pose a risk to the financing of local NGOs.

Most of them cannot resist external and internal shocks therefore not being able to meet the time lines for of their projects with onward successful feedback to donors (USAID, 2010),



Amagoh and Kabdiyeva (2012), Ali (2012), Manyeruke (2012) and Waiganjo et al. (2012) found that diversification of income has a strong positive association with local NGO financial sustainability.

Boas (2012) expression "enhancement of wellsprings of financing" portrays various exercises that endeavor to decrease the reliance on a; particular kind of wage, particular benefactor or concede creator, commanding client, nation that is the essential or standard wellspring of supporting and coin in which most or all advantages are paid out. Boas (2012) keeps saying that, NGOs that need to broaden their wellsprings of subsidizing and make their financing more solid need to settle on a choice in the matter of whether they need accomplish this long haul objective just through; activities concentrated on benefactors and allow creators, conceivably, beginning noteworthy revenue driven exercises, potentially composed in type of a social project".

"The creator additionally accentuates that association that concentrations their exercises on benefactors and allow producers will attempt to: enhance universal wellsprings of subsidizing, differentiate among national wellsprings of financing, discover givers and give producers that have the notoriety to be solid and discover givers and concede creators that add to overhead expenses and start-up expenses". Alymkulova and Seipulnik (2005) concurred with Boas that differentiating salary sources is the most.

Boas (2012) the term 'diversification of funds' described in many activities that strive to reduce their dependence on specific funding source, specific donor or concession manufacturer, which dominates the client region, which is the only or main source of financing or where all the money is and solves the currency. The author emphasizes that organizations focus their activities on donors and those in charge of the grant to try to

diversify the sources of funding vary according to national sources of funding, find donors and those in charge of the grant are reputed of being reliable and we find donors and grant managers who contribute to start -up costs and overhead.

Alter (2007) shows that the financing of a series of rights for commercial companies to diversify the financing of local NGOs. And the unity of diversity increases the number of income revenues, the generation of activities in their organizations, NGOs, is frustrated, but difficulties arise from financial returns, tribute, and all legal issues, the State of the mission of disagreement and discord.

Moore (2010) NGOs that are expressing difficulty finding enough must be continuous at the expense of work. I find that access to donors of such important funds in dealing with their conditions. I have discovered that it is not certain that the cartels, NGOs, control access to funds and the other, which is a category of people. I have little resource mobilization and skills are often not interested and available funds are not in place, preferring to wait for people to approach their donors. There is a great dependence on donors and the tendency of the media to transmit a compatible donor in the first place.



Davis (2013) as much as he finds in the study of the diversity of funds to be resisted and the right of appeal in that of Indonesia in financial NGOs, which are out of the large crowd came to the donor to the NGO sector, the income of international organizations in Indonesia. For local NGOs, government (5%) of career donors (15%) is the main source of funding. This is contrary to NGOs located in the province, in which they relied especially on international donors (45%), or funding for their country, NGOs (15%). This conclusion that majority NGLGs in Indonesia, which have limited sources of funding. Nuka (2010) St. Paul

knew that 75% of local NGOs in establishing foreign donors raise Kosova to lead not only the main sources of funding for their works and actions.

Saungweme (2014) revealed that most local NGOs in Zimbabwe were taking advantage of non-governmental organizations to generate income products, and especially dedicated to their own income-generating activities that funding sources do not diversify enough to have sustainability. And there is still space revealed that most were non-governmental organizations. They are totally externally funded reserves of temple servants, who had no money, but not nearly half of the income generation and depended on donors.

2.8 Donor Relationship Management

Donor relationship management is positive in the creation and development of donors. There was a clear prioritization and donors, as required by the will of the righteous, which makes an accusation, it is clear how it is in what leads to the formulation of action plans and plans of the given segment of the donor, NGO, and interact with more, to achieve the desired results (Lewis, 2011).



While all the words that express the will of the donors, and can vary greatly in their importance for the work of the non-profit organization, as far as I am able, the needs of all its resources and empty (Boas, 2012).

Through the development and implementation of practices and systems that produce strong relationship with effective, nonprofit donors, they already generate support for these taxes and eliminate strengthening effectiveness and ultimately achieve better results (Alter, 2007).

Donor relationship management also involves accounting for the donor funds' usage based on the agreements (timelines, grant, project scope and budgets). In relationship management

local NGOs should be able to understand the needs of the donors, contact person and the requirements of the contact person (Lewis, 2011). This is reflected by the number of return donors, change in the amount of funding from donors and the number of complete projects funded by the donors.

If there is a falling number of return donors, fall in the amount of donor funding or stalled donor funded projects then there is poor donor relationship in the NGO. There is need to manage this relationship through regular communication, proper utilization of funds, preparation and presentation of financial reports to donors and the meeting of donor requirements (Moore, 2010).

There is a positive strong association between donor relationship management and financial sustainability of local Non-Governmental Organizations. In relationship management, local NGOs should maintain records of their external donors and the priorities of their funding while at the same time keeping donors up-to-date on the NGO's activities (CI, Lewis, 2011:).



2.9 Own Funds Generation

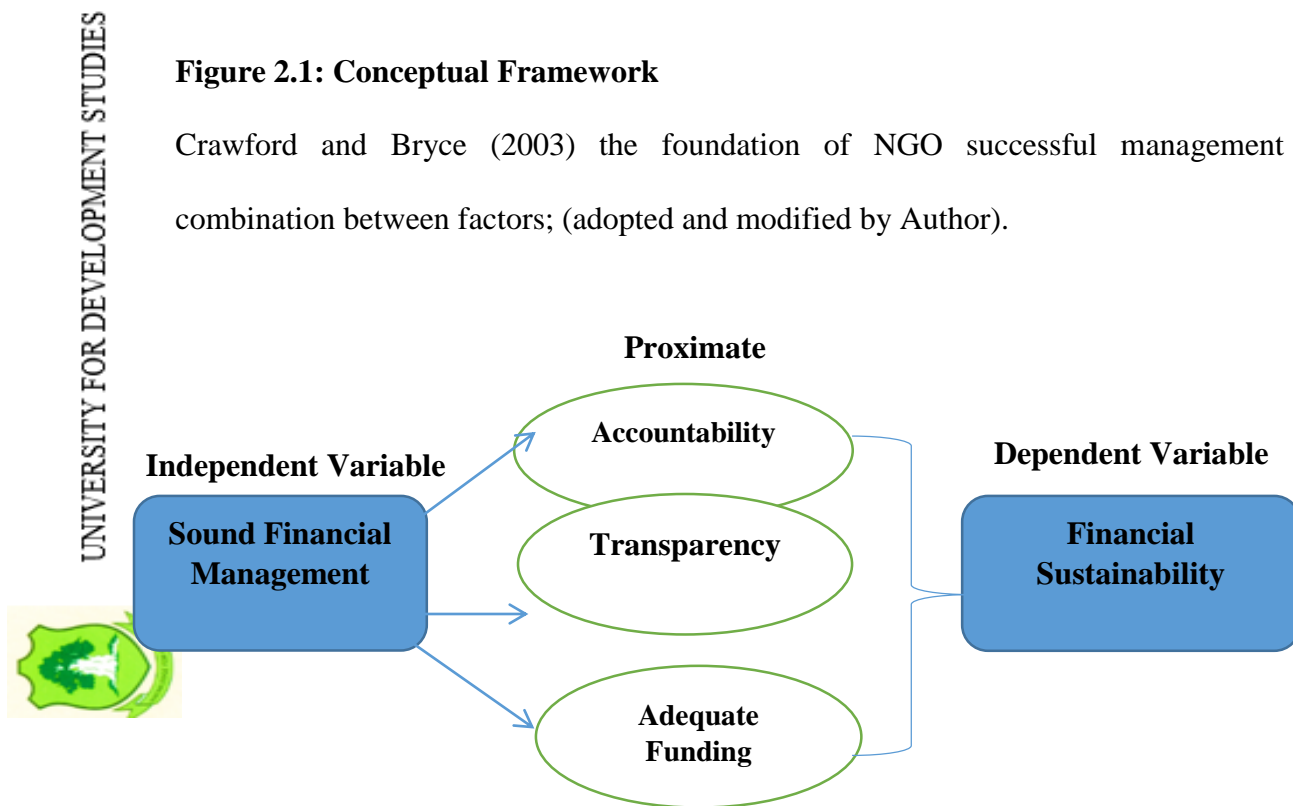
The generation of local funds is a significant financial sustainability pillar in rising of funds that are unrestricted and flexible. Local NGOs can generate local funds through the members' contributions, local fundraising activities, trust fund, financial management and corporate alliances (Leon, 2001: 18-20). Local funds measure other sources of funding local NGO raises funds through its own activities to maintain reserves.

2.10 Conceptual framework

According to Crawford and Bryce (2003) a basic structure of certain abstract masses representing observed, experimental, analytical aspects of a conceived system or process is conceptual framework. It consists of principles and ideas drawn from relevant research areas and organized a subsequent presentation. This study adopts the conceptual framework shown in **Figure 2.10.1**.

Figure 2.1: Conceptual Framework

Crawford and Bryce (2003) the foundation of NGO successful management is a combination between factors; (adopted and modified by Author).



The conceptual framework shows the dependent variable which is financial sustainability of local NGOs, indicated by the combination of these factors accountability, transparency and adequate funding as shown in Figure 2.1. Sound Financial Management the independent variable is represented by a set of conditions and criteria that local NGO must meet for its successful management. Transparency includes financial reports to account for project

revenue at regular intervals by providing financial statements to donors. Program reports represent narrative reports submitted to donors at periodic intervals as stipulated in the grant agreement prior to disbursement of funds. As part of accountability, audits are conducted to assess the use of funds and donors require audit reports before the funds are released.

2.11 SUMMARY OF THE LITERATURE REVIEW

Local NGOs were noted as pivotal in development as they play an increasingly important role in the developmental services to underprivileged and poor communities in third world countries which do not receive government and private sector programs. May local NGOs source their funding from external donors as a result of lack of philanthropist and lack of governments support to local NGOs rely on external donor aids and these aids were becoming unavailable.

In literature some of the problems identified with external donors funding such as short-termism of the funds, global economic crisis, and abrupt shifts in funding as donor priorities changed. These issues make most local Non-Governmental Organizations as financially unsustainable organizations.

Literature also confirmed financial management practices, diversification of funding, own funds generation and donor relation management were identified as the major local NGOs financial sustainability factors from which the research questions were designed. The other factors identified had a strong positive relation with financial sustainability, however own funds generation was noted to have a wear albeit positive association with financial sustainability of local NGOs based on the studies reviewed.



A significant gap in academic knowledge has to be bridged as local NGOs assume a vital part in the provision of social developments, health and education in Ghana. The researcher planned to fill the current crevice via doing an assessment of the effects of financial management practices on the financial sustainability of local NGOs in Ghana.



CHAPTER THREE

METHODOLOGY

3.1 Introduction

Systematic research of a problem, with the aim of increasing knowledge, is called research (Saunders, Lewis and Thornhill, 2003).

This chapter includes the methodology, study area profile, research philosophy and procedures involved in conducting the study. It also provides a detailed explanation of the study design, data for the study, sampling procedures used for data collection and the data analysis to improve presentation, interpretation and discussion in the chapters. It also describes the different stages and processes that have been used to complete the research. It involves collection, measurement and analysis of data. It is the general plan, blue print or the structure designed to assist the researcher answer the study question. Most of the decisions regarding how to conduct the study and how to deal with respondents, when, where and how the research was completed are under these subheadings: study design, target population, sample technology and sample size, data collection techniques, data collection procedures and data analysis procedures.

Therefore, at this stage the researcher identified the techniques and procedures which will be used in the collection of data, data processing and data analysis.



3.2 Study Methodology

The induction approach presents that the collected data incite the development of theory. The complexity of the specific search question will be analyzed as unique, therefore, based on data analysis, the search results will be developed. According to (Saunders, Lewis and Thornhill, 2003), the inductive approach emphasizes:

- To acquire the meanings that people attribute to events;
- A close understanding of the context of the research;
- Sets of qualitative data;
- Flexible structure to allow for a modified focus on research;
- Less concern about the need for mainstreaming;

In addition, with respect to the data sample, Saunders, Lewis and Thornhill (2003) also emphasize that studies with a small sample of subjects may be more appropriate in research using an inductive approach, once a rigid, replicable methodology is not sought, but it seeks evidence and understand for an exceptional event. This reason confirms the convenience of the inductive approach nowadays the study developed.



3.3 Research Design

The design is deemed relevant in that the study is based on the factors (financial management practices, donor relationship management, funding diversification, strategic financial management and challenges of financial distressed local NGOs) and their relationship to the financial sustainability of local NGOs in Wa Municipality. The research design enabled the researcher to utilize part of the population for the study and generalize

the findings to the larger population (Mugenda & Mugenda, 2003). Part of the employees in the finance departments of the local NGOs were involved in the study.

It represents the general strategic plan used to collect and analyze data for the study questions to be answered Cooper and Schindler (2003) summarize key elements of study design to include time-based plan of activity on the basis of a study question, the source and type of information selection, framework indicating the of the research variables and the outline of study activities.

The detailed blue print that directs the research toward its goals Aaker et al. (1998).

The basic elements of practical research design follow a distinctive course in which exploratory attitude initially adopted to gain understanding of the problem and develop interventional strategies. In preliminary research or study the researcher has no or little knowledge, with the objective to formulate the problem, increase familiarity of the problem, development of hypothesis, isolation of key variables and the relationship for further examination.

Exploratory approach is employed in this study, therefore, adopted a cross-sectional survey described specific aspects of a given population and consists of the relationship between variables.

Exploratory research is the process of finding out the general nature of the problem and the related variables. The exploratory study provides the basis for subsequent conclusive study.

The methods employed at the exploratory phase of the study are (Kothari, 2004):

1. Review of relevant literature; it is the formulation of study problem and hypothesis development.



2. Survey of Experience; interviewing experts in relevant sectors to gain practical experience of the problem to be researched on.
3. Analysis of cases stimulation; it is the study of some selected cases intensively to give insight of the phenomenon.

This study has an exploratory phase through which thorough examination of literature regarding the studies in similar areas.

The intervention (the "action" in Action Research) is performed during that time; relevant observations are collected in different forms based on the different observation tools used by researchers. New intervention strategies are implemented and this cyclical process is repeated and continues until an adequate understanding of the study problem is gain. The process is repetitive or cyclical and aims to give a deeper understanding of the situation, conceptualization, characterization of the study problem to transition to various interventions and assessments.

The study design has the function to enable the evidence obtained to effectively address the study problem in an unambiguous and logical way. In a social science research, obtaining information relevant to the study problem in general involves determining the type of evidence needed to prove the theory and evaluate the program or describe the meaning associated with a phenomenon that can be observed and accurately evaluated.

Research design is a framework for data collection and analysis, this guide serves as a technique and structure, data collection and analysis, within the framework of the research method is used. The research design allows the researcher to connect the analysis of empirical data with their data and conclusions that Manger, according to the problem of





research studies (Bryman 2004: Yin, 2003 as reported in Baiden, 2006). Designs include experiments; survey, case studies and study papers (Blismas, 2001).

Creswell (2003) is defined as a framework model for action, either by counting the research project work freely in the procedure to obtain the necessary information to solve the research problems. Taking into account the perspective of the advice of an opposite room of the investigation, that is, not even a common mistake that many of them are made by the inquisitors, who have always placed the first place to start in terms of the search itself, an indication before criticism to address the research work that considered the problem. Before him I plan to address any problem will be that the general and the conclusions of the statement of the difficulties must be apart from the weakness of the risk of not being able to receive it. A causal study, to be considered to understand the business model in terms of conditional sentences in the model, “if X, then Y”. This type of research is used to measure the impact could be a change, and placing the consequence should be the criteria incorporated in the study design. Most sociologists seek causal explanations that reflect that a particular change will have on existing criteria and assumptions that reflect tests of hypotheses. A causal effect occurs when a change in one phenomenon, the dependent variable, results in, or on average, the variation in another phenomenon, the dependent variable. This focuses on reducing the level of risk by generating inaccurate results for the interpretation and conclusions of your study.

Isaac and Michael (1997) observed that research as a form of response On the question of the survey, the problems raised Unable to pay, nor have we observed, to assess the effect of which are belong to the needs and determine whether the proposal. Baselines can be

compared to define, so in the future, and about trends and analyze, describe, in general, the amount of things that are, and things that are in the context of what exists.

Kraemer (1991) said that one of the main characteristics of the survey data collected by the research that pay special attention to the use of a part of the population so the results cannot be generalized. The design studio consists of two main steps: Population sampling to develop wisdom and discretion: an estimate of obtaining the sample information. A sampling plan includes sample selection, determination of the appropriate sample size, and selection of a suitable method for survey management (Levy and Lemeshow, 1999) and (Salant and Dillman, 1994).

Anderson (2004) states that survey and questionnaires to the technique can be used more commonly in research and data collection technique for research and this has been adopted to study the local Non-Governmental Organizational financial sustainability in Wa municipality, Upper West Western Region of Ghana.

3.4 Research Philosophy



Travers (2001, p. 6), it should be noted that quantitative and qualitative research will focus on the basic principles of research endangers arbitration, and is not understood to be developed.

Assuming again in the researcher impact Travers of light in the study, which is a method of research and the choice of a data analysis (Travers, 2001: p. 9).

Some academics argue that it is necessary to determine the empirical approach to the study of philosophy, according to research (Saunders, Lewis and Thornhill, 2003) above all, this definition of philosophy and after the arrival of the research relationship, hitting the data

collection. Travers (2001, p.6) said the plan for qualitative and quantitative research that will impact his research. The use of the developed method is constructed by a narrowing of philosophy, can be classified into three lenses (citing Chua 1986 cited by Trauth, 2001, p. 153).

The first lens to be in the forms of things calmly, the truth is that the positive are sent to senior institutes. As a result, the thing could end up as a "law" in general. This study that assumes the role of researcher is an objective for the analysis, which we will make the structures drawn more method will facilitate replication. This is the philosophy and the quantitative analysis is based serves as a rival with the assumption that the researcher does not affect the results of the investigation.

The second lens is interpretive studies, which assume attitude as created and associated with the subjective meanings of people and their interaction with the world around them. This study aims to understand if we can, and in the subjective reality of the motives and intentions of context.

In the last lens, factual or critical studies (realism), it is based on the idea that they cannot share their explanations in the social context, but it is independent of people.

In other words, it is not the behavior of a great people without the need to understand a certain context and experience problems in the process. Let us fear, therefore, that it is not of things s paths, it is considered that it does not have is the object of study, but the key is that with the understanding of the context in which it operates (Saunders, Lewis, and Thornhill, 2003: (citing Chua 1986 by Trauth, 2001, p. 153).

Philosophy and research and adaptation pragmatism is based on philosophy and, as a consequence, is recommended by induction. The characteristics of the studies were explored

in the after induction sections. John Dewey, *Experience and Nature* (1925a / 2008, p. 172). Following pragmatism as a model (paradigm) for social research is not completely new (for example, Gage, 1989; Howe, 1988; Patton, 1988), and the frequent association with Mixed Method Research (MMR), which increased pragmatism awareness (for example, Biesta, 2010; Hall, 2013; Johnson & Onwuegbuzie, 2004; Maxcy, 2003; Morgan, 2007; Pearce, 2012; Tashakkori Teddlie, 2010).

3.5 The Target Population

The target population is the specific population for which information is required. Ngechu (2004) a population is a well-defined group of people, items, services, events and collection of objects or houses being investigated.

Mugenda and Mugenda (2003) explained that the target population should have some observable characteristics, which the researcher intends to generalize the results of the study.

The target population considered for the collection of primary data was the employees of twenty local NGOs located in the municipality of Wa, registered by Department of the

Registrar General and the Department of Social Welfare of the municipality of Wa, which share common characteristics. The population for this study was 126 finance and management staff of twenty local NGOs within Wa Municipality.

3.6 Sampling technique and sample size

Ngechu (2004) emphasizes the importance of selecting a representative sample through a sampling framework. The list of all cases in a community which a sample is extracted is a sampling framework for any particular probability sample Saunders et al. (2007). From the



sample framework, the required number of companies, respondents or subjects will be selected to sample.

Cluster and purposive sampling methods were used to determine the sample. The purposive sampling technique, also called judgment sampling, is the deliberate choice of an informant due to the qualities the informant possesses. It is a nonrandom technique that does not need underlying theories or a set number of informants. Simply put, the researcher decides what needs to be known and sets out to find people who can and are willing to provide the information by virtue of knowledge or experience (Bernard 2002, Lewis & Shepard 2006). Purposive sampling is especially exemplified through the key informant technique (Bernard 2002, Garcia 2006, Gustad et al. 2004, Jarvis et al. 2004, Lyon & Hardesty 2005), wherein one or a few individuals are solicited to act as guides to a culture. Key informants are observant, reflective members of the community of interest who know much about the culture and are both able and willing to share their knowledge (Bernard 2002, Campbell 1955, Seidler 1974, Tremblay 1957).

Statistically, for the generalization procedure, the study sampled twenty local NGOs in Wa municipality of Upper West Region of Ghana.



The total population of 126 people represents the finance and management staff of twenty Local NGOs within Wa Municipality registered with the Department of the Registrar General and the Social Welfare Department in the Municipality of Wa as December 2016. The total population was grouped into three clusters (groups) of 42 employees, which represents Local NGOs in Health, Education and Agriculture. A sample size of 96 employees was obtained using purposive sampling technique. This method was used to select the finance and management staff of the twenty local NGOs who had in-deep

knowledge in financial management issues in these local NGOs. The Yamane (2007) formula was used to calculate the appropriate sample for ratios with 95% level of confidence and assumed P value ≥ 0.05 .

$$n = \frac{N}{1+N(e)^2}$$

Where:

N = Total popular

n = Sample size

e = error margin

Since,

N = 126 and

e = 0.05 (5%)

Then,

$$n = \frac{126}{1+126(0.05)(0.05)}$$

n = 95.8 therefore = 96

Purposive sampling technique was used to distribute the questionnaires to 96 respondents (finance and management staff of 20 local NGOs) and 90 questionnaires representing 94% were filled and returned by the respondents.

Primary and secondary data were gathered from several sources including local NGOs financial records, books, journals, manuals, proclamation and websites.



Saunders et al. (2007) argues that if well selected, samples from about 10% of the population can provide good reliability.

3.7 Data collection techniques and procedures

An introductory letter of the researcher was sent to the relevant organizations with the view to elicit data. Telephone conversations and personal visits were also made for the purpose of data collection. A cover letter was also attached to the questionnaire to explain the purpose of the research. The letter also appealed to respondents to answer the questions honestly. An assurance of confidentiality and instructions were provided to encourage participants to give honest responses. The study used primary and secondary data. This research used semi-structured questionnaires to collect the primary data. The drop and pick method was used to administer the questionnaires and subsequently selected the sample population. The questionnaires contain subdivisions that are broken down according to the main research questions; subsection “A” captured the demographics of the respondents which included age, gender, work experience, and the educational level. The sections covered the major study areas. Questionnaires were used in this study as they are simple, require less time of the researcher and respondents (2002). The questionnaires were appropriate for this study as they collect information which cannot be observed directly when asked about individuals' feelings, attitudes, motivations, achievements, and experiences (Borg and Gall, 1996). Borg and Gall (1996) the questionnaires have some added advantage as they are less expensive and also require less time for data collection.



3.8 Data Analysis and Presentation

Descriptive and Content analysis were used in the data analysis, with the aid of Statistical Package for Social Sciences (SPSS) version 17. Descriptive statistics included mean, standard deviations, frequencies and percentages.

3.9 Piloting (Instrument Validation)

Prior to fieldwork, a pilot study was conducted to test the tools in advance. This was done to assess the clarity of the items, the validity and reliability of the instruments. After the pilot test it was followed by the main survey.

3.10 The Validity of the Study Instrument

Validity includes accurate and accurate results obtained from the data collected. Technically, the correct measurement and right conclusion of the sample that can be generalized to the whole population.

To validate the questionnaire, experimental test was performed Cranach (1971). This was done by administering the questionnaire to the pilot groups, including, among others, the finance and management staff of CARD, CAPECS, ProNET, CARO and YARO. The validity of the search tool content was assessed by the actual administration of the experimental group. When validating the tools, 10 staff was randomly selected. The study used both face and content validity to determine the validity of questionnaires. The face validity is in fact a nominal value. To verify the apparent validity, test, survey elements are sent to the experimental group for modification suggestions. The validity of the content inferred test scores in a wide range of elements similar to those found in the Polkinghorne



(1988) test. The validity of the content indicates the representative character of the population sample. It means the knowledge and skills covered by the test elements should be representative of the broader field of knowledge and skills (Cranach, 1971).

There is no valid test method. Again, any valid evidence must be trusted. Using this statement, we can conclude that validity plays an important role in the analysis, because it ensures the conclusion of accurate results.

3.11 Data Analysis

The data collected was analyzed using quantitative data analysis methods. The quantitative method is involved in descriptive and deductive analysis. The collected data was presented in tabular and graphical form using descriptive analyzes, such as percentages and frequencies. The researcher encrypted, recorded the data on the computer using the Statistical Package for Social Sciences (SPSS V 17.0). The process involves marking up closed and open elements for simple descriptive analyses to generate the status report of the data. Descriptive statistics mean the use of absolute and relative frequencies, measures of central direction and dispersion. Data collected through open ended questions were analyzed qualitatively through content analysis. The aim of this process was to collect or reconstruct data in a meaningful or understandable way Jorgensen (1989). The classification is usually based on the main research question that guided the study. Then there was a generalization of the topics on the phenomena under discussion in the light of the available literature.



3.12 The study area profile

3.12.1 Demographics

From the 2000 Population and Housing Census, Wa municipality had a total population of 98,675 and the town constituted only 66,441 of the total municipality population (GSS, 2000). The municipality's growth rate varies between 2.7% for rural areas and 4% for urban areas. In 2006, the municipality's population was estimated at 119,387 (men: 57,985 / woman: 61,402), a change of 20.9%. At present, the municipality has a total population of 127,284, men are about 61,826, and women make up 65,458 (GSS, 2010).

3.12.2 vegetation and climate

The municipality of Wa located in the vegetation of the Savannah Guinea. Plants include grass with drought-resistant dotted plans; dawadawa, shea trees, neem and baobab. The diverse range of trees in the WA neighborhoods provides firewood, charcoal, construction, garden fencing and livestock pens (especially agriculture in the dry season). The nature of dry and wet seasons in the municipality affects the livelihoods of some residents. The prolonged dry season requires the establishment of irrigation facilities where people who choose their livelihoods in agricultural activities can participate throughout the year to enhance their financial sustainability.

A continuous farming system can increase yields, thereby increasing its financial position in the region. Minimum rainfall generally affects farmers in the sense that they earn low yields by the end of the rainy season (WMA), 2012.

3.12.3 Local Economy Strategic Sectors

About 70% of the population of Wa Municipality is in the agricultural sector. Agriculture follows as a dominant activity of subsistence trade, which accounts for about 9%, while the industrial sector consists of about 3%. Some other key sectors of the economy are energy, telecommunications, tourism and transport. The municipality's residents are financially sustainable and accredited in the agricultural, commercial and industrial sectors. Less than 5% of the municipality's residents are devoted to the communication, transport, tourism sectors (WMA), 2012.

3.12.3.1 Agricultural Sector

Animal husbandry is the largest individual contributor to the local economy and employs about 70% of the active population. Staple crops grown include millet, sorghum, maize, rice, cowpea and peanuts, which are grown as a contour. Soybeans, groundnuts, bambara beans and cash crops are produced. Economic trees within the municipality include mango, baobab, shea, dawadawa, teak and others.



However, the municipality's residents enjoy most of their activities in the informal sector due to their low level of education and cannot find employment in the formal sector. Therefore, they participate in the domestic policy of several political parties in the country to raise their financial positions (MOFA), 2012.

3.12.3.2 Trade and Commerce

The commerce, service and the trade sector is the second sector in terms of employment in Wa municipality. The main activities include; retail, transportation, finance, public service, among others. Wa Township is currently the regional business / service center with average business / office facilities (infrastructure). Market facilities (warehouses), however, do not meet the dimensions of trade. About 60% of the municipality's population is engaged in commercial activities as a major source of funding.

3.12.3.3 Industry

The municipality's industries are small in size and classified in the agro-industries, wood, textiles, metals, glass, leather, leather, clay / sand / stone, art and crafts. Most companies in the municipality are owned and operated by their sole owners. This limits the ability of companies to secure funds for growth and expansion. Cooperatives should be encouraged and SME networks to be created and assembled to ensure that the industrial sector performs its jobs in job creation and income generation.



About 15% of small businesses within the municipality are dedicated to the industrial sector in which they are involved in processing wood, textiles, metals, leather and others. These people were able to process the durable products of these elements, thus earning some of the income they depend on for their survival.

3.12.3.4 Services

The financial institutions in Wa Municipality are about 15. However, due to insufficient collateral and poor financial record keeping, it is not easy for entities to obtain from bank. Venture capital and the main factor come from personal savings, relatives, friends and cash lenders. This puts at great risk the growth of companies and other industries. The study communities in the municipality are low- income, therefore, they have insufficient guarantees for loans from financial institutions in order to improve their business. Because different financial institutions require enormous collateral to grant a loan, residents' businesses generally remain as they were formed and face a great deal of collapse, where they cannot afford business.



CHAPTER FOUR

ANALYSIS AND DISCUSSION OF FINDINGS

4.1 Introduction

This chapter focuses mainly on field data analysis and the discussion of findings. The chapter is divided into four sections namely demographic characteristics of respondents, relationship between financial management practices and financial sustainability of donor partners on the financial sustainability of local NGOs, the effect of strategic financial management on financial sustainability of local NGOs within Wa Municipality.

4.2 The Rate of Response

The sample size of ninety-six respondents from which ninety completed and returned the questionnaires representing ninety-four percent response rate in table 4.1 below. Mugenda and Mugenda (2003) a response rate of sixty percent is good and response rate of seventy percent and over is excellent. This response rate was representative and considered satisfactory to make conclusions from the study. Based on the assertion the response rate was considered to be good.



Table 4.1: The Response Rate

Questionnaire	Frequency	Percentage
Filled and Returned	90	94%
Unreturned	6	6%
Total Issued	96	100%

Source: Field Survey, 2018

4.3 Socio-Demographic Characteristics of Respondents in the local NGOs

The following respondent's characteristics are discussed: gender, age, occupation as well as educational status. The aim is to determine how these characteristics influence the views of respondents on Financial Management Practices and Financial Sustainability of local NGOs operating in the Wa Municipality.

4.3.1 Local NGOs Gender of Respondents

Table 4.2: Local NGOs Gender of Respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
Male	59	65.6	65.6	65.6
Female	31	34.4	34.4	100.0
Total	90	100.0	100.0	

Source: Field Survey, 2018

Table 4.2 above sought to determine the gender of the respondents and therefore requested the respondents to indicate their gender, from the findings the study found that majority of the respondents representing 59 (65.6%) being male whiles 31 (34.4%) female out of the



ninety respondents surveyed, which indicates that both genders participated in this study and therefore the findings of the study would not be influenced by any gender biasness.

4.3.2 Age of Respondents in local NGOs

Table 4.3: Age of Respondents in local NGOs

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 18 - 24 years	2	2.2	2.2	2.2
25 - 29 years	26	28.9	28.9	31.1
30 - 34 years	36	40.0	40.0	71.1
35 - 39 years	21	23.3	23.3	94.4
40 Above	5	5.6	5.6	100.0
Total	90	100.0	100.0	

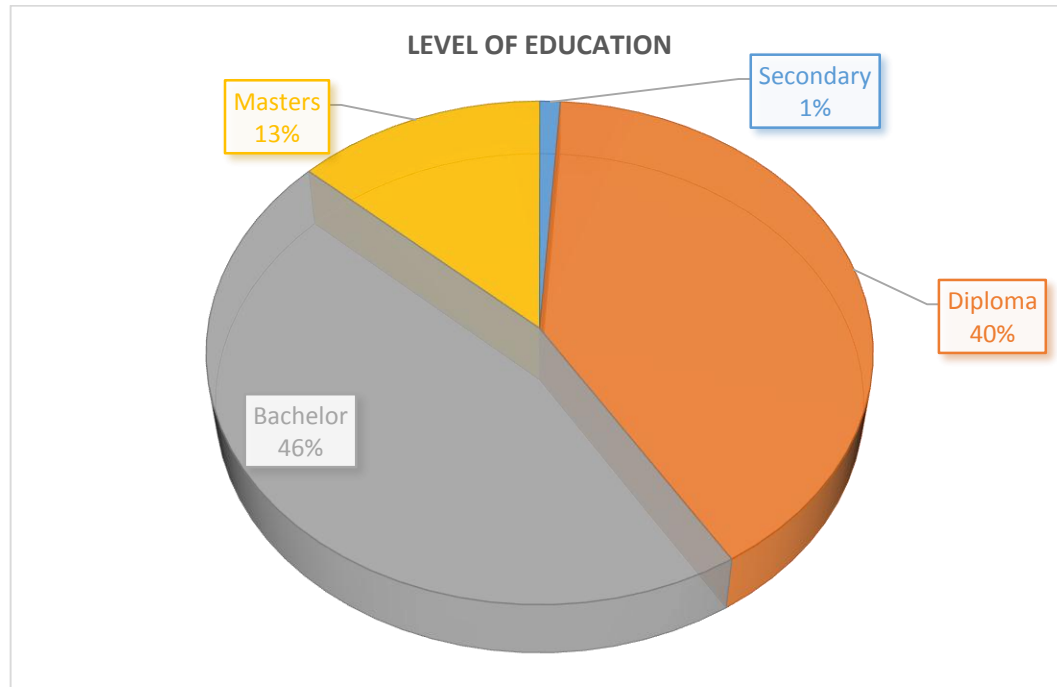
Source: Field Survey, 2018



Table 4.3: above on the age of respondents, the study requested the respondents to indicate their age category, from the findings, the study found that most of the respondents to indicate their age category, from the findings, the study found that most of the respondents as shown by 36(40%) indicated that they were aged between 30 to 34 years, 26(28.9%) of the respondents indicated 25 to 29 years, 21(23.3%) of the respondents indicated that they were between 35 and 39 years, 5(5.6%) indicated that they were above 40 years and only 2(2.2%) indicated that they were between 18 and 24 years, this is an indication that respondents were well respondents were well distributed in terms of their age.

4.3.3 The Level of Education of local NGOs Staff

Figure 4.1: The Level of Education of local NGOs Staff



Source: Field Survey, 2018

Figure 4.1: above on the respondents' highest level of education, the study found that 46% of the respondents indicated that they had obtained a university bachelor degree, 13% of the respondents indicated that they had attained a masters or post graduate qualification, 40% holds a diploma and only 1% secondary level as their highest level of qualification. This indicates that respondents in these local NGOs are well educated and would be able to understand the issues of financial management practices and financial sustainability of local NGO's in Wa Municipality.

Kofi et al. (2014; 27) in their study revealed that the absence of a book keeping, maintaining the basic procedure for small-scale enterprises in Ghana. Most small business entities are said to be current financial evaluation taxes to maintain poor financial records. Prince of the

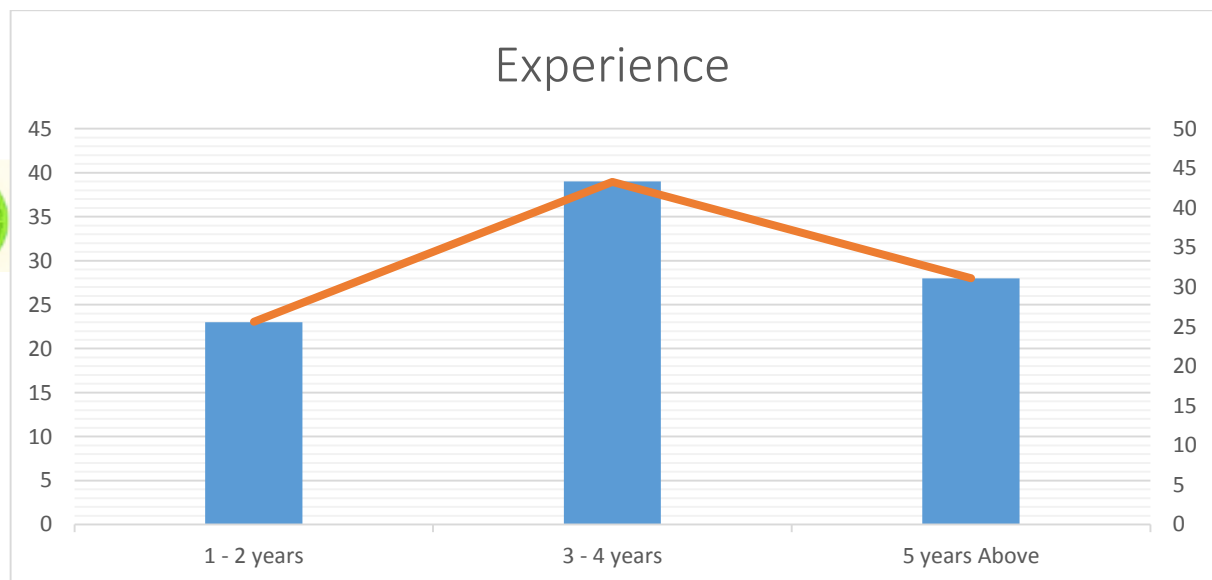
posts belonging to the ministry of hiring an accountant is an expert, it is important to know the reason and the need for the reputation of ignorance, and computerized financial systems, outside the challenges faced by small-scale enterprises in Ghana.

Monisola (2013) examined the different inventory management practices and their impact on the right to the other in question the valuation of inventory SMEs. It was found that a continuous inventory process. Therefore, it is recommended to improve the science of studying the amount of inventory management was given to the design of models for SME staff, and the application of ICT.

4.3.4 Working Experience in the local NGOs

This figure shows the working experience of the respondents in local NGOs.

Figure 4.2: Working Experience in the Organization in local NGOs



Source: Field Survey, 2018



Figure 4.2: above shows the findings on the time of service that is the experience of the staff operations in the local NGOs, the study found that most of the respondents as show 39(43%) indicated that they had served in the local NGO for 3 to 4 years, 28(31%) indicated that they had served in the local NGO over 5 years, whereas 23(25%) indicated to have served for between 1- 2 years. This is an indication that majority of the respondents had served in the local NGOs for more than 3 years, therefore credible information was obtained from them. This shows that the respondents had adequate information with regard to the local NGO's financial management practices and financial sustainability. It also shows that the staff had witnessed the local NGO's growth and its accounting system for the several years of work with the local NGOs.

4.3.5 Staff Working Position in the local NGOs

Table 4.4: Staff Working Position in the local NGOs

	Frequency	Percent	Valid Percent	Cumulative Percent
Junior Staff	27	30.0	30.0	30.0
Senior Staff	36	40.0	40.0	70.0
Management Staff	27	30.0	30.0	100.0
Total	90	100.0	100.0	

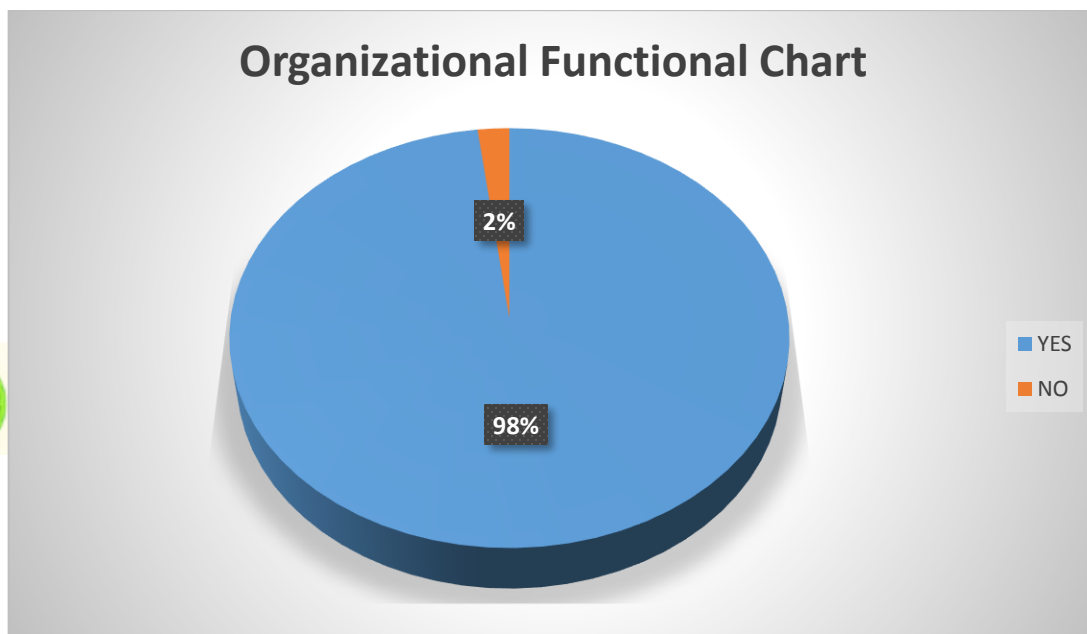
Source: Field Survey, 2018



The study further wanted to assess the working strength of the various positions in the local NGOs, from the study 40% were found to be in the senior staff category meaning for every 10 works sampled in the local NGOs, 4 of them are in the senior staff position, 30% are in both junior and management staff positions, indicating that for every 10 people sampled in the local NGOs, 3 of them are luckily to be either junior staff or management staff. This is an indication that the data was evenly distributed in terms of working staff in the local NGOs operating in Wa Municipality.

4.3.6 The Organizational Functional Chart of local NGOs

Figure 4.3: Organizational Functional Chart of the local NGOs



Source: Field Survey, 2018

There is a clear indication that every local NGO in Wa Municipality has an organizational chart.



This represents 98% of respondents answering “YES” and 2% answered “NO”. It is relevant in the sense that it depicts clearly who is responsible in what position in the management of the financial practices and financial sustainability of local NGOs in Wa Municipality. It again avoids duplication of roles in the management of financial practices in the finance industry.

4.4 The Financial Management Practices and Financial Sustainability

Table 4.5: Existence of Financial Practice Functions in local NGOs

	Financial Accounting System		Internal Auditor		Independence of Internal Auditor's Office		The use of Internal Auditor's Report	
	Freq	Per (%)	Freq	Per (%)	Freq	Per (%)	Freq	Per (%)
YES	61	68	4	4	3	3	2	2
NO	23	25	86	96	2	2	2	2
N/A	6	7	0	0	85	95	86	96
TOTAL	90	100	90	100	90	100	90	100

Source: Field Survey, 2018



The study sought to establish the effects of financial management practices on the financial sustainability of local NGOs in Wa Municipality.

From table 4.5 above, it is clear that all local NGOs are aware of the functions of financial accounting systems, internal auditor, independence of internal auditor and internal auditor's report.

The study found that majority of the respondents 61(68%) responded answered “YES” for the existence of financial accounting system. 23(25%) said “NO” and 6(7%) of respondents

hold to the view that it is not applicable. The researcher further wanted to know whether the local NGO's have an internal auditor which is decoupled from the general administration. There was an empirical evidence that 86(96%) of the respondents responded "NO" to that, and 4(4%) responded the affirmative. On the same side the researcher noticed that 2(2%) of the respondents said they do not use the internal auditor's report even though it was available in the various local NGOs, while 86(96%) answered not applicable in terms of using the internal auditor's report, meaning they do not consider using the internal auditor's report, meanwhile 2(2%) said they took the internal auditor's report into consideration that is they use it. Better still it came to light that, the independence state of the internal auditor's office is not applicable in most of the local NGOs representing 85(95%) of the respondents who were surveyed, 2(2%) answered "NO" to be question of the independence state of the internal auditor's office while 3(3%) answered "YES" to that question. This shows that financial management practices functions has a positive effect on the financial sustainability of local NGOs in Wa Municipality.

Ali (2012) found a positive relationship between financial management and financial sustainability of NGOs.

Abanis et al. (2013) conducted a research to assess the scope of SMEs financial management practices in a selected area in western Uganda. The study objective were to assess the scopes of financial management practices that SMEs used in terms of dimensions: investment, management of labor, finance, financial reporting and accounting information systems. The study refrained from the fact that the scope of financial management is low among SMEs.

Saungweme (2014) from the regression analysis ascertained that sound financial management practices had the largest influence on financial sustainability of local NGOs.

Nguyen (2001) sought to assess the relationship between financial management practices and profitability of small and medium enterprises in Australia. He focused his attention at various financial management practices and financial characteristics and demonstrates the simultaneous impact of financial management practices and financial characteristics and demonstrates the simultaneous impact of financial management practices and financial characteristics on SME profitability.

Table 4.6: Budget Plan and Book-keeping Functions in the local NGOs

	Budget Plan Exist		Approval of Book keeping Entries		Periodic Financial Statement		Cost Fluctuations	
	Freq	Per(%)	Freq	Per(%)	Freq	Per(%)	Freq	Per(%)
YES	80	89	77	86	82	91	66	73
NO	10	11	12	13	7	8	11	12
N/A	0	0	1	1	1	1	13	14
TOTAL	90	100	90	100	90	100	90	100

Source: Field Survey, 2018



Table 4.6: above depicts that 80(89%) of the respondent indicated that, there is a budget plan in their local NGO and 10(11%) responded that there is no budget plan in the local NGO that they operate. There was no respondent who confirmed that; budget plan is not applicable in the local NGO that they operate. The table also affirmed that the approval of book-keeping entries of local NGOs is 77(86%) responded “YES” and 12(13%) responded “NO” to that and only 1 respondent said it is not applicable.

The researcher also took into consideration whether there was periodic financial statement about the local NGOs that are operating in Wa Municipality. It was clear that “YES” the answer to that question representing 82(91%), 7(8%) responded negatively thus “NO” and 1(1%) answered “Not Applicable”.

The researcher further pushed on to find out about cost fluctuations in the various local NGOs. 66(73%) answered “YES”, 11(12%) answered “NO” to the question and 13(14%) indicated that it is not applicable. Linking to Mensah (2012) small and medium enterprises relied on manual methods of inventory and majority does not know anything about economic order quantity model (EOQ). Careless working capital management practices are the major cause of SME failure. Poor cash flow management, poor inventory control and bad debts or poor receivables management are the most internal problems of SME.

Nguyen (2001) sought to assess the relationship between financial management practices and profitability of small and medium enterprises in Australia. He focused his attention at various financial management practices and financial characteristics and demonstrates the simultaneous impact of financial management practices and financial characteristics on

SME profitability. He further examined fixed (non-current) asset management practices of a sample of 99 trading and 51 manufacturing SMEs. He found out the nearly 80 percent of SMEs always or often evaluate capital projects before making decisions of investment and review the efficiency of utilizing fixed assets after acquisitions. Some 87 percent of SMEs stated that they used payback period techniques in capital budgeting; only 27 percent used the more sophisticated discounted cash flow techniques, the Net present value (NPV), internal rate of return (IRR) and modified internal rate of return (MIRR). These findings

revealed that SMEs highly regarded fixed asset management although their knowledge of management techniques was not outstanding.

4.5 Donor Relationship Management and Financial Sustainability

Table 4.7: Donor Relationship Management Sustainability Drivers of the Local Non-Governmental Organizations

Responses	Frequency %	Rank
Donor segmentation	21	3
Enhanced meaningful communication	18	4
Use of information management	23	2
Providing accountability to Donors	28	1
Total	90	

Source; Field Survey, 2018

Table 4.7: above shows the respondents views as to which ways and means that can ensure financial sustainability within the local NGOs sector in the Wa Municipality. The responses

included but not limited to; donor segmentation, enhanced meaningful communication, use of information management systems and providing accountability to donors. The results from the responses were done in multiple responses where 23% of the respondents agreed that donor segmentation is good enough to ensure financial sustainability. These responses as well were ranked in order of importance as to which one affects more of financial sustainability. Under this response, was ranked third (3rd) from the four responses enhanced meaningful communication was ranked (4th) with 20%. It was revealed from the analysis that providing accountability to donors and use of information management were ranked at

first (1st) and second (2nd) positions respectively. These have their frequencies as 31% and 26% respectively.

The findings are supported by Doppelt (2003) devised seven major “Sustainability mistakes”. He was convinced that any organization that took noted of these mistakes would be used as a first step to create a financial sustainable company and in management. The findings revealed that donor relationship management affect financial sustainability of local NGOs to a great extent.

Lewis (2011) there is a strong positive relationship between donor relationship management and financial sustainability of local NGOs.

Moore (2010) indicated in his study that there is need to manage donor relationship through regular communication, proper utilization of funds, preparation and presentation of financial reports to donors and the meeting of conditions set by the donors.

Developing and implementing effective practices and systems that yields strong relationships with donor, can generate more sustainability Alter (2007).



4.6 Strategic Management Practices and Financial Sustainability

Table 4.8: Financial Sustainability of local NGOs

		Survival without Financial Support	Source of Funds	Major Problem that may arise	Financial Sustainability Plan	Fund Raising	Survival Dependency
N	Valid	90	90	90	90	90	90
	Missing	0	0	0	0	0	0
Mean		1.92	1.58	1.84	2.69	3.38	1.96
Std. Deviation		.915	.994	.847	1.128	.773	.886

Source: Field Survey, 2018

The study inquired on the extent those aspects of Strategic Sustainability Management of local NGOs in Wa Municipality. From the findings, majority of the respondents felt that the aspects of strategic financial management that affects the financial sustainability of the local NGOs to a great extent include survival without financial support, source of funds, major problems that may arise, financial sustainability plan, fund raising and survival dependency as shown by a mean score of 1.92, 1.58, 1.84, 2.69 respectively. They also indicated that fund raising affect financial sustainability of the local NGO greatly with a mean of 3.38 as the highest among the rest however survival dependency also had 1.96 as its mean value.

Karunananda and Jayamaha (2011) studied the financial practices of SMEs in Sri Lanka and the impact of financial practices upon business performance. The study revealed that there is no similarity among the financial practices followed by the SMEs understudy. It showed that medium enterprises followed strict financial practices more than the small enterprises. Also

those firms which comply with financial practices performed better than the SMEs who were not.

Azhar et al. (2010) investigated the financial management components and techniques practices by the SMEs in Malaysia. The findings of the study shows that three components of financial management to be categorized as core components practiced by the SMEs, that is financial planning and control, financial accounting and working capital management. Three other components which are financial analysis, management accounting and capital budgeting can be categorized as supplementary components practiced by the SMEs due to the small percentage of the SMEs using these components in the management of their business.

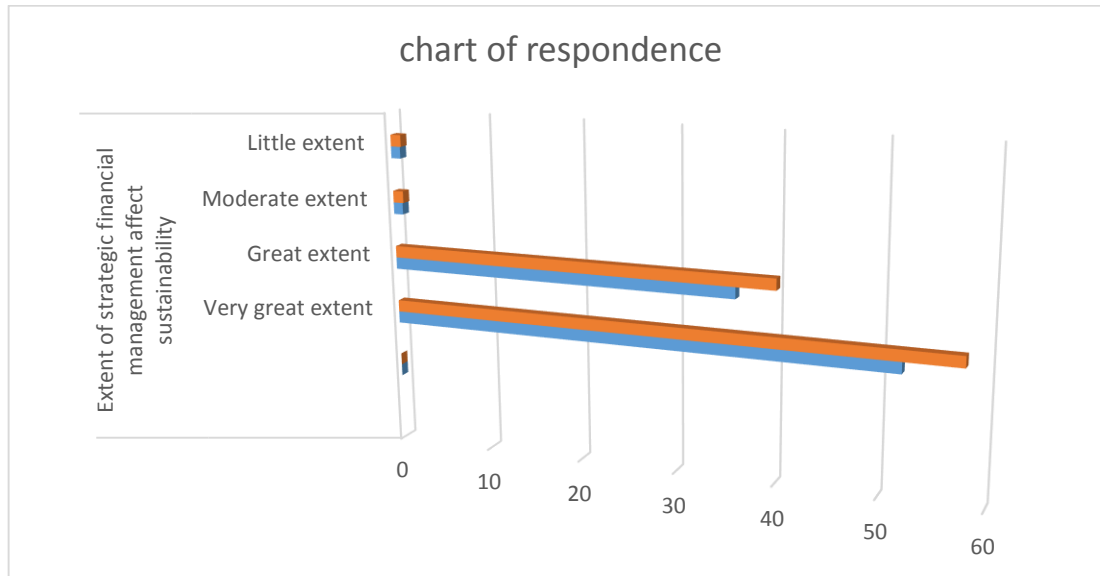
Ali (2012) stated that most NGOs in Kenya are financially unsustainable.

4.6.1 Strategic Financial Management and Financial Sustainability of Local NGOs

In respect to strategic financial management and financial sustainability within the local Non-Governmental Organizations of the Wa Municipality, sustainability drivers were identified with corresponding views from the respondents. The results are being presented in figure 4.4 below.



Figure 4.4: Strategic Financial Management and Financial Sustainability of Local Non-Governmental Organizations



Source: field Survey, 2018.

The researcher further investigated the extent to which strategic financial management affect the financial sustainability of the local NGO. According to the findings 52(57%) of the respondents reported that strategic financial management affect the financial sustainability of the local NGO to a very great extent, 36(40%) indicated that it affects sustainability to a great extent, 2(3%) indicated moderate extent and little extent, while 0% said strategic financial management affect the financial sustainability of the local NGO to a little extent.

Berger and Udell (2005) analyzed the effects of the credit availability of SMEs. The results obtained with the availability of credit granted to SMEs on the basis of the same, treated and borrowed as borrowers and not as transparent informative borrowers. It is treatment that has been given to DMEs due to the lack of financial management practices in SMEs. But it is



claimed that large financial institutions are not at a disadvantage when granting credit to information than to SMEs.

Agyei and Kofi Nicholas (2014) in their study the effective way to manage your inventory and accounts payable.

Table 4.9: Extent of Financial Sustainability of LNGO Financial Statistics

	Strategic Planning	Financial Analysis	Plan Implementation	Investment Monitoring
N Valid	90	90	90	90
Missing	0	0	0	0
Mean	1.21	1.26	1.17	2.22
Std. Deviation	.437	.591	.456	1.159

Source: field Survey, 2018

The study inquired on the extent that, aspects of strategic financial management practices affect the financial sustainability of the local NGO. From the findings, majority of the respondents felt that the aspects of strategic financial management practices that affect the financial sustainability of the local NGOs to a great extent include, strategic planning, financial analysis, plan implementation and Investments monitoring as shown by a mean score of 1.21, 1.26, 1.17 and 2.22 respectively. But on the null shall the standard deviations of strategic planning and plan implementation suggest that they are the greater pillars to also consider when it comes to sustainability of a local NGO finances.

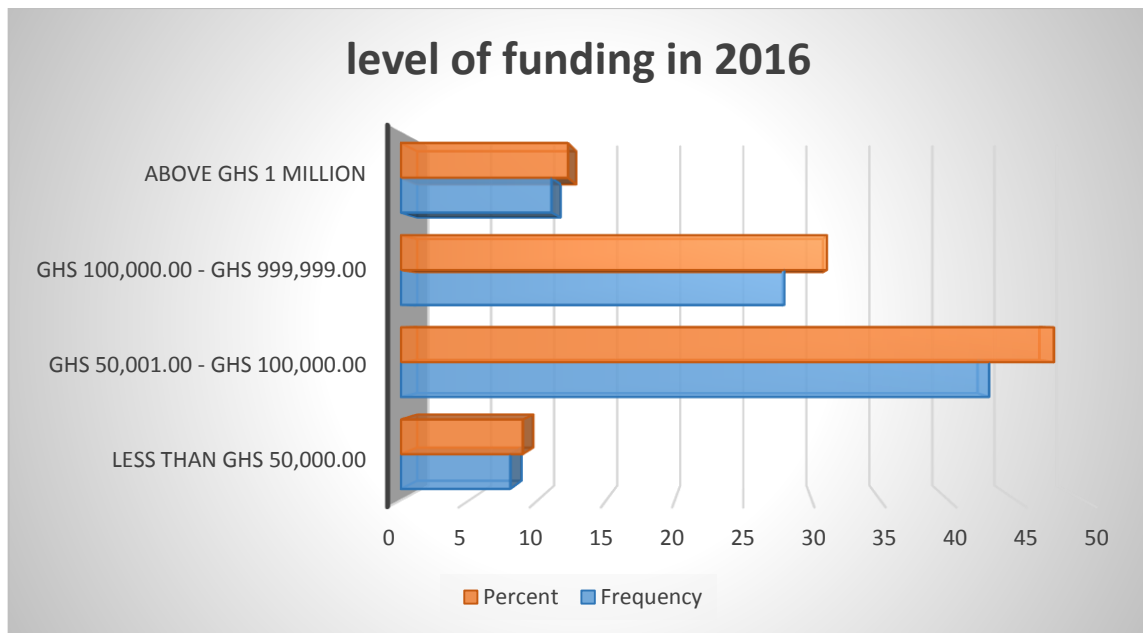
Table 4.10: The level of funding of the local NGOs between 2012 to 2016

	Level of Funding in 2012	Level of Funding in 2013	Level of Funding in 2014	Level of Funding in 2015	Level of Funding in 2016
N Valid	90	90	90	90	90
Missing	0	0	0	0	0
Mean	1.68	1.84	2.16	2.32	2.47
Std. Deviation	.859	.806	.833	.776	.824
Minimum	1	1	1	1	1
Maximum	4	4	4	4	4
Sum	151	166	194	209	222

Source: Field Survey, 2018

The study sought to determine the trend of the level of funding of the local NGOs in the Wa Municipality from the year 2012 to 2016 that is the last five years. From the findings, majority of the respondents indicated that in 2012 the level of the funding they had was less than GHS 50,000.00 in 2013, 2014, 2015 and 2016 it increased between GHS 50,001.00 to GHS 100,000.00. As shown by a mean score of 2.16, 2.32 and 2.47 in the years 2014, 2015 and 2016 respectively. There is empirical evidence that the level of funding in the local NGOs keeps on increasing year after year.

Figure 4.5: The level of funding of local NGOs in the year 2016

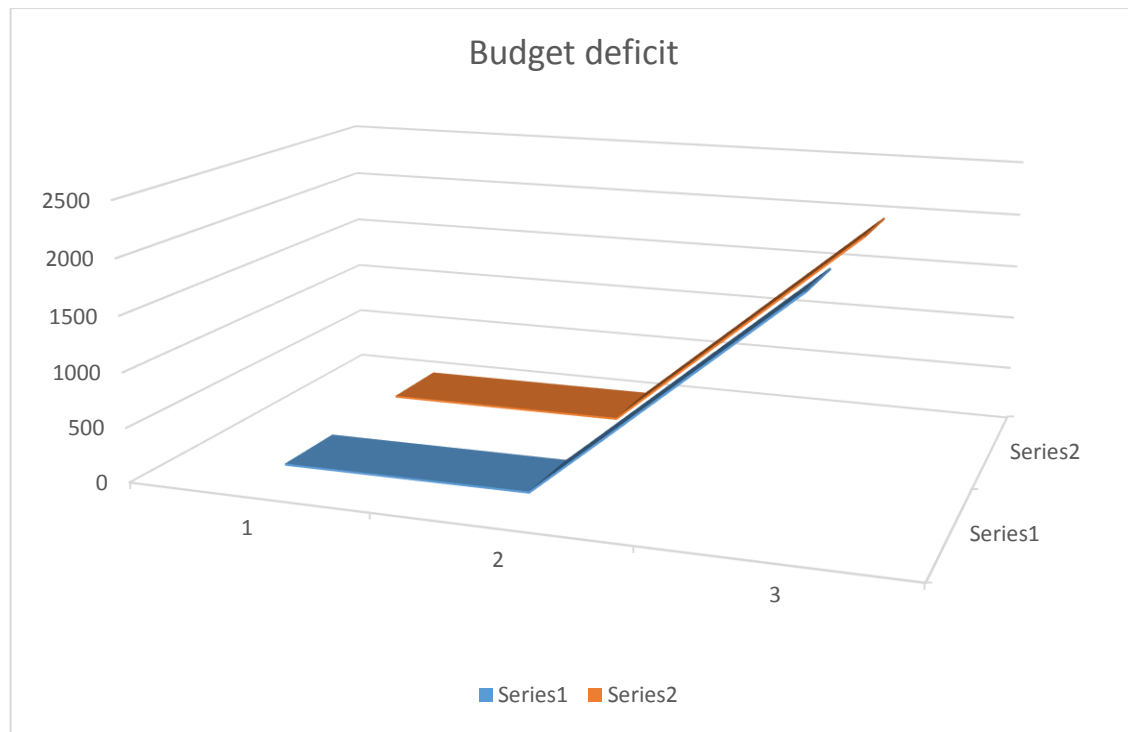


Source: Field Survey, 2016

The study further wanted to investigate the funding range of respondents with respect to the local NGOs in Wa Municipality in 2016, majority of the respondents indicated that local NGOs in Wa Municipality had been funded between GHS 50,001.00 to GHS 100,000.00 in 2016 representing 45(49%) of the total respondents, 7(8%) indicated that their local NGOs were funded an amount that is less than GHS 50,000.00. A little above this, thus 11(12%) indicated an amount exceeding GHS 1 million, meanwhile 27(31%) of the respondents indicated to have received between GHS 100,000.00 to GHS 999,999.00.



Figure 4.6: Comparing the budget deficit of local NGOs 2012 to 2016



Source: field Survey, 2018

This study further establishes the budget deficit in the various local NGOs interviewed, the study observed that there had been a budget deficit in all the years taken into consideration.

When 2012 (series 1) and 2016 (series 2) were compared, the budget in series 1 was something below GHS 150,000.00 and in series 2 it was a little below GH¢ 200,000.00. This

is an indication that all the local NGOs had undergone a budget deficit which would affect its sustainability and maybe affect its overall performance. Uddin (2014) in his study entitled “problems faced by micro small and medium enterprises in raising debt capital”

Found that the major problem in raising debt capital is faced due to the requirements of collateral securities. Thus, the chance of obtaining debt financing by SMEs has been very low.



4.7 Funding Diversification and Financial Sustainability of local NGOs

Table 4.11: Funding Diversification and Financial Sustainability of LNGOs

	Frequency	Percentage (%)	Mean	Standard Deviation
Trust and Endowment Fund	30	33	1.08	0.171
Grants and Donations	15	17	1.72	0.421
International Funding Streams	8	9	1.81	0.358
Internal Fundraising Activities	14	16	1.81	0.435
Members Contributions (Dues)	23	25	1.57	0.387
Total	90	100		

Source: field Survey, 2018.

From table 4.11 above, the study sought to establish the usefulness of various funding diversification strategies to improve the financial sustainability of the local NGOs.

According to the findings, most respondents report that income diversification strategies that improve the financial sustainability of the firm, among others, Trust and Endowment Fund, Grants and Donations, International Funding Streams, Internal Fundraising Activities and Members Contributions as shown by a mean score of 1.08, 1.72, 1.81, 1.81 and 1.57 respectively.

To promote the study, the researcher sought to determine to what extent the following aspects of funding diversification financial sustainability of NGOs in Wa Municipality.



From the findings, the respondents indicated that funding diversification positively affects financial sustainability of their NGO to a great extent.

Leon (2001: 16) identified funding diversification as sixty percent of the organization's funds from at least five sources.

Amagoh and Kabdiyera (2012), Ali (2012), Manyeruke (2012) and Waiganjo et al. (2012) found that diversification of income had a strong positive association with local NGO financial sustainability.

Alymkulova & Seipulnik (2005) concurred with Boas that differentiating funding sources is the most.

Davis (2013) in his study found that most of the NGOs are funded by donor agencies.

Nuka (2010) in his study established that local NGOs rely on donors as their main sources to finance their projects and activities. Saungweme (2014) in his study revealed that many local NGOs were not engaged in own funds generating activities while their funding source were not diversified enough to be regarded sustainable. Alter (2007) points out that, funding diversification advocates for commercial ventures to diversify funding by local NGOs.



4.8: Financial Challenges and Financial Sustainability of local NGOs

Table 4.12: Financial Sustainability of local NGOs in the last Five Years

Tread	Greatly Improving	Improving	Stable	Deteriorating	Greatly Deteriorating	Mean	Std. Dev.
Cash Flows	3	40	32	15	0	2.66	0.796
Cost Recovery	2	25	53	8	2	2.82	0.758
Unrestricted Income	29	52	9	0	0	2.78	0.614

Source: field Survey, 2018.

The study also sought to determine the trend of measures of sustainability for the local NGO in the last five years. From the findings, majority of the respondents felt that recovery rate was stable as show by a mean score of 2.82 while cash flows and unrestricted income were improving as shown by a mean score of 2.66 and 2.78 respectively. This is an indication that these local NGOs needs to take decisive measures to ensure that their cost recovery improves which can lead to greatly improving modes of their cost recovery, unrestricted income and cash flows as well to attain sustainability. Meanwhile unrestricted income was improving that is gradually leading to greatly improving.

Saungweme (2014) found the survival ration like self-sufficiency was very low in local NGOs.

Saungweme (2014) in his study revealed that many local NGOs funding sources were not diversified enough to be regarded sustainable and they were not engaged in own funds generating activities.



Any NGO seeking financial improvement will have to increase savings and cost management. Create high performance and manage financial information (Lassen, 2001).

Own funds generation is also a key pillar of financial sustainability and entails rising of funds that are unrestricted and flexible (Leon, 2001: 18-20).

4.9 DATA DISCUSSION

4.9.1 Financial Management Practices

The study come to a conclusion that strategic financial management practices affects financial sustainability of local NGOs. Aspects of Strategic Financial Management that greatly affect the local NGO's financial sustainability include plan implementation, strategic planning and financial analysis. This is in agreement with Waddell (2000) that the requirement of financial management practices can impose a significant burden on local NGOs. Sound financial management requires good organizational planning and the configuration and implementation of viable systems, policies and procedures that can respond adapt and overcome the financial challenges facing the non-governmental organization.

Ebrahim (2005) also got that the establishment of trust funds that brings together financial resources inan individual NGO or in a collective model. The investment of these resources is translated into results. Donor relationship management, the study further established that donor relationship management greatly affects the financial sustainability of the organizations. This is an agreement with Burnett (2002) who recognized the need for what he termed relationship fundraising: dealing with suppliers individually, recognizing each donor as unique in terms of history, motivation to give and the standard general expected



from the organizations being assisted. The arrears of donor relationship management that greatly affect financial sustainability of local NGOs include use of information management relationship, the rendering of accounts, the improvement of communications and the comprehensive recognition program.

This is in agreements with Plummer (2009) that donors should be able to choose when communication is initiated and the form that it might take. According to him, it seems that one way in which local NGOs might achieve this goal is to ensure that they are giving specific feedback to donors as to how their funds have been put to use, in particular the benefit that resulted for the beneficiary group.

If this feeling of impact on the cause is not strengthened, it seems less likely that donors will view other causes as being more deserving than those they already support.

Further, (Matten and Moon 2008) observes that donors viewing the communications they receive as informative, courteous, timely, appealing and convenient appear to remain loyal for a greater period of time. The issue then becomes how best to achieve this perception.



The study also deduced that participation in income generating activities affect the financial sustainability of the organization to a great extent. It is clear that business activities, corporate alliances, trust or endowment fund and unrestricted income generating activities affect the financial sustainability of local NGO to a great extent. These findings are in line with (World Bank, 2000) income generation is a key programmatic strategy to address the need to find alternative means to make a living in a dignified way: it aims at creating opportunities for the use of resources among NGOs in a meaningful way and with the objective of becoming less dependent, more self-reliant and able to offer services to the community they serve. Further, according to (CRDA, 2001) NGOs need to develop more

business-like operations, focusing on the most practicable forms of enterprise structure but without losing their priority of seeking to benefit the poor and other disadvantaged groups.

4.9.2 Sustainability

This study revealed that the funding range of most of these organizations currently in 2016 was from 100 to 500 thousand and majority had a budget deficit of 10 to 100 thousand. This shows that all the local NGOs had a budget deficit that affects their sustainability and may influence its overall performance. The study revealed, in addition, that the cost recovery rate was improving in the local NGO and this represented a mean score of 2.30, it also found that cash flows and unrestricted funds were stable or constant. This indicates that these local NGOs need to take decisive measures to improve their cash flows and greatly improve their modes of cost recovery.

These findings are line with (World Bank, 2000) income generation is a key programmatic strategy to address the need to fine alternative means to make a living in a dignified way. It aims at creating opportunities for the use of resources among NGOs in a meaningful way and with the objective of becoming less dependent, more self-reliant and able to offer services to the communities they serve. Furthermore, according to (CRDA, 2001) NGOs needs to develop more business like operations focus on the most practical from enterprise structure but without losing their priority seeking to benefits the poor and other disadvantage groups. The study also revealed that strategic financial management affect the financial sustainability of the NGO to a great extent and this was in the form of strategic planning, plan implementation, financial analysis and investments monitoring. This is in agreement with Waddell (2000) that the requirement of financial management practices good



organizational planning and the configurations and implementation of viable systems, policies and procedures which can respond, adapt and overcome the financial challenges a non-governmental organization can face.

Ebrahim (2005) also found that establishment of trust funds which gather financial resources together on either an individual NGO or collective model. Investing those resources provides long-term income from interest or a combination of interest and principal. On income diversification, the study found that the drivers for income diversification that were important include reducing the danger that a withdrawal of funding forces the organization to close down, fueling further growth of the NGO's activities, being able to say no to some sources of funds because they do not fit in the organization's values, risk management and being able to say no to some sources of funds because they do not fit in the organization's values, risk management and being able to fund projects according to your priorities.

This is in line with Kurosaki (2003) that diversification of funding sources is essential to increase the stability of non-governmental organizations income streams. As a response to the economic crisis, tapping international funding streams might be more important than ever. In particular, funding from international governments and their respective bilateral aid agencies has provided excellent opportunities for the NGOs.

It was clear that the income diversification strategies enhancing financial sustainability at the organization to a great extent include tapping international funding streams, corporate donors sourcing, fundraising and development plan and owning and managing businesses. This agrees with Burrett, Bezunch, Clay and Reardon (2000) that with the funding challenge most non-governmental organizations have responded with the same entrepreneurial spirit,

good planning and hard work that brought them success in their core activities. They have expanded fund-raising activities directed at the general public, tapped new corporate donors for monetary and in-kind support and held one-time events.



CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents a general discussion on the results based on the analysis of the preceding chapters. The chapter also assesses how far the objectives of the research have been achieved.

Comparison and contrasting of the findings in relation to the previous studies are also presented. The conclusions and recommendations drawn were focused on addressing the major objective of the study.

5.2 Summary of the Study

The study sought to assess whether financial management practices have an effect on financial sustainability of local NGOs operating in Wa Municipality, to determine how Donor Partners influences financial sustainability of local NGOs operations in Wa Municipality, to investigate the effects of Strategic Financial Management on local NGOs Financial Sustainability, to determine the effects of Funding Diversification on local NGOs Financial Sustainability, to identify the challenges for Financial Distressed local NGOs in Wa Municipality.

The study designed, collected and analysed relevant data of twenty local NGOs within Wa Municipality in the Upper West Region of Ghana in order to achieve the study objective.



5.2.1 Financial Management Practices

The study sought to establish the effect of financial management practices on the financial sustainability of local NGOs in Wa Municipality. The study found that majority of the respondents indicated that financial management practices function such financial accounting systems, budgeting plans, approval of book keeping entries exist in their local NGOs.

The findings revealed that Internal Auditor, the Independence State of the Internal Auditor's Office and the use of the Internal Auditor's report are not applicable in most of the local NGOs.

However, they disagreed that they maintained an up-to-date accounting records and conduct regular audits of their project implementation.

5.2.2 Donor Relationship Management

The study revealed that majority of the respondents indicated that donor relationship management has influence on financial sustainability of local NGOs to a great extent

including the use of information management, providing accountability, enhanced meaningful communications and implementing a comprehensive recognition programs.

The respondents agreed that their local NGOs ensured accountability for donor funds, of the projects.

They further agreed that their local NGOs had networks with donors for funding and good correspondence with the donors.

However, they disagreed that their local NGOs were unable to meet the strict requirements for funding by donors.

5.2.3 Strategic Management Practices

The study sought to determine the effects of strategic financial management on local NGOs financial sustainability.

There was an empirical evidence that, strategic management practices requires sound organizational planning which lead to the set-up and implementation of policies, procedures and workable systems which can accommodate and overcome the financial challenges that the local NGO might face in the implementation of projects.

The respondents agreed that their local NGOs maintained short-term strategic plans to ensure effective and efficient systems of implementation of projects.

However, respondents disagreed that they maintained long-term strategic plans for projects implementation.

5.2.4 Funding Diversification Strategies

The study sought to determine the effects of funding diversification on local NGOs financial sustainability. From the findings majority of the respondents indicated that funding diversification strategies enhanced financial sustainability in their local NGOs to a great extent. Others sources of funds indicated by the respondents include grant from government, donations, members contributions and local fundraising activities but relied deeply on donor for most of their funds.

From the findings, majority of the respondents reported that funding diversification affects the local NGO to a great extent, which includes, corporate donors sourcing, fundraising, tapping international funding streams and development plan, owning and managing businesses.

However, the respondents disagreed that their local NGOs provide consultancies and trainings to other organizations for a service fee.

5.2.5 The Challenges of Financial Distressed

The study sought to identify the challenges for financial distressed local NGOs in Wa Municipality. The study had observed that cash flows affected greatly the financial sustainability of their local NGOs due to delay of reports and release of funds between the local NGOs and the donor. The study also established that local NGOs need to take decisive measures to ensure that their cash flows improve and greatly improve their unrestricted funds and the modes of cost recovery, among them could be in the form of strategic planning, plan implementation, financial analysis and last but not the least investments monitoring.

Respondents agreed that their local NGOs engaged in local fundraising activities which effects to a great extent the long-term survival and financial sustainability of the local NGOs.

Respondents however, disagreed that their local NGOs had unrestricted sources of funding.

5.3 Conclusions

The Researcher, therefore, leads to the conclusion that financial accounting systems, budget plans and book keeping entries approval exist, however it was quite clear that the preparation of the financial statements did not conform to the financial management standards for the state of the financial situation, the declaration of activities, declaration of



functional expenses and statement of cash flow were not all captured to indicate the financial position of the local NGO as a whole.

The study concludes that financial management practices affect financial sustainability of local NGOs in Wa Municipality, despite they have budget plans in place and book keeping entries approved.

The study also concluded that donor relationship management affects financial sustainability of local NGOs in Wa Municipality. They network and communicate with donor regularly for funding and also account for donor funds. However, they are unable to meet strict donor requirements for project funds.

The study concludes that strategic financial management affects financial sustainability of local NGOs in Wa Municipality. The study sought to determine the effects of strategic financial management on local NGOs financial sustainability. Local NGOs requires sound organizational planning which lead to the set-up and implementation of policies, procedures and workable systems which can accommodate and overcome the financial challenges that the local NGO might face in the implementation of projects.



Local NGOs should also maintain short and long-term strategic plans to ensure effective and efficient systems of implementation of projects.

The study concludes that funding diversification affect financial sustainability of local NGOs to a great extent. The local NGOs are mainly funded by donors. Ever though they engage in fund generating activities the local NGOs highly rely on donors for their funding.

International Donors are very limited to their own financing constraints. Some donors may even be victims of severely imposing budgetary restrictions that threatens their very existence. Local NGOs must be aware of these possibilities and diversify their sources of

financing in an appropriate manner. Therefore, local NGOs must start to develop at least some degree of self-sufficiency to have long term plans and aspirations.

The study concludes that the challenges for financial distressed local NGOs in Wa Municipality affect their financial sustainability. The study had observed that cash flows affected greatly the financial sustainability of their local NGOs due to delay of reports and release of funds between the local NGOs and donor. Local NGOs need to engage in local fundraising activities which effects to a great extent the long-term survival and financial sustainability of the local NGOs.

5.4 Recommendations

Effective management of local NGOs resources is done in a manner that is transparent, accountable, equitable and responsive to the success of its purpose of establishment. Since local NGOs aim at becoming sustainable, sound financial management practises and good governance is critical to their existence. In Wa municipality of Ghana and many developing countries as a whole local NGOs often lack the institutional ability and funds to operate.



Secondly, resources from donors are sometimes poorly managed. Therefore, in order to ensure proper and effective management of funds, sound financial management practises and good governance becomes an important aspect of every local NGO's financial sustainability. A good financial management system makes it easier to be accountable to its donors and project beneficiaries, thereby enhancing their respect and confidence in the local NGO. This in turn, helps a local NGO to be more competitive and can increase its chances of maintaining long-term financial health which leads to its financial sustainability.

The recommendations are stated below:

- Local NGOs operate in a rapidly changing and competitive world. If their organizations are to survive in this challenging environment, it is required to develop well organized financial management tools. Therefore, local NGOs in Wa Municipality are required to have well organized and established financial management practices for successful accomplishment of its objectives.
- Local NGOs should involve the donors in project implementation in order to increase donor funding.
- Local NGOs should maintain financial strategic plans and review them periodically.
- Local NGOs should engage in own funds generating activities and not to rely on a single source of funding in order to ensure their financial sustainability.

5.5 Recommendation for Policy

Donor Partners should provide capacity building training for local NGOs to ensure they are competent and fulfil donors requirements that is prepare financial statement and reports as per acceptable standards.

5.6 Recommendation for Further Research

This study assessed the financial management practices and financial sustainability of local NGOs within Wa Municipality in the Upper West Region of Ghana.

The study recommends that further research should be conducted on the role of human resource sustainability by local NGOs in Ghana.




Last but not the least, the researcher suggests further investigation to be done on project sustainability of local NGOs to determine the factors that hinder project sustainability.



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APPENDICE

QUESTIONNAIRE ON: assessing Financial Management Practices and Financial Sustainability of Local NGOs within Wa Municipality in the Upper West Region of Ghana.

Your responses will be used purely for academic purpose; hence confidentiality and anonymity are assured.

INSTRUCTIONS:

Please read the following questions carefully – Tick [✓] appropriate answer(s) in the boxes provided and specified where necessary.

Section A: Background Information

1. Your gender: Male [] Female []
2. Your age bracket (Tick whichever appropriate) Below 18 years [] 18 – 24 years []
25 – 29 years [] 30 – 34 years [] 35-39 years [] 40 and above
3. What is your highest level of education? (Tick as applicable) Primary certificate []
Secondary certificate [] Diploma/certificate [] Bachelor's degree []
Postgraduate degree [] others- specify.....

4. Working Experience in the Organization: 1-2 years [] 2-4 years [] 5 years and above []

5. Position: Junior Staff [] Senior Staff [] Management Staff []

6. How many years has the NGO been in existence?

.....

7. How many workers are in you organization.....



7. Organizational Sustainability

QUESTIONS	YES	NO	N/A
1. Does the organization have an organizational chart?			
2. Does the organization have a chart of accounts or an organized financial accounting system?			
3. Are there accounting and internal control manuals, and do they set forth accounting procedures?			
4. Does the organization have an internal auditor or equivalent person?			
5. If there is an internal auditor, is he or she independent from the internal control processes?			
6. If there is an internal auditor, are there internal audit reports available? Have they been reviewed recently?			
7. Is the general accounting and bookkeeping department completely separate from the cash receipts and cash disbursement function?			
8. Is the general accounting and bookkeeping department separate from the sales, purchasing, or operational departments?			
9. Are expenses and costs under budgeted control? In other words, is there a budget plan to which others can compare performance			
10. Are key and material bookkeeping entries approved by senior management personnel?			
11. Are periodic financial statements prepared and submitted to management?			
12. If so, are they designed to alert management to significant fluctuations in costs, revenues, assets, etc.?			



FINANCIAL

Please, to what extent do you agree or disagree with the following statements concerning your NGO. Use the scale provided below to express your view.

LEVEL OF AGREEMENT 1= Very much Agreed (VA) 2=Agreed (A) 3=Somewhat Agreed (SA) 4=Disagreed (D) 5=Very much Disagreed (VD)

FACTORS	1	2	3	4	5
We cannot survive without financial support from overseas.					
Our major source of finance is from overseas donors.					
Our major problem in this NGO is financial support.					
Our NGO has financial sustainability plan.					
We are able to raise the funds we need from our locality					
Our survival depends on how much money we are able to raise next year.					
There are proper and timely financial reports such as balance sheets, income statement and cash flow report, audit, budget statements on fundraising etc. in our NGO.					
Our Board of Director is responsible for the solvency of our NGO and for ensuring that its resource is used responsibly to carry out its mission.					
Our NGO has comprehensive annual budgets which include sources and use of funds.					
The accounting policies and recording procedures are clearly documented in a written policy.					
All contributions are recorded in the accounting records.					
The executive director and the programme managers review the monthly financial statement.					
The Board Committee or the full Board reviews the financial statement on quarterly basis.					



7. Please indicate the level of funding of your NGO ()

Year	Less than GH 50,000.00	50,001.00 - 100,000.00	100,001.00 – 999,999.00	Above 1 million
2012				
2013				
2014				
2015				
2016				

8. Kindly indicate the budget deficit that your NGO registered in 2012

Year	Less than GH 50,000.00	50,001.00 - 100,000.00	100,001.00 – 999,999.00	Above 1 billion
2012				
2013				
2014				
2015				
2016				

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7 What is the trend of the following measures of financial sustainability for your NGO in the last five years?

	Greatly	Improving	Stable/	Deteriorating	Greatly
Cash Flows					
Cost Recovery Rate					
Unrestricted Income					

STRATEGIC FINANCIAL MANAGEMENT

9. To what extent does strategic financial management affect the financial sustainability of your NGO?

Very great extent []

Great extent []

Moderate extent [] Not at all []

Little extent []

To what extent do the following affect Financial Sustainability of your NGO? Use a scale if

1-5, LEVEL OF AGREEMENT 1= Very much Agreed (VA) 2=Agreed (A)

Financial management	1	2	3	4	5
Strategic planning					
Financial analysis					
Plan implementation					
Investment monitoring					

3=Somewhat Agreed (SA) 4=Disagreed (D) 5=Very much Disagreed (VD)



Cash Management

Question	Yes	No	N/A
1. Is the accounting department separate from the cashier			
2. Is there a ledger system of accounting			
3. Is the accounting system maintained by a trained bookkeeper/Accountant			
4. Does the NGO deposit each day receipt without delay			
5. Are deposit made by someone other than the bookkeeper			
6. Does a responsible employee other than the cashier investigate any cash taken out from the deposit location			
7. Does someone outside the cashier department make ledger entries			
8. Is there a withdrawal co-signature authority system			
9. Are the workers identified by their supervisors or other system for validating employment			
10. Have payrolls stayed relatively steady in all departments, without sudden fluctuations?			
11. Are audits of the payroll system periodically made by outside “independent” auditors?			
12. Is the process for adding an employee to the payroll in control and done through cross-authorization procedures (with more than one manager’s signature)?			



INCOME DIVERSIFICATION AND FINANCIAL SUSTAINABILITY

10. How important are the following driver for income diversification in your NGO? Use a scale of 1-5 where 1= very important and 5 = unimportant

	1	2	3	4	5
Risk management					
Mitigation of negative consequences of a sudden drop in income					
Fueling further growth of the NGO's activities					
Gaining more flexibility in their internal financial					
Reducing the danger that a withdrawal of funding forces the organization to close down					
Increasing the longer-term reliability of the income stream					
Reducing the impact of exchange rate fluctuations on income in local currency					
Reducing the impact of economic downturns					
Being able to decide how to generate and spend financial resources without restrictions					
Being able to say no to some sources of income because they do not fit in the organization's values					



DONOR RELATIONSHIP MANAGEMENT

11. To what extent does donor relationship management increase the financial sustainability of your organization?

Very great extent [] Great extent []

Moderate extent [] Little extent []

	Very great extent	Great extent	Moderate extent	Little extent	Not at all
Donor Segmentation					
Enhanced meaningful communications					
Use information management					
Providing accountability					
Implementing a comprehensive recognition program					

12. To what extent do the following improve sustainability of your NGO?



PARTICIPATION IN INCOME GENERATING ACTIVITIES

13. To what extent does participation in income generating activities improve the financial sustainability of your organization?

Very great extent [] Great extent [] Moderate extent [] little extent []

Not at all []

14. To what extent do the following increase sustainability of your NGO?

Question	1	2	3	4	5
Social entrepreneurship					
Unrestricted income generating activities					
Business activities					
Trust or endowment fund					
Public contributions					
Corporate alliances					

