UNIVERSITY OF GHANA BUSINESS SCHOOL
MASTER OF BUSINESS ADMINISTRATION
(FINANCE - REGULAR)

FINANCIAL MANAGEMENT OF NGOS IN GHANA: A CASE STUDY OF CENTRAL AID.

BY

GERTRUDE ADJOA NHYIRA HAGAN
(10414273)

THIS LONG ESSAY IS SUBMITTED TO THE UNIVERSITY OF GHANA BUSINESS SCHOOL IN PARTIAL FULFILMENT OF THE REQUIREMENT FOR THE AWARD OF MASTER OF BUSINESS ADMINISTRATION DEGREE.

JUNE, 2019
DECLARATION

I do hereby assert that this long essay is the result of my own research. This work has not been presented by anyone for any academic award firstly at the University of Ghana, Legon or at any other university all around the world. The various references which have been used in this study have been fully acknowledged. Any shortcomings in this long essay is my sole responsibility.

HAGAN, GERTRUDE A.N

DATE
CERTIFICATION

I hereby certify that this long essay was supervised as per the procedures which have been laid down by the University.

....................................................  ....................................................

DR. PATRICK ASUMING  DATE

(SUPERVISOR)
DEDICATION

To God Almighty for His grace, to my family for their unwavering love and support over the years, and to the knowledge repository towards development.
ACKNOWLEDGEMENT

I would like to recognize and appreciate my supervisor, Dr. Patrick Asuming for his guidance and direction throughout the commencement and successful completion of this work. I would also like to acknowledge Dr. Mawuli Kushitor and Miss Akotia Yaa Akotia, for the enormous support and assistance throughout the entire research process.
ABSTRACT

Non-governmental organisations are vital to the civil society of every country. The growth of NGOs has brought about much development to all societies because their activities usually tend to involve social interventions that fill in the vacuum where governments usually fail. However, recent issues of mismanagement and weak accountability has caused NGOs to lose credence in the eyes of its stakeholders. Thus, this study aims to investigate how NGOs in Ghana undertake their financial management practices. A case study was conducted using Central aid, a local church agency, faith based organisation, to delve into the structure of its financial management. Data was obtained via interviews with the three main support staff of the secretariat via semi-structured interviews, the organisation’s reports and manuals, and a thematic analysis was conducted using Braun and Clarke’s (2006) six step approach and Atlas.ti software.

From the analysis, eight (8) themes where identified from the research information. The findings show that the NGO has its activities structured around the elements of financial management and it also had the four elements of effective NGO management proposed by Mostashari (2005). However, certain loopholes in the execution of its financial practices were identified. The absence of a comprehensive structure that will accurately apportion funds for each project, designing financial management mechanisms and a manual on their own accord, the process of manually inputting all accounting information and having a one member team handling all expenses does not boost the effectiveness of its practices. Like previous studies, the research also discovered that funding for NGOs is one major challenge which impedes its activities and financial stability in the long run.
The study recommends the amendment of the Ghana NGO policy guidelines to provide a strict and efficient financial management procedure that all NGOs must follow to curb mismanagement. Central aid can also boost up its educational and awareness drives in order to raise more funds and the study can serve as a basis for comparative analysis when researching into the management practices of other kinds of NGOs.
TABLE OF CONTENTS

DECLARATION......................................................................................................................................... II
CERTIFICATION........................................................................................................................................ III
DEDICATION........................................................................................................................................ IV
ACKNOWLEDGEMENT.......................................................................................................................... V
ABSTRACT................................................................................................................................................ VI
CHAPTER ONE ......................................................................................................................................... 1
GENERAL INTRODUCTION.................................................................................................................. 1
1.1 Background ........................................................................................................................................ 1
1.2 Statement of Research Problem ........................................................................................................ 2
1.2.1 Research Purpose ............................................................................................................................. 3
1.4 Research Questions ............................................................................................................................ 3
1.5 Proposed Research Methodology ....................................................................................................... 4
1.6 Significance of the Study .................................................................................................................... 4
1.7 Scope and Research Limitations .......................................................................................................... 5
1.8 Chapter Disposition .............................................................................................................................. 5
CHAPTER TWO ...................................................................................................................................... 7
LITERATURE REVIEW.......................................................................................................................... 7
2.0 Literature Review ................................................................................................................................ 7
2.1. The Concept of Financial Management .............................................................................................. 7
2.1.1 Financial Management of NGOs ......................................................................................................... 8
2.2 Concept and Characterisation of NGOs ................................................................................................ 9
2.3 Theoretical Review ............................................................................................................................... 12
2.3.1 Public Goods or Government Failure Theory ....................................................................................... 12
2.3.2 Resource Dependency Theory .......................................................................................................... 14
2.3.3 Interdependence or Partnership Theory ............................................................................................. 15
2.4 Empirical Review ............................................................................................................................... 16
2.4.1 Evidence of NGO Accountability ......................................................................................................... 16
2.4.2 Evidence of Financial Management in NGOs ....................................................................................... 20
2.5 Synopsis of Chapter ............................................................................................................................ 22
CHAPTER THREE .................................................................................................................................. 23
RESEARCH METHODOLOGY ............................................................................................................ 23
3.0 Methodology ........................................................................................................................................ 23
3.1 Research Design ........................................................................................................................................ 23
3.2 Sources and Forms of Data ................................................................................................................ 24
3.3 Data Collection Instruments and Method ........................................................................................... 24
3.4 Data Processing and Mode of Data Analysis ........................................................................................ 25
3.5 Synopsis of Study Areas ....................................................................................................................... 26
3.5.1 Financing Decisions ........................................................................................................................... 26
3.5.2 Investment Decisions ........................................................................................................................ 26
3.5.3 Working capital decisions ................................................................................................................. 26
3.5.4 Internal control and accountability .................................................................................................... 27
3.6 Overview of Central Aid ....................................................................................................................... 27
3.7 Chapter Summary ......................................................................................................................................... 29

CHAPTER FOUR ..................................................................................................................................... 30
DATA ANALYSIS, FINDINGS AND INTERPRETATION ................................................................ 30
4.1 Data Analysis ........................................................................................................................................ 30
4.2 Presentation of Findings ....................................................................................................................... 34
4.2.1 Section 1: Nature of Financial Management ....................................................................................... 34
4.2.1.1 Theme 1: Cash Flow of Central Aid ............................................................................................... 34
Sources of Funds ......................................................................................................................................... 34
Uses of Funds .............................................................................................................................................. 36
4.2.1.2 Theme 2: Financial Management Procedures and Processes .......................................................... 38
Daily Operations ......................................................................................................................................... 38
Accountability Mechanisms ....................................................................................................................... 40
4.2.2 Section 2: Blocks for Effective NGO Management ............................................................................... 41
4.2.2.1 Theme 1: Recordkeeping ................................................................................................................ 41
4.2.2.2 Theme 2: Budgeting ........................................................................................................................ 42
4.2.2.3 Theme 3: Financial Reporting ....................................................................................................... 42
4.2.2.4 Theme 4: Internal Controls ............................................................................................................. 43
4.2.3 Section 3: Influencing Factors and Challenges .................................................................................. 44
4.2.3.1 Considerations when engaging in Financial Management ............................................................. 44
Considerations when taking Investment Decisions ......................................................................................... 44
Considerations when acquiring Funding Sources ....................................................................................... 45
Considerations on the Choice of Project/Activity .......................................................................................... 46
4.2.3.2. Shortfalls of Financial Management ................................................................................................. 47
Funding Issues .................................................................................................................................................. 47
Budgeting Issues ................................................................................................................................................ 48
Human Resource Issues .................................................................................................................................... 49
4.3 Discussions and Interpretation .................................................................................................................. 49
CHAPTER FIVE ................................................................................................................................................. 52
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS ................................................................................. 52
5.1 Summary .................................................................................................................................................... 52
5.2 Conclusions ................................................................................................................................................ 54
5.3 Recommendations ..................................................................................................................................... 57
REFERENCES .................................................................................................................................................. 59
APPENDICES .................................................................................................................................................... 67
APPENDIX A: INTERVIEW GUIDES .................................................................................................................. 67
APPENDIX B: TRANSCRIPT FOR R2 ................................................................................................................ 70
APPENDIX C: ATLAS.TI OUTPUT ..................................................................................................................... 92

LIST OF TABLES

Table 4.1. Respondents Profile .......................................................................................................................... 30
Table 4.2. Excerpt of Atlas.ti output .................................................................................................................. 33
LIST OF ABBREVIATIONS

CA- Central Aid

CSO- Civil Service Organization

CRO- Church Related Organisation

CROs- Church Related Organisations

FBO- Faith Based Organisation

FBOs- Faith Based Organisations

GRO- Grassroots Organization

ICGC- International Central Gospel Church

MO- Membership Organization

NGO- Non Governmental Organisation

NGOs- Non Governmental Organisations

NPO- Non Profit Organisation

NPOs- Non Profit Organisations

PO- People’s Organization

PVO- Public Voluntary Organization
CHAPTER ONE

GENERAL INTRODUCTION

1.1 Background

Financial management of organisations revolve around the investment, financing and working capital decisions of an organization (McMenamin, 2002). It is concerned with decisions relating to the acquisition of real assets (quantity and type), raising capital for assets or investments and, managing the affairs of the firm in order to maximise value (Brigham & Houston, 2011). Financial management is essential for profit organisations, non-profit organisations as well as, government institutions (Brigham & Houston, 2011) and the absence of sound and effective financial management usually results in failure or breakdown of institutions (McMenamin, 2002). Effective and efficient financial management is vital to the development of an organisation. This has resulted in stakeholders becoming highly interested in solving governance and accountability issues (Zadek, 2003).

Non-Governmental Organisations (NGOs) are significant actors in economic, political and social development within the civil society (Brown & Kalegaonkar, 2002). NGOs are organizations that are not government owned or private for profit organizations (Unerman & O’Dwyer, 2006). NGOs are one of the major non-state actors who via local participation contribute immensely towards the development agenda in most countries (Dugle, Akanbang & Salakpi, 2015). The role of NGOs are very key to development, and due to their rapid growth, NGOs form a crucial part of civil society as their activities fill the vacuum for government failures (Goddard & Assad, 2006; Hearn, 2001; Kamat, 2004; Lewis & Kanji, 2009; Lloyd, R., 2005; Sommerfeld & Reisch, 2003). Recently, the swelling role of NGOs and issues of mismanagement of donor funds has led to an increase in
management and accountability issues among the donor community and other stakeholders (Edwards & Fowler, 2002; Jordan, 2005; Murtaza, 2012; Unerman & O’Dwyer, 2006).

1.2 Statement of Research Problem

Just as in other countries NGOs as actors of civil society contribute towards the development agenda of nations, NGOs in Ghana bring substantial input towards socio-economic development especially in deprived communities by providing clean potable water, clinical services, credit facilities and many more (Dugle, Akanbang & Salakpi, 2015). Ghana is one of the significant recipients of donor funding through NGOs globally (Hearn, 2001) and as such, the stakeholders of NGOs seek to know and understand how these donor funds are disbursed and utilised. However, the weak accountability and poor management practices amongst NGOs (Edwards & Fowler, 2002; Unerman & O’Dwyer, 2006), has made it imperative to investigate how these large funds are used and the financial management practices employed by NGOs. Furthermore, it is necessary to assess the utilization of funds and management practices of NGOs as there is insufficient regulation and monitoring of expenditure and receipts, which may result in haphazard and unprofessional access to, and disbursement of financial resources. Consequently, this affects the existence of the NGO and the efficiency of its project execution (Oxford Analytica, 2005; Murtaza, 2012).

The literature shows that not much work has been done globally on NGO financial management, financial sustainability and accountability (Fiador, 2013; Lewis, 2001; Unerman & O’Dwyer, 2006). This study seeks to explore and focus on NGO financial management in Ghana and to contribute to the knowledge repository. This research joins the few papers that focus on financial management and accountability of NGOs by using qualitative methods such as surveys, interviews,
discussions and questionnaires (Hearn, 2001; Jordan, 2005; Lewis, 2003; Unerman & O’Dwyer, 2006) to address the issue of financial management of NGOs.

In conducting their research, most papers studied and focused on NGOs as a group (Edwards & Fowler, 2002; Fiador, 2013; Jordan, 2005; Scholte, 2003). This paper seeks to conduct an in-depth analysis of a particular NGO in order to understand and describe its financial management, and relate the findings to certain generalised propositions on NGO financial management. The research uses a case study approach to explore and examine the financial management of Central Aid, an NGO in Ghana.

1.2.1 Research Purpose

This study explores the financial management as practiced by Central Aid in Ghana, to assess the determinants of financial management within the organization, and identify any challenges associated with its financial management. This research also seeks to identify the factors that affect financial management decisions within the NGO.

1.3 Research Objectives

1. To ascertain the nature of financial management practiced in Central Aid.
2. To ascertain the factors that influence the financial management of Central Aid.
3. To identify any challenges that may be affecting the financial management decisions of Central Aid.

1.4 Research Questions

1. How does Central Aid engage in financial management processes?
2. What does Central Aid consider in its financial management practices?
3. Does Central aid face any difficulties in executing its financial management practices?

1.5 Proposed Research Methodology

The proposed methodology for this research is a qualitative study. The research strategy will be a case study in order to explore NGO financial management, an area in which little is known or not much research has been done (Fiador, 2013; Lewis, 2003, 2001; Sama, 2015; Unerman & O’Dwyer, 2006). A case study will make it possible to conduct an extensive and a comprehensive analysis into the various financial practices and management systems, and the factors that influence the case NGO’s management. It seeks to use a descriptive research design to assess the nature of financial management and to identify the factors affecting the NGO’s financial management using primary and secondary data. The data collection instruments to be used for primary data are interviews, and secondary data will be obtained using the case NGO’s reports and any other documents they may have available. The data collected will be analysed using thematic analysis following the model of Braun and Clarke (2006) and Atlas.ti, a qualitative analysis software.

1.6 Significance of the Study

This study contributes to future research, policy and practice. In research, this study contributes to the body of knowledge on NGO management and accountability. It joins the few papers that adopted qualitative measures to address NGOs accountability and management. Additionally, most research papers conducted on NGOs in Ghana studied the organisations collectively but this study conducts an in-depth analysis into one particular NGO. To the best of the author’s knowledge, financial management of individual NGOs in Ghana has hardly been researched into as such, this paper pioneers literature in the area.
For policy, this study proposes certain financial management regulations that the government can incorporate into its existing NGO policy guidelines to ensure transparency in the financial affairs of all NGOs.

In practice, this study assists the case NGO, Central Aid, to ascertain the effectiveness and performance of its financial management practices and helps put in corrective measures if necessary. The study also provides recommendations that the NGO can adopt to improve their existing management systems.

1.7 Scope and Research Limitations.

The scope of this study is a single organisation. This presents a limitation because the study focuses on a faith based organisation (FBO) and does not cover the many other forms of NGOs in the country. As such, the results of this research can only be used to back prevailing explanations of how FBOs operate and to refine knowledge, but not for generalization of financial management practices of all NGOs.

1.8 Chapter Disposition

This research is organized in five (5) chapters. Chapter one (1) provides the history and overview of financial management of Central Aid and an introduction to the research work. It consists of the background to the study, problem statement, research purpose, objectives and questions, proposed methodology, significance and limitations of the study. Chapter two (2) presents a review of literature and focuses on providing theoretical and empirical literature on financial management, NGO management and practices, financial management and accountability of NGOs and the factors that tend to affect NGO management. Chapter three (3) explains the methodology used in conducting the research. It shows the research method, the research strategy, data type and source
of data used, and the research instruments and approaches employed in gathering the data and conducting data analysis. Chapter four (4) analyses and explains the results obtained from the data, and highlights, discusses and compares the results obtained with literature. The last chapter, chapter five (5) contains the findings, conclusion and recommendations of the entire research work.
CHAPTER TWO
LITERATURE REVIEW

2.0 Literature Review

Chapter two provides a review of some theoretical underpinnings on NGO management and empirical studies relating to the research. This chapter focuses on explaining the various concepts and theories associated with financial management and NGO management. It also reviews some empirical studies involving the financial management and accountability of NGOs. The literature review of this study is thematic in nature and discusses literature that supports the research objectives.

2.1. The Concept of Financial Management

Financial management is a critical activity within every organisation and it involves strategic planning, organising, directing and monitoring of all monetary resources and financial undertakings of an organisation resulting in the accomplishment of purposes and objectives. It is the determination, acquisition, allocation and utilisation of financial resources towards goal attainment. Financial management involves applying management principles to the financial resources of the organisation. The scope or elements of financial management are the investment, financing and working capital decisions of the organisation (Brealey & Meyers, 2003; McMenamin, 2002).

The investment decisions deal with how the organisation invests its resources, the risk evaluations and the cost-benefit analysis of investments and projects. Its major components are capital budgeting and liquidity. The financing decision encompasses the structure or composition of finances and assets of organisations, and how the organisation raises funds from various sources for its operations. It is about developing the financial mix that is best suited for the organisation. The
working capital decision involves investments in assets that are easily convertible to cash (current assets such as cash, inventory, etc.) and liabilities due for payments within an accounting year (current liabilities such as outstanding expenses, overdrafts, etc.).

Financial management is essential and it must be a priority for all types of organisations. Financial management is vital for NGOs because it enhances the credibility of the organisation in the sense that, donors and beneficiaries are assured that funds are being used effectively for the purposes for which they were sourced which is, to solve the social issues of the people (Jordan, 2005). It also improves the performance and efficiency of NGOs and shields them from politically motivated attacks (Murtaza, 2012).

Proper management of the financial resources of an organisation results in quality and efficient functioning which leads to the growth and development of the organisation.

2.1.1 Financial Management of NGOs

The success of every organisation whether private, government or non- government, critically depends on the financial management practices of the organisation. Most organisations have well-structured financial systems and departments to closely monitor all financial resources and take the best decisions, at the right time to ensure success. In contrast, NGOs prioritize the implementation of their projects to help the deprived in society. There is also the belief among stakeholders that all funds of NGOs ought to be spent on helping the deprived in society and not on administrative overheads. As such, NGOs are reluctant or tend to neglect and limit the management and control of their financial resources (Agard, 2011; Jackson, 2009, Lewis, 2001; Smillie, 1995). This results in
NGOs becoming vulnerable to financial losses and funding crisis, due to the absence of financial management systems, back up plans and adequate financial knowledge and systems.

It is therefore imperative, that NGOs realize the essence of managing their financial resources and incorporate the necessary measures to protect their accountability and development because without efficient management, it is impossible to achieve their objectives and execute projects to help the deprived in society (Jordan, 2005). FundsforNGOs, which is an online community organisation that endeavours to boost the sustainability of NGOs across the world, asserts that financial management of NGOs is necessary because it enables the organisation to track all expenditure and receipts, submit timely reports to donors making them accountable and enhancing trust which increases the probability of continuous funding to the cause. Financial management within NGOs also helps to eliminate any fraudulent activities, misuse of resources and theft, as proper records are kept and there are internal controls and monitoring systems to mitigate these activities. NGOs with sound financial management are also able to take productive decisions by investing the right amount in the right place and ensuring that funds are efficiently utilised and optimised. Furthermore, proper financial management of NGOs enables the NGO organise all resources towards the attainment of its goals, and enhances the values and integrity of the organisation.

2.2 Concept and Characterisation of NGOs

Non-Governmental Organisations (NGOs) form a part of civil groups and are essential actors in society, politics and economic advancement (Brown & Kalegaonkar, 2002; Riddell & Robinson, 1995; Mostashari, A., 2005). According to Lewis (2003), NGOs are distinct and separate from government organisations and profit-making businesses because they are viewed as third sector organisations who do not make profit like the profit-making businesses, and it differs from
government organisations because their authority and mandate is not from a political process although they operate under the laws of the country. Lewis and Kanji (2009) contend that NGOs are and will continue being central actors in development, and execute their role as enforcers, facilitators and allies (Lewis, 2007) and other diverse roles. NGOs are third sector organisations which concentrate on development tasks and purposes, and focus their energies and resources towards poverty reduction. However, from the literature, it is difficult to simply define NGOs because the concepts and terms used to explain them are unsystematic and unclear in terms of the nature, types and roles of NGOs (Dugle, Akanbang & Salakpi, 2015; Hossain & Myllylä 1998; Sama, 2010). According to Ghana’s NGO Policy Guidelines 2007, NGOs are defined as independent, non-profit making, non-political and charitable organisations, which primarily seek to enhance the social, cultural and economic wellbeing of people in society without any religious, political or ethnic bias. The use of different concepts by different scholars when grouping NGOs leads to rational categorization of NGOs into organisations such as Non-Profit Organization (NPO), People’s Organization (PO), Public Voluntary Organization (PVO), Grassroots Organization (GRO), Civil Service Organization (CSO), Membership Organization (MO) and many others (Anheier & Seibel, 1990; Etzioni, 1973; Korten, 1990; Sama, 2010; Tvedt, 1998). Occasionally, these different categories make reference to the same concept. Various scholars using the same concept choose different terms, and at other times, scholars use the same terms but mean different concepts, bringing confusion and misunderstanding of the various categories (Sama, 2010). For purposes of this work, the category of NGO being referred to is the Non-Profit Organisation (NPO). In defining NPO, the structural-operational definition of Salamon and Anheier (1992), is adopted because it does not focus on the purpose or source of revenue of the organisation but rather on its basic operations and organisational structure. It has also been supported by researchers such as
Lewis, D. (2001) and Vakil (1997), because the definition captures the main value of voluntarism which is the basis for NGOs regardless of any structural formality. It caters for NGOs that generate revenue from some profit making activities but are not profit-making entities and illustrates that NGOs are autonomous although they operate under the laws.

According to Salamon and Anheier (1992), an organisation is defined as an NPO if it has these five (5) characteristics: Organised, meaning the organisation must be institutionalised or have some organisational permanence with meaningful organisational boundaries; Private, in terms of having a distinctive and separate identity from the state and any unit of government, has no powers to exercise governmental authority and does not operate as an extension of government; Self-governing, NPOs must not just be structurally separate but must have its own internal governance process and a significant degree of control over its functions and activities; Non-profit distributing, NPOs can make profits but these profits are not given out to directors or owners as returns or dividends rather, all profits must be ploughed back towards attaining the basic mission of the organisation; and lastly, Voluntary, NPOs must have a significant degree of voluntarism within its operations and management, employees or directors are not under compulsion to be members and to a large extent volunteer their time, money or contributions and efforts towards the goals of the NPO.

However, Non-profit organisations (NPOs) are also a broad term with various and special forms of institutions under its umbrella (Anheier, 2005). It includes Voluntary associations which are private and non-compulsory membership-based organisations, Foundations which are private identifiable assets or funds donated for a specific public purpose, Faith based organisations which refers to dedicated organisations created by the church to cater to the human needs of congregants, and Other
types which include Cooperatives, Mutual societies and Self-help groups with the same defining features. In conducting this research, a Faith based organisation (FBO) will be used.

Faith based organisations are specialised multi-functional organisations of the church, created to satisfy or provide help to meet human service needs. There are variations of FBOs and these include; Church service agencies, Ecumenical or inter-faith coalitions, Direct service ministries, Church-sponsored ministries and Church-initiated organisations.

The case NGO for this study is a Non-profit, Faith based organisation and it falls under Church service agencies. Church service agencies are semi-autonomous service arms of a denomination which sometimes enter into agreements with government agencies. They have multi-purpose roles but focus mainly on coordinating and engaging in social service activities.

2.3 Theoretical Review

There exist a number of theoretical approaches underlying the presence of NGOs in society. These include the social origins theory, the interdependence or partnership theory, the stakeholder theory, the supply-side or entrepreneurship theory, the trust-related or contract failure theory and, the public goods or government failure theory. This research focuses on the public goods or government failure theory and the interdependence or partnership theory, and their relation with NGO management.

2.3.1 Public Goods or Government Failure Theory

The public goods or government failure theory propounded by Weisbrod (1975) is a dominant theory underpinning the existence of NGOs and it has served as a basis on which the other theories in the field where developed. The theory of government failure explains that NGOs materialised in order to cater to the unfulfilled demand of society for public goods (Sama, 2010). Weisbrod’s theory using the public choice theory as a stepping stone gives a logical reasoning for the creation of NGOs.
The public choice theory explains that individual collective action resolves public good problems, therefore by extension, individuals form NGOs when public goods provided by the government does not satisfy the interests or demand of all (Weisbrod, 1977). Anheier (2005) states that although the theory makes reference to public goods and assumes that any unsatisfied demand will be recompensed by donors, the crucial element of the theory applies mainly to quasi-public goods (goods that have either the non-excludability or the non-rivalry feature of public goods). Demand heterogeneity and Median voter are the two (2) basic concepts upon which Weisbrod’s theory was propounded to explain the emergence of NGOs. The degree to which demand for a particular public or quasi-public good is similar across the country or population, or the varying demand (in quantity and quality) for goods amongst population groups represents demand heterogeneity. The median voter is represented by the majority within the population that demands a particular public or quasi-public good. In a bid to be re-elected, governments tend to prioritize the needs of the median voter and provide the level of public goods that they demand thereby, ignoring the demands of the minority. The unsatisfied demand of the minority, in terms of both quality and quantity of the public goods, then results in the formation of NGOs funded by voluntary contributions of individuals.

Hence, NGOs are innovative responses to unfulfilled public good demands and they fill the vacuum or gap where government withdraws or fails (Anheier, 2005; Brown & Korten, 1991; Unerman & O’Dwyer, 2006). Anheier (1990) debates that in comparison with government and for-profit organisations (entrepreneurs), NGOs are more economic in the provision of public goods because they are non-profit seeking and have lower costs due to voluntary inputs with no transactional costs. This implies that, when there are government failures, public goods are more likely to be provided for by NGOs and not profit-making organisations due to market failure (Anheier, 2005).
The theory of public goods indicates that the higher the heterogeneity in society, the higher the number of NGOs that will spring up, and higher levels of diversity in society make it more conducive for NGOs to emerge (Anheier, 2005; James, 1987; Weisbrod, 1975).

2.3.2 Resource Dependency Theory

The resource dependency theory is based on the fact that an organisation must enter into transactions with the external environment in order to attain its resources. The theory explains how the behaviour of the organisation is affected by its external resources. The theory assumes that the resources that the organisation needs are essential and critical to its operations and as such, their dependence on them greatly affects the organisation’s actions and decisions (Nienhüser, 2008). Resource dependency theory establishes that organisations depend on certain resources, these resources are outside the organisation, the external environment has other actors operating within it and that, these resources may belong to another organisation or actor. Thus, the resources of each organisation gives it power, as others may depend on them as a source (Mawudor, 2016; Pfeffer & Salancik, 1978). Engaging with the external actors can provide advantages as well as create dependencies (when resources are scarce) which is unfavourable and results in unfair shifts in power and authority.

These dependencies tend to create uncertainty for organisations with regards to resource acquisition and control, and disrupts the operations of the organisation. In order to counter this, organisations try to develop strategies that will enhance their position and reduce dependency on others. They adapt strategies such as, diversification, transactions with other actors with the resources, mergers, etc. to deal with resource power unbalances with these organisations, and to reduce the effect of these dependencies on their operations and activities.
2.3.3 Interdependence or Partnership Theory

Most theories on NGOs tend to create a rivalry or conflicting relationship between NGOs and government, in that NGOs emerge due to government, market or contract failures. However, the interdependence or partnership theory shows that government and NGOs can be complementary when they share resources, expertise, experiences and many others (Sama, 2010). Anheier (2005), states that often times, the relationship between NGOs and government is one of partnership rather than competitors, which is reflected in the substantial portion of public funds received by NGOs in many countries and the rising public-private partnerships. Thus, the theory of interdependence or partnership serves as a basis for the growth of NGOs as partners (Salamon & Anheier, 1998). Salamon (1995) argues that government extensively supports the third sector which he calls “third-party government”, in many ways be it monetary assistance, service assistance and other forms of support rather than trying to displace or hinder their existence. The third party government is any non-governmental or non-federal governmental entity used to undertake government purposes, which has a considerable level of discretion over the use of public funds and authority. Under this theory, government views NGOs as self-governed organisations with a high degree of autonomy making them relatively immune from politics unlike the other government entities and agencies (Anheier, 1990). Hence, government entrusts certain projects into the hands of NGOs as they are deemed to be more reliable with little or no political prejudices.

The interdependence theory establishes that when there is voluntary failure, that is, when voluntary action to solve public issues is insufficient or limited, the government sometimes takes over to support the operations of NGOs (Anheier, 2005). When individual collective action to volunteer resources, time, skills, efforts, etc. to resolve social obligations is limited, unorganised or inefficient, the government assists the voluntary sector. According to Anheier (2005), the voluntary sector has
four (4) major weaknesses. These are Philanthropic insufficiency, where the resources obtained by individual voluntary contributions is not substantial and reliable enough to support the scale or magnitude of services needed to resolve social issues, and those people who benefit from voluntary action are not in the position to give back; Philanthropic particularism where the major donors and benefactors gear projects and activities towards a particular group or subgroup that they prefer whilst ignoring the others in need; Philanthropic paternalism where there is insufficient accountability and the preferences of donors is taken into consideration when undertaking projects rather than pursuing projects necessary for larger social good; and Philanthropic amateurism which is when NGOs cannot afford to pay for professional or qualified staff and have to depend on volunteers who usually do not possess the expertise to handle social issues.

The partnership theory shows that just as in government failures NGOs emerge to take over and assist government weaknesses, the weaknesses of NGOs can also be balanced by the government through the provision of stable resources, setting priorities and discouraging paternalism, etc. The interdependence theory highlights collaboration between government and the third sector unlike most of the economic theories that place emphasis on competition between them.

2.4 Empirical Review

Empirically, this research reviews literature on NGOs financial management and accountability in Ghana and the rest of the world.

2.4.1 Evidence of NGO Accountability

NGOs have continually offered support and improved the lives of many marginalised people especially in developing countries. Nevertheless, NGOs have come under criticism because of its persistent advocacy against governments, institutions and other stakeholders and this has led to
repercussions such as funding cut-backs, strict legislations and operational restrictions, questioning of NGO performance, legitimacy and proper NGO accountability (Jordan & Tuijl 2006; Naidoo 2004).

In 2006, Unerman and O’Dwyer made an attempt to shed more light on NGO accountability by setting out certain key issues in NGO accountability. One of the key issues was the problematic nature of defining NGOs because of the complexities and blurred boundaries in terms of their activities, contractual obligations and legalistic approaches in defining them. This concurs with the findings of Dugle, Akanbang and Salakpi (2015), Gray, Bebbington & Collison (2006), Lewis and Kanji (2009), Mostashari (2005) and Sama (2010). They argue that grouping NGOs by size and by their activities, that is, welfare service provision, advocacy and, the combination of both (Nelson & Dorsey, 2003), has an influence on the accountability relationships between NGOs and their various stakeholders (Dixon, Ritchie & Siwale, 2006; Gray, Bebbington & Collison, 2006). They explain that when NGOs run their operations farther away from its stakeholders it creates issues of accountability, and most accountability mechanisms currently employed by NGOs focus on rendering accounts only to donors and regulators (upward accountability) and ignore the other stakeholders such as its beneficiaries (downward accountability). Goddard and Assad (2006) looked at the accounting role in NGO accountability relationships of three Tanzanian NGOs, and concluded that most NGOs engaged in upward accountability using these formal accounting processes and mechanisms to only develop legitimacy and credibility in the donor community to secure funding, and not for internal management. They stated the key accounting strategies used by NGOs was based on judicious conformity to major donors accounting requirements, regardless of the cost or individual methods each donor required. They also published names of high profile donors, used
internationally recognized audit firms, undertook improvement and transparency in governance and accounting information, all in a bid to increase their credibility and provide comfort to donors.

Likewise, Edwards and Fowler (2002) found that due to the different types of individuals and organisations that NGOs interact with, they have to engage in multiple accountabilities and render accounts to various stakeholders with different accounting methods and information needs. Their study concentrated on the challenges of NGO management but from a non-financial perspective. They noted however that the diverse and unpredictable sources of funds for NGOs is a major challenge to management, because certain sources of funds result in NGOs having to compromise by changing their area of interest and prioritizing donor interests and other hidden agenda (Murtaza, 2012).

Jordan (2005) discusses mechanisms and procedures to strengthen NGO accountability to all its multiple stakeholders and not just upward accountabilities. NGOs use tools and procedures to resolve accountability issues but usually, these tools are designed by powerful external stakeholders (major donors and government regulators) to suit their own purposes and as such, NGOs tend to prioritize upward accountability and donor needs in order to keep gaining resources (Ebrahim, 2003). In a survey conducted by Scholte (2003), most NGOs emphasize accountability in principle, but do not put it into practice due to high costs and the perception that it is an attempt by political actors to suppress them (Brown & Moore, 2001; Edwards, 2006; Murtaza, 2012). However, Jordan (2005) argues that when accountability tools are efficiently handled, it leads to improvements in NGO infrastructure and resolving stakeholder needs. Tools such as software or websites that enable all stakeholders track and trace funds, and initiating management practices like independent oversight bodies, internal policies, qualified supervisors, etc. to redirect focus on the NGO’s mission
and objectives, results in increased transparency and accountability for NGO. She also outlines improvement in output and efficiency, strengthening of NGO roles in civil society, elimination of costly systems that do not suit the NGOs objectives, as important reasons for accountability and concludes that, good communications with all stakeholders is a vital accountability mechanism.

Murtaza (2012) using a comprehensive analytical framework examines the strengths and weaknesses of the current approaches such as certification and rating systems, self-regulation, code of conduct, infrastructure and management tools, monitoring and evaluation tools and others (Lee, 2004) utilized by NGOs for accountability, and offers ways by which they can be improved upon. Similar to Jordan (2005), the study argues that despite the high and extra costs, when NGOs voluntarily engage in effective accounting practices and activities, they accrue several advantages such as incentives for enhanced performance, close alignment with community perspectives, transparency, greater assurance and trust amongst donors leading to an expansion of support, increased credibility and influence (Sawarung, 2003; Wenar, 2006). It also eliminates inappropriate upward accountability measures imposed by external stakeholders and protects NGOs from politically motivated attacks (Unerman & O’Dwyer, 2006; Wenar, 2006). The study explains that NGO accountability must be in four (4) directions or a 360 degree accountability: Upward (donor and government), Inward (board and administration), Downward (communities and partners) and Sideward (NGO bodies and professionals) and it finds that the nature of NGO accountability is such that accountability is strongest to donors and government, and the two stakeholders with the weakest accountability are communities and peer organisations. It concludes that NGOs must re-evaluate their current approaches because they lack rigor, quality and objectivity, and do not achieve the main purposes of accountability. Thus, NGOs must strengthen accountability to communities by undertaking coordinated accreditation programs implemented by NGO coordinating bodies with the
active assistance of donors, governments or regulators and other stakeholders, subjecting NGOs to
greater external intrusion and forcing transparency.

2.4.2 Evidence of Financial Management in NGOs

The components of financial management are the procedures and the methods that are adopted by
NGOs for providing and preserving the history of daily accounts and day to day activities that are
undertaken.

Fiador (2013) in investigating the financial governance of NGOs and its determinants, associates
the importance of financial management to governance issues, and explains that good governance
and accountability is embedded in comprehensive financial management. The study states how
financial management serves as a means by which financial governance is implemented and
operationalised, and uses the framework of NGO financial management as a proxy for financial
governance. It discusses how NGOs adopt best governance practices in its financial management
such as, budget preparation, execution, evaluation and internal controls (Ott & Bajo, 2001; Shizhen,
2005) and finds that, the budget preparation and execution process was generally good and robust.
However, the budget evaluation, monitoring and internal controls were relatively weak. The study
concludes that improper systems result in failure of NGOs and viable projects thus, efficient and
effective financial management and governance leads to proper use of funds and provides benefits
to every stakeholder.

Mawudor (2016) conducted an empirical study on financial sustainability of Church Related
Organisations (CRO) or Faith-Based Organisations (FBOs). He examined the determinants of
financial sustainability of CROs using financial management, resource management, income
generation and diversification, and donor relationship management as measurements. Employing
financial management as a measure of financial sustainability, he found CROs highly utilised budgeting systems in financial management as compared to the use of funds flow, internal control, auditing, financial reporting systems and others. Also, financial management is associated with financial planning and control therefore, CROs must efficiently manage funds to match budgets. However, he discovered that CROs hardly practice financial plan implementation as a result, their activities do not coincide with their budgets putting their financial management and sustainability at risk. The paper concludes that financial management has a significant impact on sustainability thus, CROs must intensify control processes and actions to supervise all financial management practices. It also pinpoints the sources of funds as a major challenge for CROs and recommends diversification of funding.

Mostashari (2005), presented four (4) important foundations of a good financial management system for NGOs. These are recordkeeping, internal controls, budgeting and financial reporting. Keeping proper records is essential because it describes and presents all receipts and expenditures, and proves every single transaction or project that has been undertaken. Records include all letters, mails and contracts for funds that have been obtained and it also shows all invoices, bills and receipts for funds that have been utilized. It is also important to keep records of all essential documents such as the funding agreement between the NGO and its donors, which explains the exact deliverables, the deadlines, reporting schedules, the NGO’s bank accounts and transactions, and the cashbook detailing all cash handlings and cash transactions that take place. Proper recordkeeping mitigates the misappropriation of funds and helps keep the organisation on track. Internal controls and audit involves placing suitable mechanisms and systems within the organisation in order to ensure proper control over financial resources, for example, storing cash in a safe deposit box or bank account, proper authorization for all expenses, etc. Budget preparation is
necessary as it is the core of financial management, it is the process of quantitatively expressing the financial strategy of what the organisation seeks to achieve over a specified period (Horngren, Datar & Foster, 2006). The budget shows how much funds are available to carry out all activities, the cost of these activities and how funds will be raised or generated from the activities, as such, it must be accurate and carefully projected to determine the exact amount to be spent on each activity. By having an accurate budget and financial reports, NGOs can effectively monitor all expenses and revenue to certify that their cash inflows can sustain all projects (Gaist, 2009). Finally, financial reporting, entails a detailed summary of all cash inflows and outflows over a specified time period. They are created by adding transactions that are similar using information from the cashbook and with a coding system which allocates transactions to their various categories. He concludes with some recurring problems of NGOs and amongst them are financial management problems specifically, cash flow issues and budget deficits, and suggests clipping certain expenses and creating new income avenues to resolve.

2.5 Synopsis of Chapter

This literature review has considered concepts, related theories and literature on financial management of NGOs. In the NGO literature, very few studies have reviewed NGO accountability and financial management, and in Ghana, even fewer studies have researched into this subject matter. Most papers focused on NGO management as a whole without segregating financial management and investigating its components.
CHAPTER THREE
RESEARCH METHODOLOGY

3.0 Methodology

Chapter three provides an outline of the different methods, approaches and procedures adopted in the collection and analysis of data for this research and the justifications for choosing them. This chapter encompasses the research methodology, research design, strategy, sources of data and the data analysis approach to be employed in order to achieve the research objectives. It also discusses the research instruments to be used in order to ensure quality and credibility of the study, and concludes with a summary of the study areas of this research.

3.1 Research Design

This study assumes a qualitative research methodology because it seeks to explore and gain more insight on how NGOs engage in financial management. In pursuance of this, the study does not seek to explain why or how a phenomenon occurs, or to test a hypothesis but rather, to understand and interpret a phenomenon; therefore, a qualitative approach is preferred over a quantitative approach. A qualitative research is necessary because it describes the nature of issues, and it provides interpretation and understanding of situations as they occur in their unique settings (Boateng, 2014; Patton, 2002). The research is also exploratory in nature because it discovers an aspect or an area in which little or no research has been conducted (Boateng, 2016; Yin, 1994). Thus, the exploratory design provides originality in understanding the various components and factors influencing financial management regarding NGOs.

The research strategy adopted is a descriptive case study in order to conduct an intensive analysis, introduce relevant issues, discover and explain how NGOs undertake their financial management
and offer alternatives to problems, if any. The use of a case study will provide a detailed and microscopic evaluation on the financial management of NGOs to attain more insight and gain a strong test of prevailing explanations on the subject (Yin, 1994). Furthermore, this case study is a single-case application and it is intrinsic in nature in order to understand the particulars of the case (De Vaus, 2001; Stake, 1995), that is, the issues and particulars of the financial management of the case NGO.

The multi-dimensional nature of case studies makes it possible to conduct an extensive and a comprehensive analysis into the various financial activities, structures, policies, processes and procedures employed by the case NGO in its financial management. The unit of analysis is the firm or organisation level (Central Aid) and the research strategy employed will be beneficial in addressing the research objectives.

3.2 Sources and Forms of Data

This study employs the use of both primary and secondary data in order to attain the relevant information needed to answer the objectives of the research. Primary data will be sourced through interviews, and Secondary data will be obtained via written documents of the NGO in the form of reports, policy documents, etc.

3.3 Data Collection Instruments and Method

In order to ascertain the facts and/or opinions that will help address the research objectives, the key data collection instrument utilised in this research is interviews. Using the study objectives and the literature review, the initial sample of the interview guide was created. This study seeks to use Semi-structured interviews where the order of the presentation and the questions are pre-determined, but the questions are open ended, with no structured format allowing for impromptu questions on the
topic in order to better explore into the area (Boateng, 2014). Semi-structured interviews provides the opportunity to record and draw out the essence of each response. The interview will be conducted with all three leading members of the secretariat of Central Aid.

The secondary data will be sourced through materials in textual format prepared and owned by the NGO such as reports, manuals and other internal (private) or external or public documents of the organisation. These documents will be reviewed and analysed to ascertain validity and relevance to the study, in order to substantiate findings gathered from other sources.

3.4 Data Processing and Mode of Data Analysis.

Data collected from the interview will be organised and analysed using Braun and Clarke’s (2006) six step approach to thematic analysis. There are various approaches to thematic analysis but this six step approach is adopted because it helps to get a clear picture and framework for conducting the analysis.

Thematic analysis is the process of pinpointing or pulling out patterns (themes) from within qualitative data. Themes are essential and striking patterns or ideas from the data collected which address the research objectives and questions or the issue at stake.

Braun and Clarke’s (2006) six step involves: Data familiarisation, Generation codes, Searching for themes, Review of themes, Definition of themes and, the Analysis. A qualitative analysis software Atlas.ti was employed to facilitate the process. With the aim of preventing overreliance on primary data and increasing confidence in the research results or findings, this study employs a triangulation research strategy by using two (2) methods to collect data in order to analyse and generate results.
3.5 Synopsis of Study Areas

In assessing and evaluating the financial management of NGOs, this research paper segregates the entire financial management into four (4) major scopes of financial management for investigation and analysis. These components are financing decisions, investment decisions, working capital decisions and, internal controls and accountability.

3.5.1 Financing Decisions

This aspect of financial management is concerned with ways and means by which the NGO acquires donor funds and how the NGO raises funds from diverse sources such as, engaging in fund-raising activities or drives, in order to finance its operations. It deals with the procedures and processes of the NGO that affect its asset composition or financial structure.

3.5.2 Investment Decisions

The investment scope of financial management will determine how the NGO uses and invests its funds in projects or financial instruments, the risk evaluations and cost-benefit analysis conducted before undertaking any activity, project or investment.

3.5.3 Working capital decisions

This component explains how the NGO runs its daily operations using its current assets and liabilities. It shows how the firm manages its cash and cash equivalents; how they are recorded, banked, allocated and disbursed for the various operating activities. Also, it will identify the various expenses or costs that the NGO incurs in its day to day activities.
3.5.4 Internal control and accountability

This aspect of financial management deals with the procedures, measures and mechanisms that the NGO has in place to ensure the smooth and effective running of business, and to enhance the achievement of the NGO’s goals. This section will examine and evaluate the various control measures and accountability mechanisms to ascertain its effectiveness and discover how accountable the NGO is to all its stakeholders (from the donor community to the grassroots beneficiaries).

In addition to researching into these four major scopes of financial management, this research seeks to ascertain whether the existing financial management system of the NGO incorporates any or all of the four building blocks of a good and effective financial management system as presented by Mostashari (2005).

3.6 Overview of Central Aid

Central Aid is a Faith based organisation and a non-profit church agency. It is an agency under the International Central Gospel Church (ICGC) responsible for managing and executing the corporate social responsibility of the church to help needy people from all walks of life regardless of their religious, social and ethnic backgrounds. With a focus on total human development, Central aid was founded in 1988 as an educational trust by the general overseer of ICGC, to help brilliant but needy students have financial help to complete their education. In 1996, the trust was rebranded as Central aid and the social intervention activities went beyond educational assistance.

Central aid is governed by the Presbytery of ICGC which periodically appoints an independent Board of trustees to have oversight responsibility of planning and organising all activities of the NGO. The management and operations of Central aid are performed by a secretariat alongside
three support staff, under the leadership and direction of the board to ensure effective operations. Central aid administration is headed by an Executive Director and the Head office of the church provides personnel, office equipment, supplies and other resources to assist operations.

Currently, the programmes and projects of the agency include Educational scholarships, Career counselling and guidance, Community development, Emergency relief and livelihood opportunities programme and Institutional support. The Social Action Committee of ICGC is the body in charge of determining the various social intervention that the various assemblies can individually engage in. The activities of Central aid sometimes also falls within the specified areas of the committee.

This NGO was chosen for this research work because it is one of the few locally owned NGOs that does not solicit for funds from other international organisations. This is a very important factor to this research because NGOs supported by international donors and organisations tend to have their financial management practices and social activities skewed towards the personal interests and needs of donors rather than meeting the actually needs of the people in society just to keep funds flowing in (Edwards & Fowler, 2002; Jordan, 2005). When NGOs gain funds from diverse and unpredictable sources, they tend to engage in various accounting and management practices and tools to suit donor demands in order to continue gaining funds, and these practices usually do not show a true reflection of what goes on in the NGO (Ebrahim, 2003). Central aid is not supported or assisted by foreign NGOs and organisations thus, these organisations cannot impose any conditionality or restrictions on their management systems and operations.
3.7 Chapter Summary

Chapter three (3) reviewed the research methodology, research design, sources and forms of data, research methods, data collection instruments and methods, data processing and method of analysis, areas of the study and finally, an overview of the case NGO.
CHAPTER FOUR
DATA ANALYSIS, FINDINGS AND INTERPRETATION

4.1 Data Analysis

Qualitative interviews were conducted with the top three supporting staff of the secretariat of Central Aid. All three research participants were asked about financial management and its components, how financial management practices in their organisation are carried out and their perception of these practices. The interview guide was built around the four (4) components of financial management namely, financing, investment, working capital and internal control, as well as, Mostashari’s (2005) four blocks of effective NGO financial management. Upon approval from the executive director, interview date and times were scheduled and the interviews were conducted and audio recorded with permission of participants. The interview time for all three participants ranged between twenty (20) and fifty (50) minutes.

Table 4.1. Respondents Profile

<table>
<thead>
<tr>
<th>Respondent identifier</th>
<th>Position / Role</th>
<th>Qualification</th>
</tr>
</thead>
<tbody>
<tr>
<td>R1</td>
<td>Executive director</td>
<td>Degree in finance, ACCA</td>
</tr>
<tr>
<td>R2</td>
<td>Accounts officer</td>
<td>Degree in accounting and finance, ACCA</td>
</tr>
<tr>
<td>R3</td>
<td>Administrator</td>
<td>Degree in finance</td>
</tr>
</tbody>
</table>


Data analysis was carried out after interview audios conducted with the three respondents were directly transcribed and checked for credibility. In order to simplify and expedite the coding and analysis process, Atlas.ti Version 7, a qualitative data analysis software package was employed. The analysis process was based on a coding structure of deductive codes from existing literature on financial management and NGO management, and inductive codes stemming from the organisation specific context. Literature on financial management shows that its nature consists of financing decisions, investment decisions, working capital decisions and internal controls (Brealey & Meyers, 2003; McMenamin, 2002). Also, literature on NGO management shows that there must be recordkeeping, budgeting, financial reporting and internal controls for there to be effective financial management (Fiador, 2013; Mawudor, 2016; Mostashari, 2005). To begin the code generation, the deductive codes were identified from the transcripts. After deductive coding, the data was reviewed to identify financial management practices that have not been captured in existing literature and to find certain factors or practices that have materialised as a result of existing literature. Development of the coding structure was based on establishing similarities and variances from the various interviews with the respondents.

Table 2 shows an excerpt of the Atlas.ti output shown in the appendix, and the table consists of the pre-existing deductive codes and the inductive codes that form the basis of the research analysis. The full table presented in the appendix, has four (4) columns and one hundred and seventy-seven (177) rows. Column 1 labelled “CODES” represents the various units of ideas generated based on deductive codes from literature and inductive codes identified with the interviews concerning the financial management of Central aid. A total of one hundred and seventy-five (175) codes were generated from the narratives and eight (8) main themes that explain the financial management of Central aid emerged. These themes were Financial management procedures, Cash flows,
Recordkeeping, Budgeting, Financial reporting, Internal controls, Financial management considerations and Organisational challenges. Column 2 labelled as “P1:” shows the number of codes developed from the transcribed interview with Respondent 2. A total of one hundred and sixty (160) codes or ideas were established and the high number of codes obtained from just Respondent 2 can be attributed to the in-depth nature and variety of topics that were present in the interview guide. Additionally, the role played by Respondent 2, that is, accounts officer, puts him in charge of all financial practices so the narrative of the Respondent was detailed as the interview lasted for fifty minutes. Column 3 labelled as “P2:” presents the coding frame developed from the transcribed interviews of Respondent 1 and 3. Interviews of Respondent 1 and 3 were merged as a single transcript because the interview was conducted using the same guide due to the administrative nature of their positions. A total of fifty-seven (57) codes were generated showing the diverse and similar patterns from both Respondents. Column 4 labelled as “TOTALS” presents a constant comparison between the codes in transcript 1 and 2. It shows the summation of convergent and divergent codes established from the interviews. A total of 1 implies that the code was generated from either one of the two transcripts and a total of 2 shows that both interviews had convergent ideas. Each row in the table represents either a deductive or an inductive code, whether the code was generated from transcript 1 with the narrative of Respondent 2 or from transcript 2 with the narrative of both Respondent 1 and 3 or generated from both sets.
Table 2. Excerpt of Atlas.ti output

<table>
<thead>
<tr>
<th>CODES</th>
<th>P1:</th>
<th>P 2:</th>
<th>TOTALS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cashflow_investment decisions_risks faced_none so far</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Cashflow_portion of funds invested_30%</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Cashflow_source of funds_internal measures to supplement deficits</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Cashflow_source of funds_average inflows_little over GHC1 million</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Cashflow_source of funds_CA day celebrations</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Cashflow_source of funds_CA partners</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Cashflow_source of funds_CA partners_default on payment</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Cashflow_source of funds_CA partners_amount</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Cashflow_source of funds_CA partners_frequency</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Cashflow_source of funds_CA partners_magnitude of default_50% of partners</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: Financial management of NGOs study, 2019

The next stage of the analysis involved finding and establishing relationships or links between the various codes, themes, respondent quotations, existing literature and concepts on NGO financial management. In analysing the themes and codes, interpretation was based on the content obtained, similarities and differences relating to financial management of organisations and the NGO’s specific characteristics.

For example, the nature of financial management of Central Aid, using deductive and inductive codes generated eight (8) practices that depict their financial management. Therefore, the nature of financial management for Central aid in terms of importance and consistency is characterised by its funding sources, usage of funds, internal control, working capital and operations management, stakeholder accountability, investments, resource and process efficiency, and reporting lines. These practices were categorized into two (2) main themes, Cash flows and Financial management procedures.
4.2 Presentation of Findings

This chapter presents the results and findings from the data that are relevant to the study. Thematic analysis supported by qualitative analysis software, Atlas.ti, was used to code and analyse the data collected in order to draw out patterns that address the questions and objectives of this research. The research findings will be presented in three (3) sections. Section 1 presents and discusses the themes relating to the nature of financial management, Section 2 presents the themes relating to establishing effective NGO management and, Section 3 presents the factors that influence financial management of the NGO and the challenges the face.

4.2.1 Section 1: Nature of Financial Management

4.2.1.1 Theme 1: Cash Flow of Central Aid

The cash flow of Central aid embodies how the funds are generated and consumed. Under this theme, the subthemes relate to the various sources of funds, the total amounts expected and received from donors, the fundraising activities and how these funds are utilised in order to carry out its operations.

Sources of Funds

Responses from the interview revealed that Central aid mainly receives its funding from all the local church assemblies of ICGC in Ghana. These funds are received from the offertory of all assemblies on two dates set aside for Central aid awareness. The two dates are the Central aid day celebration which falls on the last Sunday in the month of August every year, and the Gold, Frankincense and Myrrh Christmas eve celebration which falls on the 24th of December every year.
On Central aid day, all the proceeds from the second offering, known as the project offering, of all ICGC church branches are to be sent to the NGO’s secretariat. On the Christmas Eve celebration, 10% of the offertory goes to the Central aid to fund their activities. All the local assemblies are mandated by the Presbytery of the church to send these funds to Central aid as it the major lifeline used by the NGO to carry out all its operations during the year.

Receive funds from the local Assemblies from Central Aid Day (CAD) and Gold Frankincense and Myrrh (GFM). [R1]

We also get the GFM that is Gold, Frankincense and Myrrh, which is the church’s Christmas Eve program which is on the 24th evening when we go for the carols night. So the offerings that is brought, the assembly pays to us 10% so if they have 100 cedis they bring us 10 cedis. [R2]

Central aid also receives funds from public donors or organisations that voluntarily decide they want to make contributions. These public donors are registered and seen as partners of Central aid and they are allowed to freely decide on how much they want to contribute and how often they will like to make payments:

We have some partners, we call them the central aid partners. People who have devoted themselves that they will help us...they pay what they have agreed to. We don’t impose any amounts, each of the partners agree and decide on how much they want to pay. [R2]
Central aid is internally funded and does not solicit for funds externally. However, the public can choose to be CA partners if they wish to support them. The founder established the agency to bring relief to society and not to be a burden to society by constantly soliciting for funds:

*Our main support is from the various ICGC assemblies because the general overseer said we shouldn’t go to people outside the church and be a burden to society always soliciting for funds.* [R2]

Another significant funding source is subventions from the head office of the church. The head office provides large subventions to the agency to supplement its inflows and also, when there are insufficient funds, the head office usually steps in to cater for the deficits:

.....*then we get some supplementing from the Head Office.* [R2]

*Yes, so the Head Office helps us a lot. We use the Head Office subvention to compensate for that else we will not be able to work.* [R2]

**Uses of Funds**

Majority of the funds acquired are used to undertake the various programmes and projects which include but not limited to Educational scholarships, Career counselling and guidance, Community development, Emergency relief and livelihood opportunities programme and Institutional support. The educational scholarship, which is the flagship initiative of Central aid seeks to provide financial assistance to bright but needy students in second cycle schools. Career counselling and guidance seeks to organise workshops to help beneficiaries of the scholarship, make informed and focused choices when it comes to their careers. Community development projects deals with improving the standard of people in underprivileged and underserved communities. Emergency relief and livelihood opportunities is one of the new propositions being included in the agency’s activities to
provide relief and assistance to people who have been hit by natural disasters. Central aid also uses its funds to support institutions such as hospitals, schools and others in the country.

For example, give support for communities affected by natural disasters. As the rains are about to set in and there is a disaster, we go there and we try to find out what we can do. Also with development projects like boreholes for communities that have no potable water and also community awareness programs... We engage the community to find out their challenges and then we try to step in if we can. [R2]

Currently, the priority project of Central aid is its educational scholarship scheme. All donations above GHC 1,000 go towards the scholarship scheme whilst those below GHC 1,000 are used for other projects and administrative expenses.

...the number of students fees we will pay since the funds are not enough to do all the activities and education being our core, we focus on that. [R1]

...funds don’t flow as it should as compare to previously. So the money that we have we are not able to embark on our other social interventions so it has compelled us to dwell only on the scholarship which is our core mandate. [R2]

A portion of the funds received are also pushed into investment vehicles. When funds are in excess or over the expected yearly average inflows, about 30% of these funds are invested for future purposes. The NGO invests in long term investments such as fixed deposits and asset management in order to gain higher returns to supplement their inflows in the future:

...we do long term... Because we want to have more returns on the funds so that when we are cash strapped we can go and take the interest and use it for our needs. [R2]
4.2.1.2 Theme 2: Financial Management Procedures and Processes

The financial management procedures and processes of Central aid entail how it plans, executes and controls its finances. It breaks down the steps they undertake in carrying out their administrative financial obligations or expenses, disbursement of funds for projects, management of its assets and liabilities, and the mechanisms in place to ensure efficiency and effectiveness. These activities are carried out by the accounts officer.

Daily Operations

In undertaking its day to day operations, in relation to cash inflows or donations, receipts are immediately issued to the assembly or partner and a duplicate kept for filing. Using Microsoft excel systems, the amount paid is inputted in the master list which contains the details of all the churches and partners of the agency. The list distinguishes the two events for which inflows from the assemblies are received so depending on the event from which the funds where generated, the payments are inputted against the date:

We enter the payment against the local assemblies name….what we do is to enter the Pastors name, his contact number, email, etc. and the payment column is split in two between the 2 fundraising events. If it is Central Aid day payment we write it there and if it is GFM we write…because we don’t have software, I input manually into excel. [R2]

The agency runs two banks accounts with Ghana Commercial Bank (GCB) and Barclays bank and all cash payments to the agency are sent to either of the accounts depending on the magnitude. As stated earlier that currently majority of funding goes to the educational scholarship, when the funds
are above GHC 1,000 it is banked with GCB which is the account used for executing the scholarship program, and lower amounts are banked with Barclays:

*We use Ghana Commercial Bank to pay the fees and other projects and we use Barclays account to pay for our internal expenses...Monies above 1000 cedis is sent to Ghana Commercial Bank and money below 1000 is sent to Barclays.* [R2]

Every cash payment or donation that comes in is banked immediately or kept in a safe and banked as soon as possible.

In disbursing funds to the students under the scheme, the account officer calculates and prepares a memo stating the amount of fees to be paid for each student, the total fee payment amount and cross checks if the bank account has sufficient funds to pay. If there are sufficient funds, the memo is sent to the accounts office for a cheque to be prepared and signed by the signatories of the account. The bank is then instructed to issue bankers’ drafts for the students and these drafts are sent via courier to the recipients. When there are insufficient funds, after discussions with the executive director, board and general overseer, the accounts department of the head office provides for the deficits:

*...If it is less, then I will inform the Administrator that this is what we are to pay but this is our bank balance...the executive director will also go to the General Overseer and they will discuss and he will inform the church’s account office to withdraw from account to supplement our funds.* [R2]

With regard to administrative expenses, an imprest system of petty cash is used with an imprest balance of GHC 300. This is used to cater for administrative and miscellaneous expenses such as courier charges and utility expenses. Due to the nature of its activities, the NGO does not have much
liability. The only current liability on its books is usually accounts payable to its external auditors because it takes a while to prepare their payments:

...actually we don’t have much liability...when they audit it takes sometime before we pay because of the process to earn funds but apart from that we don’t have any liability. [R2]

Accountability Mechanisms

In order to ensure that financial management runs smoothly, Central aid has certain measures in place to ensure accountability and effectiveness. Some of these monitoring systems include ensuring that receipts are issued for all cash payments and that cash is banked immediately or as soon as possible to mitigate any possibility of theft:

So whenever money comes in, receipts are issued and cash banked as soon as possible. We don’t keep cash around or send money home. If it is 5 o’clock and you can’t deposit it at the bank then you take it to safe and the following day, it is banked. [R2]

Any cash or donation received is to be banked immediately or as soon as possible. [R3]

Additionally, with the three signatories to the bank account being top management members of the church, it helps to ensure proper authorisation and access to funds. All three major support staff of the secretariat do not have access to the bank accounts and must present all expenses in writing before any funds are released:

All payments are done by cheque and those who are signatory to the cheque are not here. They are our top management, even the director himself is not the signatory. So before access to the funds is granted, you have to go... [R2]
...prepared here at CA but the funds or cheques are signed by the Head of Audit. General Secretary and Head of Administration for the church. [R3]

This greatly minimises the risk of mismanagement of funds. The accounts officer as the custodian of petty cash, must render accounts as well as, attach all invoices to the Head of finance and audit before reimbursement is paid:

*On the imprest system the money we receive is 300 cedis. So if we have exhausted it... we have to account on how we spent the previous money and they will assess if it was disbursed properly before...* [R2]

There is also a management manual prepared by the Head office of the church, that must be followed in undertaking all financial and accounting processes.

4.2.2 Section 2: Blocks for Effective NGO Management

In undertaking its financial management, Central aid engages in recordkeeping, budgeting, financial reporting and internal controls.

4.2.2.1 Theme 1: Recordkeeping

The NGO keeps basic records of all transactions such as duplicates of all the receipts from donations, invoices for all payments, memos, etc. are all filed properly by the accounts officer for future reference:

*...we keep records... issue receipts to the person who paid and then it goes to the system...*

*I ensure that all documents are properly filed and make timely reporting so that information is easily accessible. [R2]*
4.2.2.2 Theme 2: Budgeting

Budgeting is done by the accounts officer alongside the executive director to determine and discuss what it should entail. Central aid engages in activity based budgeting but currently, the entire budget is created around the educational scholarship. Usually, the NGO designs and implements the budget without any deficits. However, sometimes due to inaccurate forecasts (because they cannot determine the exact amount by which fees will increase), there are variations between the budget and the actual amount needed. But as stated earlier, any deficit is covered by the head office:

...create a budget with these expected funds when they come in, although sometimes there are delays and defaults. [R1]

...budget for a thing and at the end of the day you will realize that you have overspent so sometimes we have deficits...the fees we pay causes these deficits...I have budgeted 100 cedis for a person but because of recurrent increases...there will be a variance. [R2]

4.2.2.3 Theme 3: Financial Reporting

Central aid prepares quarterly and annual reports. Preparation of the financials involves ascertaining all incomes and expenditures that the NGO has used over the period. It involves drawing and revising the fixed asset register, acquiring cash at bank balances by conducting a bank reconciliation using bank statements to ensure accuracy, and then matching them against the expenditure and liability:

I do it yearly but I also provide the quarterly statements... get the total amount that I have received...head office subvention, total amount from partners...value of our total investments...get our closing balance from the banks. [R2]
Central aid also employs the use of statistical analysis such as tables, figures, charts, etc. to provide quick insight and a pictorial view of all inflows and outflows:

...I make a statistical report on that. Let’s say the percentage of people who have paid... for example the regions, Accra, South Accra, North Accra and so on. I make the statistics...

[R2]

4.2.2.4 Theme 4: Internal Controls

With regards to internal controls, the accountability mechanisms from Central Aid’s procedures are in the form of internal control systems. All members of the secretariat and the three supporting staff have financial backgrounds and qualifications like University degree in finance or accounting and ACCA qualifications:

University Degree in Finance, ACCA... [R1]

I have a university degree in Accounting and Finance. I am having ACCA level 2. [R2]

University degree in Finance... [R3]

The practice of ensuring that cash received is banked immediately or kept in a safe place, documentation and authorisation for all expenses, budget execution and control, and subjecting the NGO to external auditing annually are monitoring and supervisory systems put in place:

...send the total cost and list of names to the signatories to release funds. [R1]

...all payments are done by cheque and those who are signatory to the cheque are not here.
CA requests and attaches a memo with invoices, then sent to accounts to verify and prepare the cheque, before going to the 3 signatories to sign...the imprest system... we have exhausted it have to account...they will assess if it was disbursed properly before... [R2]

...because all the funds received are accounted for and in executing the projects, we do not handle cash. Even for the imprest system, each cedi must be accounted for when going for the float. [R3]

4.2.3 Section 3: Influencing Factors and Challenges

This section looks at the considerations and the factors that affect Central Aid’s financial management practices. It presents the various areas in which these considerations are made or the influencing factors in those area. The section also shows the challenges that the NGO encounters in conducting its financial management practices.

4.2.3.1. Considerations when engaging in Financial Management

Before taking certain actions, activities and programmes, the NGO assesses certain conditions before taking decisions. These considerations surround their investment decisions, funding decisions and project or activity choices.

Considerations when taking Investment Decisions

In choosing an investment option, the NGO takes into account the financial institution’s reputation and history or past records. Central aid prefers to deal with financial organisations and banks that have been in existence for a reasonable period of time and have stood the test of time:

...the financial institution whether it has a good standing, their past record or history so they are not likely to collapse in the future. [R2].
The level of returns to be made on the investment also is a major factor that is taken into account before investing. As the investments are made to serve as a supplement to the inflows or the budget, Central aid prefers investments with more returns. Thus, they invest in long term instruments as those usually provide a higher return:

\[ \text{We want to have more returns on the funds so that when we are cash strapped we can go and take the interest and use it for our needs. \cite{R2}} \]

Before engaging in any investment options, the board of trustees are consulted. Some of the members on the board have financial expertise and competencies as such they are able to provide sound financial advice as they have experience and understand the way the financial markets work:

\[ \text{...financial experts as part of the board who advise us because they know those institutions better... Before we go for investments, there all these top people have to assess and approve. \cite{R2}} \]

Risk was not a major factor that affected the NGOs choice because their choices of investment instruments have been fairly risk free and the financial institutions have proved to be stable:

\[ \text{No, because of the expertise and the scrutiny, all our investments are secure. \cite{R2}} \]

Considerations when acquiring Funding Sources

In terms of soliciting and acquiring new sources of funds, Central aid is confined by the directive of the founder not to burden the external society and to generate funds from within the church’s environment. Therefore, in sourcing for funds, the NGO is limited and can at best, only hope for more partners:
Our main support is from the various ICGC assemblies because the general overseer said we shouldn’t go to people outside the church and be a burden to society always soliciting for funds. [R2]

Considerations on the Choice of Project/Activity

Under the community development programme, before deciding and undertaking a project, members of the NGO through community counselling and meetings are able to draw out the needs of the community. Based on these needs, the agency decides to engage in the most pressing activity or project.

Moreover, the philosophy of the founder and the policy guidelines released by the Social Action Committee of the Presbytery of ICGC influences the choice of activities and projects of the agency and its operations as well as its operations (International Central Gospel Church, 2018).

The choice of projects or programmes to engage in is sometimes affected by government policies. Initially, educational scholarship was priority to Central aid but currently with the implementation of the free SHS policy inaugurated by the President Nana Akuffo-Addo administration in September, 2017, the number of beneficiaries under the scheme has drastically reduced:

...government policy of Free SHS. This has caused a dip in the number of students we cater for. It is not bad but it makes it difficult to ascertain the number of students we should anticipate and make provision for. [R1]

With the government free SHS the scholarship scheme has been affected. [R2]
Consequently, the board has decided that by the year 2020, the educational scholarship for second cycle institutions will be taken off to make room for other social intervention activities (International Central Gospel Church, 2018)

...Central Aid as well as to shift its main focus to other areas that communities and the society at large, really need. [R1]

4.2.3.2. Shortfalls of Financial Management

The shortfalls describe the various difficulties and struggles that Central aid faces in designing and implementing its financial management practices. These difficulties revolve around funding, budgeting and human resource issues.

Funding Issues

With regards to funding, the NGO experiences certain difficulties. Primarily, due to the directive that funds should be sourced from within the church, the funding sources or capital structure of the agency is already limited. However, constant defaults and late payments by the local assemblies to the agency makes the inflows wholly inadequate to fully implement and execute all its activities and social interventions:

...expected funds when they come in, although sometimes there are delays and defaults. [R1]

We don’t have an option than to rely on partner fulfilling the pledge...we have cases where they don’t pay. [R2]

Funding. Some assemblies do not pay and others make late payments and this sometimes affects our ability to plan. [R3]
Currently, the NGO receives less than 50% of the expected funds so all projects and activities cannot be executed. As such, Central aid is compelled to inject all or most of its funds into its educational scholarship programme as it is the priority project:

...out of 10 people you will have about 5 people defaulting. So let’s say 50%. [R2]

Albeit, the defaulting assemblies and partners sometimes decide to clear all its accruals. Due to the voluntary nature of payments for partners, the agency can only continuously call to remind partners to make payments but they cannot compel them:

...they default, after long periods some partners come back to pay off the entire accrued amounts over the defaulting period... Just recently a partner came and paid all his debts which is about 3200 cedis from 2 years ago

[R2]

Additionally, some assemblies make payments directly into the bank account of the organisation without informing and presenting its payment slips to the organisation as such making it difficult to record and track payments.

Budgeting Issues

In preparing the budgets, because of the high rate of defaults, it is difficult to design and forecast how much the NGO has to work with. Moreover, when partners decide to pay off all previous amounts, because this cannot be predicted, it makes it difficult for the finance team to plan ahead and incorporate these funds into the budget for the year:

...they default, after long periods some partners come back to pay off the entire accrued amounts over the defaulting period. [R2]
Likewise, increases in fees after the budget has been prepared tends to disrupt the activities of the agency. Due to the allocation of funds for every activity, any unplanned movement in fee prices results in a variation. Usually these, budget deficits are supplemented by the head office of the church:

*I have budgeted 100 cedis for a person but because of recurrent increases in WASSCE examination registration fees, when I am reporting there will be a variance.* [R2]

Human Resource Issues

Although the secretariat of Central aid receives personnel assistance from the head office of the church, the workload on them especially the three top management support staff, namely, the executive director, the accounts officer and the administrator, is still much. Any assistance they could get full time from qualified persons such as management accountants, will be helpful:

*Additional staff to assist each of us will also be useful.* [R3]

4.3 Discussions and Interpretation

The research conducted shows that the financial management conducted in the NGO is consistent with the elements of financial management for all organisations (Brealey & Meyers, 2003; McMenamin, 2002). There is an integration of what previous authors defined as the scope of financial management, and the financial activities that actually take place in the NGO. All the elements of financial management, that is, financing, investment, working capital and internal controls, were present in the NGO’s management practices. Thus, it is likely that the NGO is effective and efficient in its financial resource utilisation and performance (Murtaza, 2012) and
possibly has a higher level of credibility because funds obtained are used for social interventions and not personal enrichment (Jordan, 2005).

In terms of stakeholder accountability, there were both areas of convergence and divergence with previous authors on how accountability should be. The research shows that the NGO by holding annual meetings where the board meets with CA partners, and beneficiaries, engages in upward and downward accountability (Unerman & O’Dwyer, 2006). Given the nature of the NGO’s accountability, it is similar to Murtaza’s (2012) 360 degree accountability for NGOs because it renders upward accountability to its donors, inward accountability to its board members and downward accountability to its beneficiaries. However, it does not fully engage in upward accountability because the NGO is not governed by any state or regulatory institutions. It also does not have sideward accountability because as per its structure and operations, it does not deal with any professional bodies or other NGO organisations. Its financial system does not make room for any donor and state impositions unlike the systems of other NGOs, as such, it does not face any challenges of rendering accounts to multiple stakeholders demanding various methods (Edwards & Fowler, 2002). From its accountability measures, the NGO has the potential to improve its infrastructure, output and efficiency (Jordan, 2005; Murtaza, 2012). The study concurs with the assertion of Unerman and O’Dwyer (2006) that the nature and definition of NGOs based on its activities has an effect on the NGOs relationship with the various stakeholders. For the study, because the case NGO is a faith based organisation (FBO) it is under the umbrella of the church as such it has no dealings with state regulatory bodies and other NGOs.

The research findings also corresponds to the findings of Mawudor (2016) that the major challenge of Church Related Organisations (CRO) or Faith-Based Organisations (FBOs) is funding sources.
Based on the research conducted, funding was a major challenge and it has the potential to derail the social interventions of the NGO and its financial management which affects the sustainability of the NGO.
CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Chapter five provides a brief of the research objectives, methodology and findings presented in the previous chapters. Conclusions are then drawn based on literature and data analysed. This chapter also suggests recommendations for national policy, management of Central aid and for further academic research.

5.1 Summary

This research work set out to discover and understand what processes and procedures were involved in the financial management of NGOs. The study sought to provide insight into the financial management of Central aid which is a church agency, Faith based organisation, as its main research objective. The study primarily focused on the financing, investment, working capital and internal control decisions and practices of the NGO. Additionally, the study sought to determine if the NGO management was effective based on the tenets of Mostashari (2005). Furthermore, the objectives were extended to include the factors that affect financial management decisions and any challenges that may be inherent. A qualitative method of research was adopted to ascertain deeper insights and knowledge on the process, and Braun and Clarke’s (2006) six step process for thematic analysis was employed alongside qualitative data analysis software, Atlas.ti, to facilitate coding and analysis to discover relevant patterns or themes that address the research objectives.

The findings showed that Central aid had particular sources of funds. Funds were acquired from all ICGC local assemblies through two yearly major church services, and Central aid partners who constitute the general society of people willing to fund its activities.
The findings also showed that Central Aid has a set of projects and programmes that it undertakes as social interventions and uses all donations to pursue its execution. This enhances the credibility and efficiency of the NGO because funds collected are used for the exact purposes for which they were acquired. Part of the donations or funds are set aside and used for long term investments to gain higher returns to supplement funding.

In dealing with its current assets, liabilities, income and expenditure, the research discovered that receipts were issued for all cash inflows and filed for accounting purposes, cash outflows or cash disbursements for executing and implementing projects were done by issuing cheques making it easier to trace and account for all activities. Its day to day expenses are paid for through an imprest or a petty cash system with a balance of GHC 300. Any other major administrative expense are paid for with cheques.

For its internal controls, Central aid ensures that cash payments are banked immediately upon receiving them or kept in a safe and banked as soon as possible. The agency also has an accounting and management manual that is follows for its financial management practices. Additionally, all cheques paid out require authorization from the church’s account office and only three people from the top management of the head office are eligible to sign for any withdrawals.

The research findings also showed that Central aid engaged in recordkeeping by filing all receipt duplicates and invoices, preparation, execution and controlling of the budget, monitoring and supervisory mechanisms to promote transparency, and period preparation of financial reports and statements.

The findings show that in engaging in financial management, Central aid must consider that certain government decisions affect the choice of projects that it will undertake, the history of financial
institutions also affects their investment decisions, and that in its financing decisions, it must consider that it can only solicit for funds from within the church due to the organisation's directive.

### 5.2 Conclusions

This study sought to discover how an NGO handles its financial management using Central Aid to conduct this study. Semi-structured interviews with the accounts officer, executive director, and the administrator were the primary sources of data, and the financial reports and management manual of Central aid was used alongside the data collected for verification. Braun and Clarke’s six step theoretical thematic analysis and Atlas.ti 7 software were used to analyse the data. Eight themes that provided answers to the research questions and objectives were identified and presented in three sections. The analysis also revealed certain considerations the NGO faced before engaging in management practices and their challenges.

From the research, the first two themes namely Cash flow and Procedures and processes, shows that the financial management of Central aid involves acquiring funds or its income from its main donor (ICGC) local assemblies, and from its partners. It continues with the preparation of budgets and using funds for its intended projects without any restrictions or impositions from donors concerning the projects they undertake. The financial management practice includes engaging in investment vehicles to generate additional funds, using cheques and petty cash systems to cater for its expenses and putting accountability mechanisms or checks in place to avoid any mismanagement and embezzlement of funds. These findings corroborate the findings of Mawudor (2016) that NGOs especially Faith-based organisations usually depend on internal sources of funds, that is, funds from the church operating the agency.
However, the NGO did not have a comprehensive framework or document for the distribution of funds to the various projects. There was no specific breakdown for how inflows should be allocated to other projects if they had adequate funding. Even though currently all inflows are spent on the educational scholarship, there is the possibility that with a sudden influx of funds, they might not be well equipped and prepared to carry out their other social interventions efficiently. The lack of a specific structure or comprehensive plan to accommodate funding for all other projects may result in management bias towards certain projects that are not pressing for beneficiaries, and it may potentially result in mismanagement of funds. The existence of a framework is critical at this point for the NGO as it intends to completely eliminate the educational scholarship programme by 2020, due to the introduction of the free SHS policy. The absence of a framework raises issues of how will the funds be apportioned amongst the various projects, what happens when funds are inadequate, and which projects will take precedence.

Moreover, the high level of reliance on the financial expertise of some of its board members with regards to investment decisions is risky and can affect the effectiveness of financial management. The board members will not be able to predict accurately what is happening in the financial markets as such, overreliance on their advice could lead to possible future losses that could affect the sustainability of the NGO.

The study concludes based on Mostashari’s (2005) four building blocks essential for effective NGO management that, Central aid has an effective financial management system because it engages in all four practices of recordkeeping, budgeting, financial reporting and internal controls, ensuring the smooth running of operations. Albeit, the research found certain loopholes in the NGOs execution of these activities that could possibly affect the overall effectiveness of its financial
practices. In keeping records and documents regarding financial resources, there was no software or database system that could quickly update information and improve efficiency. These records had to be manually inputted into Microsoft excel by the accounts officer thus, increasing the probability of errors and omissions due to the magnitude of data to be inputted. Additionally, in the preparation of financial statements and reports, the officer in charge of receiving the funds is the same person who renders accounts and prepares financial reports. This creates an avenue for oversights and possibly, fraudulent activities as figures could easily be manipulated. Notwithstanding the NGO’s annual external audits, these mismanagement and fraudulent activities could unnoticed until auditors arrive.

From the research findings, it can be concluded that there are certain factors that affect the financial management decisions of NGOs and these factors can be macroeconomic factors such as government regulations and organisation specific factors, in this case, the directive of the General Overseer not to solicit for external funds.

The research also corroborates Mawudor’s (2016) findings that the major challenge for an NGO’s financial management and sustainability is the source of funds which is highly inadequate to enable them implement and complete their projects and activities. The use of budgets by Central aid also falls in line with Fiador’s (2013) finding that financial management of NGOs includes budget preparation and execution as well as, internal controls. Mawudor’s (2016) assertion that CROs or FBOs highly employ budgeting systems as against other systems like auditing, fund flows, etc. in their financial management is also evident from this research.

However, Ghana’s NGO Policy Guidelines 2007, does not prescribe any format or method required of NGOs when engaging in its financial management and accountability systems. From the
research, the financial management practices and accountability mechanisms of Central aid was designed solely by the church. This implies that the lack of a national or regulatory guideline for financial management could lead to NGOs designing measures that best suits them and utilise the funds however they please without any probes or queries. This could result in mismanagement or diversion of funds from the intended social interventions.

5.3 Recommendations

For policy:

a. The Ghana NGO policy guidelines (2007), can be amended to include a comprehensive financial management manual developed by the state, together with major NGOs and stakeholders, which must be adopted and utilized by all kinds of NGOs operating in the country in order to ensure efficient and effective financial practices.

For practice:

a. NGOs can diversify their funding sources by raising society’s awareness of their activities in order to attract more donors, and establishing other income generating activities or programmes that will help draw in alternative income or funds. For Central aid, management can also pursue this strategy to raise awareness within the church environment and to attract more partners without having to go soliciting from the public.

b. It is recommended that Central aid designs and adopts a comprehensive framework for the distribution of funds across its projects regardless of the inflows received. Apportioning a percentage of funds to each project or activity will help to ensure efficient execution of projects.
For further research:

a. Future research can draw a comparative analysis between the financial management practices of Faith based organisations and other kinds of NGOs like foundations, voluntary associations, etc. to determine the differences and similarities, and to ascertain which type of NGO is more effective and accountable.

b. Future studies can research into the determinants of the various financial management systems that NGOs employ, to ascertain the driving factors that result in the choice of a particular financial management practice.
REFERENCES


Lee, J. (2004). *NGO accountability: Rights and responsibilities, Programme on NGOs and Civil*

Lewis, D. (2003). Theorizing the organization and management of non-governmental development

London: Routledge.

Routledge.

One World Trust: London.

Mawudor, B. (2016). Financial Sustainability of Church related organisations: An empirical study
on Kenya. Volume 17. Globethics.net

University.

Iranian Studies Group at MIT, 2.

Murtaza, N. (2012). Putting the Lasts First: The Case for Community-Focused and Peer-
Managed NGO Accountability Mechanisms. International Journal of Voluntary and
Nonprofit Organisations, 23(1), 109-125.


United Nations (2005), NGOs and the United Nations Department of Public Information.


APPENDICES

APPENDIX A: INTERVIEW GUIDES

INTERVIEW GUIDE FOR R2

BRIEF: This interview is to ascertain data on the financial management practices of Central Aid, specifically the areas of financing decisions, working capital decisions, investment decisions and internal control systems. It also seeks to find out the factors that influence the NGO’s financial management and any challenges that it faces.

GENERAL QUESTIONS

1. Can you briefly describe your role in the financial management of Central Aid?
2. Can you give an overview of how the NGO conducts its financial management?
3. Does the NGO engage in Recordkeeping, Budgeting, Internal control and Financial reporting?
4. How does it undertake its recordkeeping and what are the processes involved?
5. What are the factors that are considered when designing, executing and controlling the budget?
6. How often are financial statements prepared and what steps are involved in its preparation?
7. Which team or individual is in charge of preparing the financials and what is their professional qualification?
8. How does the NGO render accounts to the various stakeholders? (ie. Donors and government, board and administration, communities and beneficiaries and, other NGO bodies and professionals)
9. Have there been any issues of mismanagement or embezzlement of funds? If so, how often?
10. Are the operations of the NGO skewed to meet state regulatory requirements?
11. Does the state or regulatory body place any impositions on the activities of the NGO?
12. Have you ever been employed in a for-profit organisation?
   -If yes, what was your role or position?
   -Can you describe any differences between the financial management systems of the organisation and the financial management systems of Central Aid?
   -If no, do you perceive the financial management of NGOs differ from that of profit organisations?

FINANCING DECISIONS

1. How do financing decisions take place in the NGO and what are the sources of acquiring funds?
2. Is the NGO able to finance all its projects with the generated funds?
3. What is the yearly average or minimum amount of funds required to undertake projects and activities?
4. In raising funds, what are the challenges that the NGO encounters?
5. Do donors require certain conditions to be in place before contributing to the NGO?
6. Do donors impose any restrictions on the activities of the NGO before donating?
7. Is the NGO susceptible to changing its target activity or project in order to please donors or to adhere to donor constraints?
8. How do you manage donors who tend to impose conditions or try to divert NGO activities towards their area of interest?

WORKING CAPITAL DECISIONS

1. How is the day to day financial activity of the NGO conducted?
2. What does the recordkeeping process of daily activities entail?
   - How are cash transactions and receipts treated?
   - How are funds disbursed and expenditures treated?
3. How are donor funds/inflows dealt with?
4. Are there any procedures required in fund disbursement and use of current assets?
5. In receiving funds and making payments, what methods are usually employed?
6. Are funds usually banked or kept in a safe place? If banked, how often? And who is responsible for this activity?
7. Is the NGO able to meet its short term obligations as and when they fall due?
8. How does the NGO decide on what activities and projects to undertake?
9. Is there a hierarchy for the projects or activities that the NGO plans to undertake?

INVESTMENT DECISIONS

1. Are there any investment policies or procedures that govern the choice of investment?
2. What types of investments does the NGO participate in?
3. What are the reasons for which the NGO invests?
4. What portion of funds, if any, is invested?
5. What are the various investment instruments that the NGO participates in?
6. What factors are considered before investing?
7. What are the risks associated with the various investments?
8. What are the returns used for?

INTERNAL CONTROL

1. What measures and mechanisms are in place to ensure effectiveness and accountability?
2. Are there any guidelines or policies to ensure accountability and transparency?
   - If yes, have they been communicated to employees?
3. Who has access to bank accounts and are there any limits or restrictions to their mandate/withdrawals?
4. Is there any system of authorization required for these withdrawals?
5. How often are reviews, internal and external audits conducted?
6. Which people are in charge?
7. What qualifications do they possess to accurately conduct audits and reviews?
8. What monitoring and control systems are in place to curb mismanagement of funds, theft and embezzlement issues?
9. How are errors and omissions in financial management corrected?

FINANCE TEAM/ MANAGEMENT STRUCTURE

1. How many people form the finance team?
2. Is a professional or educational qualification necessary to be on the team?
3. If yes, what level of qualification is required? And how many staff possess it?
4. Do you think that the finance team is truly independent from any internal and external influence?
5. What role does the board/management play in financial management of the NGO?
6. Do members of the board pursue their own area of interest as opposed to what the beneficiaries actually need?
7. Is there a guideline or policy that governs the board and its level of interference in financial management issues?

*Any challenges you face?
*Suggestions on how to solve these if any?

Any General remarks or comments.

Thank You.

INTERVIEW GUIDE FOR R1 AND R3

1. What is your role/position in the finance team? Briefly, explain your role?
2. What is your level of qualification?
3. Do you have the requisite financial background needed to be part of the team?
4. Can you briefly explain what you think financial management entails and its components?
5. How does the financial management system employed at Central Aid work?
6. What is your view on the ease and effectiveness of financial activities and processes at Central Aid?
7. Are there any procedures that you deem unnecessary or overly bureaucratic? If yes, which processes and procedures? And why do you think so?
8. In your opinion, do you think management sometimes interferes with the financial management processes? If yes, in what way do they interfere? Does the interference yield negative or positive results?
9. In your opinion, would you say that the NGO is accountable to all its stakeholders?
10. What are some challenges that you think the NGO is faced with in conducting its financial management?
11. What do you think can be done to prevent or mitigate these challenges?
12. Do you think the internal control measures are adequate to improve effectiveness and to eliminate mismanagement of funds?

General comments and suggestions.

Thank you.

APPENDIX B: TRANSCRIPT FOR R2

| TRANSCRIPT |
| INTERVIEW |

Date:

Transcription code
… – Incomplete sentence

Respondent:

Interview starts

Interviewer: This research is for NGOs and their financial management systems and how they operate. I just want some information concerning your organisation in order to analyse and then conclude on how your financial management is carried out. The first question is, What is your role?

Respondent: I am the Account Officer and I manage the account of the central aid in totality. I report to the Executive Director and he takes it to the Board and the Board also takes it to the Presbytery

Interviewer: Can you give a general overview of how the entire financial management system works? Maybe your financing decisions, your investment and your working capital decisions. So just a general overview

Respondent: This is a church based organization. It was the “brain child” of the General Overseer of ICGC and he also put it up because of what he has come from and what he also passed through. He knew what other were going through so he established the central aid to help bright but needy students. You are asking what we do as an organisation?
Interviewer: The financial aspect of what you do

Respondent: An aspect of the central aid is education and this was the initial social initiative of Central aid. That is to help the bright but needy students. To make it short, our main funding comes from the local assemblies. All ICGC churches in Ghana by means of Central Aid day celebration. The last Sunday of the month is for central aid so all the amounts that is collected is sent to us and that is what is used for the payment and financing of projects.

Interviewer: so last Sundays of every month?

Respondent: no, it is the last Sunday of August. That is a yearly affair so it is the last Sunday of the month of August

Interviewer: so all the funds from every assembly in the region?

Respondent: all the IGCG assemblies in the country

Interviewer: so every offering for the last Sunday of August, both the first and second offertory?

Respondent: no, only the project or second offering comes here but the rest is for them. We also get the GFM that is Gold, Frankincense and Myrrh, which is the church’s Christmas Eve program which is on the 24th evening when we go for the carols night. So the offerings that is brought, the assembly pays to us 10% so if they have 100 cedis they bring us 10 cedis

Interviewer: So those two sources and you work with the funds throughout the year.

Respondent: then we get some supplementing from the Head Office and then we also get some from partners. We have some partners, we call them the central aid partners. People who have devoted themselves that they will help us. Some credit our account on monthly basis, some on quarterly basis and some on half-year basis and some also come on annual basis

Interviewer: is there a fixed amount for the monthly contribution? Is there a range or they pay any amount that they want?

Respondent: they pay what they have agreed to. We don’t impose any amounts, each of the partners agree and decide on how much they want to pay

Interviewer: so the partners solely decide to pay a certain amount when they join
Respondent: that is, it

Interviewer: so they pay monthly, yearly, or is there fixed periods within which they must pay?

Respondent: let’s say partner A in Holy Ghost Temple says every quarter in the year, they will pay 100 cedis

Interviewer: so like a pledge binding on each partner

Respondent: it is a pledge. We don’t have an option than to rely on partner fulfilling the pledge but ours to make sure that he pays and remind them

Interviewer: do you have cases where they don’t pay?

Respondent: yes, we have cases where they don’t pay and we call them and they say it is an oversight and they will pay

Interviewer: how often do they default on that?

Respondent: it is voluntary so you cannot go and hold the person to make payment

Interviewer: so let’s say out of 10 people, how many default?

Respondent: out of 10 people you will have about 5 people defaulting. So let’s say 50%. Sometimes when they default, after long periods some partners come back to pay off the entire accrued amounts over the defaulting period. If they started with paying 50 cedis a month and when you call them maybe 6 months later, then they calculate for the months that they have defaulted and then they pay off everything.

Interviewer: do you do record keeping, budgeting, internal control and financial reports?

Respondent: yes. I am in charge of all those things. I do the budgeting and during the preparation, I sit down with the Director so he will have a brief overview of the whole thing and activities that we will be undertaking for the year because we do activity based budgeting. All our budget is based on the activities that we do. Every activity we allocate some funds. I also sit with the administrator for the administrative expenses and plan out any activities or programs and then allocate funds for it.
Interviewer: for the activities in a year, how many activities do you plan to execute in order to know how you can allocate funds for the various activities under the various projects.

Respondent: yes. Right now with the central aid programs we have the scholarships, so we budget for the scholarships. Are you talking about the figure or the activities?

Interviewer: the social intervention activities because let’s say in a year you are getting 100 cedis. How do you spread that across your various projects and activities?

Respondent: we allocate funds to those various activities. For example, right now our challenge… I don’t know if you will be asking about that later

Interviewer: I will be asking

Respondent: okay so currently, funds don’t flow as it should as compare to previously. So the money that we have we are not able to embark on our other social interventions so it has compelled us to dwell only on the scholarship which is our core mandate. With the government free SHS the scholarship scheme has been affected. I don’t know what questions you have for me about changing activities, but right now we have purposefully shifted to the education but we have other activities we have been doing. For example, give support for communities affected by natural disasters. As the rains are about to set in and there is a disaster, we go there and we try to find out what we can do. Also with development projects like boreholes for communities that have no potable water and also community awareness programs. What challenges are the community facing? Maybe with libraries and other things. We engage the community to find out their challenges and then we try to step in if we can.

Interviewer: with the development projects in the year, what do you look at when you are choosing the project you want to do? Is there a criteria? Or you do undertake all projects but you allocate few funds here and there

Respondent: like I was saying, the funds as compared to previously doesn’t come because the churches also have their own challenges. We try to allocate few funds to community issues but the insufficiency prevents us from doing much. Our main support is from the various ICGC assemblies because the general overseer said we shouldn’t go to people outside the church and be a burden to society always soliciting for funds. Because the money is not coming frequently we are not able to
implement some of our activities so it has compelled us to dwell on education. That is giving out the scholarships. But if we have more funds we would be able to spread our wings and engage in more social interventions.

**Interviewer:** currently are all the funds received and budgeting going to education?

**Respondent:** yes

**Interviewer:** how do you execute your budget? You have talked about the designing. So what about execution and making sure that everything works according to budget

**Respondent:** sometimes you budget for a thing and at the end of the day you will realize that you have overspent so sometimes we have deficits. What happens is that the fees we pay causes these deficits. I am talking in terms of the educational scholarships. We pay their fees and then their WASSCE registration fee, so maybe I have budgeted 100 cedis for a person but because of recurrent increases in WASSCE examination registration fees, when I am reporting there will be a variance. I budgeted for 1000 cedis but I paid 1200 cedis. So my boss will ask why and I will tell him it is due to the registration fee increment. Which he is also aware that is occurs frequently in this country.

**Interviewer:** where does that fund come from? The extra to support the budget?

**Respondent:** I will talk to him and he also goes to see the general secretary and then when the general overseer comes then they talk about and they will ask the church’s finance office to give us the money

**Interviewer:** what about your record keeping? How does that also work?

**Respondent:** we keep records. For example, when monies are paid the first thing is to issue receipts to the person who paid and then it goes to the system. With the system, we have the master datasheet that is a list all the ICGC churches in Ghana and the head pastors. So if you want to know whether you have paid, we enter the name of the church

**Interviewer:** how do you do your entries into the system

**Respondent:** we enter the payment against the local assemblies’ name. so if it is Holy Ghost temple or Christ temple, what we do is to enter the Pastors name, his contact number, email, etc. and the payment column is split in two between the 2 fundraising events. If it is Central Aid day payment
we write it there and if it is GFM we write. I am using Holy Ghost as an example, Rev Prophet Annor if they pay, his name is there. So we record it against his name and when my boss wants to see the list of payments, I print it to him and at a glance he will know Pastor Annor has paid. At a glance you will see all that have paid. From there we create another page to enter the date that it was paid

**Interviewer:** what software do you use for the master datasheet?

**Respondent:** because we don’t have software, I input manually into excel. So I have to be opening pages and printing out the list when necessary.

**Interviewer:** So excel for the date of payments as well?

**Respondent:** for the date of payment too excel

**Interviewer:** so that’s the entire process for recordkeeping?

**Respondent:** so from there we determine where the money should go because we have having two banks; Ghana Commercial Bank and Barclays. We use Ghana Commercial Bank to pay the fees and other projects and we use Barclays account to pay for our internal expenses. For example, in running the secretariat, we have a lot of things to pay for in operating. For example CA expenses generally include courier services to send the fees draft to students, TNT, office consumables, communication phone expenses and other things. Monies above 1000 cedis is sent to Ghana Commercial Bank and money below 1000 is sent to Barclays

**Interviewer:** so currently payments above 1000 go to sort of the fees which is now your main priority?

**Respondent:** yes

**Interviewer:** and the rest is….

**Respondent:** the rest is office expenses

**Interviewer:** for the record keeping it ends at going to the bank

**Respondent:** yes
Interviewer: I have asked you about the budget and recordkeeping. So now what about your financial statements, how often do you prepare those?

Respondent: the financial statement…?

Interviewer: yes, do you prepare it yearly or quarterly

Respondent: I do it yearly but I also provide the quarterly statements

Interviewer: like the quarterly reports?

Respondent: not exactly. Quarterly statements but not reports going out. I do this just so it makes it easier for me when I am…..

Interviewer: consolidating for the annual?

Respondent: Yes. The quarterly reports I do that easily and keep for myself but as for the annual is it not so easy, it is very involving.

Interviewer: what goes into the preparation of the annual?

Respondent: I have to get the total amount that I have received for central aid day, the total amount I have received from the GFM, (that is the gold, frankincense and myrrh) total amount that I have received from head office subvention, total amount from partners, then I will go to the investment institutions to know the value of our total investments. That is our various investment with financial institutions. So I will get our closing balance from there and also from the banks. We also get the bank statements and we will do the reconciliation and then we will be able to get those who have paid and those who have not paid. Then I draw my xx (17:11) to actually get what we are having…

Interviewer: you draw your?

Respondent: that is PPE, property plant and equipment

Interviewer: so the fixed asset expenses

Respondent: no the fixed asset register. what we are having on our balance sheets, the current asset and then we have the liabilities. So all of them have to be set and it takes a lot of time but all of them appear. As you were asking, concerning our liabilities…
**Interviewer:** yes, because I wanted to know what kind of liabilities do you have?

**Respondent:** we are not a profit making organization and although the churches who are not paying restrict our funding, but actually we don’t have much liability. As central aid we don’t owe any individual or institution. The only liability we have is the auditors. Sometimes when they audit it takes sometime before we pay because of the process to earn funds but apart from that we don’t have any liability

**Interviewer:** Your assets, apart from the inflow from the churches and then the investment that make up your assets. Or you have any other assets?

**Respondent:** our cash at the bank and cash in hand are our current assets. But we don’t have debtors because they are local assemblies that are supposed to provide funds, and CA is not running as a company. So if they haven’t paid it is not mandatory. We only call them and remind them and they tell us they will pay but they haven’t paid so I only record those who have paid and I make a statistical report on that. Let’s say the percentage of people who have paid… for example the regions, Accra, South Accra, North Accra and so on. I make the statistics and I give it to my boss and he also sends it to the board and the board also sends it to the presbytery. I always make statistical analysis about the…

**Interviewer:** the percentage

**Respondent:** the percentage of payment. So it shows and gives you a broader picture of what is actually happening and if they are doing well. At the end of the day you will see the total percentage that have paid. I think last year about 62 or 65… the whole number of assemblies in Ghana, out of a 100 only 65% paid. The remaining 35% didn’t pay. This has been the problem and that is why most of our work, we are not able to tackle some projects. Though they pay, the amount that they bring…

**Interviewer:** is not much

**Respondent:** Yes, so the Head Office helps us a lot. We use the Head Office subvention to compensate for that else we will not be able to work

**Interviewer:** and how many people are in charge of preparing... or is it just you?
**Respondent:** I am the only person

**Interviewer:** you are the only person; you don’t have a team?

**Respondent:** no, the other woman is for administration so…

**Interviewer:** she is also doing her part

**Respondent:** yes

**Interviewer:** so do you have a professional qualification? Like an accountant or a certified accountant for this role?

**Respondent:** I have a university degree in Accounting and Finance. I am having ACCA level 2. I wanted to do the ACCA level 3 but because the pound is rising…

**Interviewer:** it will cost you more

**Respondent:** I wanted to continue but as at now I am having the level 2

**Interviewer:** and the university degree. University of Ghana?

**Respondent:** no I did it in UK, honours degree in accounting and then I had the ACCA level 2

**Interviewer:** please which university?

**Respondent:** Dundee University in Scotland

**Interviewer:** the next question, how do you render account to your stakeholders? For the internal or the board level you have prepared financial statements for them. What about rendering accounts to other NGOs. Do you have any NGOs that you work with?

**Respondent:** no, we don’t work with any other…

**Interviewer:** not necessarily working together on projects, for instance if it was like a workplace, they would be like colleagues.

**Respondent:** yeah

**Interviewer:** so you don’t have any kind of relationship with other NGOs

**Respondent:** no
Interviewer: do you render account to the donors? Like your partners, do you render any accounts?

Respondent: personally I don’t report to them

Interviewer: I mean the NGO as a whole

Respondent: I don’t report to them but I give reports to my boss, as I am coming to prepare the accounts, the moment I prepare I give it to my boss and then he will also take it to the board. So they will have a meeting and all the stakeholders…

Interviewer: okay so the board has a meeting with all the donors and beneficiaries

Respondent: yes. At the meeting the social interventions are discussed and the activities of the NGO are reported

Interviewer: have you had any cases of mismanagement or embezzlement with the funds?

Respondent: no, we have a lot of controls in the system. I am not a signatory to the account and my boss is not a signatory to the account. But if we want to undertake some transaction, the administrator will write a memo to church’s account office and they will also scrutinize the transaction and its details before they will write a cheque

Interviewer: do you have any state or a regulatory body that comes to give you certain guidelines to follow for your financial management practices?

Respondent: no we don’t have any regulatory guidelines but to go further, because it is a church based organization so everything is being governed by the presbytery

Interviewer: usually the NGOs are regulated by the Ministry do they provide any management and accounting framework for you?

Respondent: no. because we operate under the church, if you wanted to do anything or change processes unless you go inform the board and the General Overseer

Interviewer: Have you worked for a profit organization before?

Respondent: yes

Interviewer: please what was your role there?
Respondent: I was the finance officer or accounting clerk

Interviewer: do you see any differences in the management systems?

Respondent: the financial management?

Interviewer: yes, what was done in the profit organization that differs from this one?

Respondent: there is a very vast difference. The difference is that, if you look at the capital budgeting aspect that is how we invest or what projects we decide to undertake, it goes through rigorous scrutiny to ensure profitability. Capital budgeting was also continuous before we engage in any investments at all

Interviewer: for profit organisations or for the NGO…

Respondent: I am just comparing them. With respect to capital budgeting, where I was working it is something which is continuous because you always have to sit down and budget and it has to show good investment and so on. Then we look at capital structure that is how the company finances its things by using debt stock or retained earnings or if they go to the stock market. Then with the working capital. That is how they manage the books and daily activities. Then also the liquidity. That is whether the company is liquid enough and can meet all its financial obligations. But here it is not like that. Money from the church has always been the capital. There is nothing like capital structure…

Interviewer: capital budget…

Respondent: Yes. At CA if we need something, I sit down with my boss and discuss and then he goes to the General Overseer or the general secretary then they take it from there. But for the profit making…

Interviewer: they decide the various avenues to raise funds

Respondent: exactly. so profit making organisation had more to do with capital budget, capital structure and working capital
Interviewer: are you able to finance all projects with the generated funds? I think you have answered that already so that will be a no. what is the minimum amount you get? On an average for the inflows

Respondent: you mean the income?

Interviewer: yes, the income. What is the expectation and what is the average you normally receive?

Respondent: we expect three million but normally we get a little over one million Ghana cedis and it falls short. That is why I said that we can’t undertake all projects

Interviewer: because capital falls short…

Respondent: yes. we are not able to meet other development projects but the scholarship is our priority so we channel everything there and when we channel then the money is finished so we are not doing much activities outside that

Interviewer: so the challenges comes down to people defaults…?

Respondent: yes the challenges, all the ICGC assemblies know they are supposed to make payment to central aid…

Interviewer: but you still have defaulters

Respondent: yes. some of them are paying and some of them are not paying. and when the students come calling it puts pressure on us. When they go to the bank, our balance is very low so we have to find… my boss and I will sit down and…

Interviewer: you find ways to solve the issue?

Respondent: yes

Interviewer: but if someone wants to be a donor, do you have certain conditions? A potential donor or partner?
Respondent: our doors are always open to anyone. So if somebody comes… even if the person offers 100 cedis a month over whatever period they choose, we shall accept. Just recently a partner came and paid all his debts which is about 3200 cedis from 2 years ago

Interviewer: the next question is about certain donors imposing restrictions but since it is a FBO I don’t think they can do that

Respondent: no

Interviewer: because some NGOs have donors coming in and dictating what the mandate should be and how they want accountability to be. Does your main mandate change? maybe this year you want to this or that, how often does it change?

Respondent: like I was saying to say…it hasn’t changed but finances has made us to limit to projects but if the finances are coming in and our budget moves to three million and we get the money we can build up our mandate and interventions. but if we don’t, then we have to keep on trying to ensure that atleast our scholarship scheme is covered. So we are persistent with reminding our partners and the assemblies

Interviewer: so what is the day to day financial activity like? Your working capital here, how does that work?

Respondent: day to day financial activity?

Interviewer: yes, your working capital

Respondent: working capital here usually comprises bookkeeping and also taking money to the bank as soon as possible. Then looking at the fees that have to be paid, it is such that we always ensure that we have funds for our students especially during school reopening seasons. Our working capital is such we always have sufficient enough to pay because we know the pressure that comes with reopenings.

Interviewer: you have funds to pay always?

Respondent: yes, we have funds to pay. We try to ensure that the GCB account used for the scholarship always has some funds that can cater for our students.
Interviewer: so with your cash transaction and your banking transaction, how do you handle it? Is it like a combined journal? You combine your cash and your bank transaction or you separate them?

Respondent: you mean the cash and the cheque?

Interviewer: like the cash transaction, do you manage them differently? Have you got the cash day book and the bank aspect?

Respondent: yes, we manage them separately so that at the end of the day I know my inflow, the total cash I received for the month and then the total cheque I have received and all the assets. Let’s say Holy Ghost gave me 50, Christ Temple gave me 1000. Maybe all of them gave me cheque or cash, so at a glance you can see which payment means was used.

Interviewer: so in the disbursement of funds and expenditure, how do you deal with that?

Respondent: disbursement?

Interviewer: yes

Respondent: every month we sit down with the Administrator because she is in charge of the fees. So how much are you paying this month? She tells me and that we are paying for 150 people and I will come here and work for the amount and let’s say it will cost about 20000 or 40000. Then I will go to the bank and check the amount we are having. If it is less, then I will inform the Administrator that this is what we are to pay but this is our bank balance so what are we going to do? From there I will do my part, I will be calling the partners who have not paid to come and pay and the executive director will also go to the General Overseer and they will discuss and he will inform the church’s account office to withdraw from account to supplement our funds.

Interviewer: Is there a particular procedure to get the payment done?

Respondent: you mean for the payment of the school fees?

Interviewer: yes

Respondent: for the payment of the school fees, acquire the list from the administrator, if it is 50 people, calculate how much each costs and the total amount needed then the administrator will write a memo and then send it to the signatories who will sign the cheque and instruct the bank to prepare
bankers’ draft for the students. Cheque is then sent to GCB and then we pick up the prepared drafts for the students. The students are contacted and then the courier services picks up the drafts and delivers to the students for school.

**Interviewer:** what about the day to day expenses? How do you handle that?

**Respondent:** with the day to day expenses, we have the imprest system. Let’s say TNT, we want to buy credit on the office phone, and other miscellaneous expenses we use the imprest and this is kept by myself. We have a maximum balance of 300 cedis. We don’t go beyond 300 cedis for office consumables and any other emergency that might arise. Normally we don’t use cash payment but we pay with cheque for all other major expenses but with the little expenses we use cash.

**Interviewer:** who is in charge of the banking activities? When the cash comes in…

**Respondent:** I am the one

**Interviewer:** so you send it to the bank?

**Respondent:** I send it to the bank

**Interviewer:** how often or as soon as the cash comes…?

**Respondent:** yes, as soon as it comes but if you come and pay close to 5 o’clock then I will have to keep it. But I don’t keep it here. I have to give it to church accounts office, they have a safe and the following day I collect it and I send it to the bank

**Interviewer:** I was going to ask how you meet your short term obligations but with the cash you said should be enough. Next question is on priority and hierarchy of your project but education still stands out. So what are your investment decisions, is there a policy or guidelines that governs the choice of investment?

**Respondent:** if you want to do investment, in the first place I will talk to my boss and he will also talk about it at the board level. When they talk about it at the board level and they agree then we use part of the finances to invest.

**Interviewer:** but there is no policy or a document that you follow?
Respondent: there are document but the document that I am talking about, you will go and get the forms and then you write to them

Interviewer: No, I am talking about central aid documents or policies. When it comes to the investment decision, it is taken solely by the board?

Respondent: yes

Interviewer: There is no document or framework that guides that?

Respondent: no

Interviewer: but usually what type of investment do you go for? Long term or short term

Respondent: yeah we do long term

Interviewer: why long term?

Respondent: Because we want to have more returns on the funds so that when we are cash strapped we can go and take the interest and use it for our needs. Like I was trying to say a short while ago that if she wanted me to pay for 30 people and I calculate the cost and we are looking at about 50000 but we are having 30000, what are we to do? We will discuss with the director who has to seek approval from the board because we cannot do anything without the board. So if the board says we should go and take some amount from the investment income or break the investment then we do so to get funds.

Interviewer: What investment instruments do you utilise?

Respondent: asset management with Republic bank

Interviewer: so just asset management or you have fixed deposits?

Respondent: asset management but we also have fixed deposit with NDK

Interviewer: so just asset management and fixed deposits, no shares?

Respondent: no

Interviewer: no treasury bills? Just those two?
Respondent: yes

Interviewer: so the main reason why you invest is for higher returns

Respondent: yes, so when we have excess we invest for higher returns that we can fall on in the future

Interviewer: what portion of the funds do you invest? What is the source of the investment funds?

Respondent: the amount we invest?

Interviewer: let’s say the donation that comes in, if it is 1000, what portion of the 1000 do you invest? Or the investment is from the Head Office?

Respondent: the investment funds are part of the funds we gain from the local assemblies and our partners.

Interviewer: so you invest a portion?

Respondent: yes, we invest a portion

Interviewer: so what percentage? 10%? 20%?

Respondent: in years were the funds that come in are more than we expected to receive…. sometimes we know we are having more money for the year as compared to previous years, so we invest more

Interviewer: but what percentage of that? On an average

Respondent: on average it will be about 30%. because there will be eventualities, we don’t want to invest too much so that we would not have to break into the investments and reduce our earnings in the future.

Interviewer: but do you only do the investment when there is an excess?

Respondent: yes, when there is an excess and if we would break the investment, then it means there is alternative source of funding or no help from anywhere

Interviewer: but what factors do you consider before investing? Like the risk associated with the investment
**Respondent:** we look at the financial institution whether it has a good standing, their past record or history so they are not likely to collapse in the future. Then we have the board, there are financial experts as part of the board who advise us because they know those institutions better. We can’t just wake up and engage in investments without the advice of the board. Then they will be able to convince the general secretary and the General Overseer to get approval. Before we go for investments, there all these top people have to assess and approve.

**Interviewer:** Okay. So far you have not faced any risk when it comes to these investment?

**Respondent:** No, because of the expertise and the scrutiny, all our investments are secure

**Interviewer:** what are your internal controls?

**Respondent:** internal controls?

**Interviewer:** what measures do you have in place to ensure accountability?

**Respondent:** all payments are done by cheque and those who are signatory to the cheque are not here. They are our top management, even the director himself is not the signatory. So before access to the funds is granted, you have to go…

**Interviewer:** to the top.

**Respondent:** yes. If anything has to be paid for, CA requests and attaches a memo with invoices, then sent to accounts to verify and prepare the cheque, before going to the 3 signatories to sign. If we wanted to buy something like the printer over here. We will attach the invoice and write the memo, it goes to accounts, they will write a cheque, and it goes to the top for signing. On the imprest system the money we receive is 300 cedis. So if we have exhausted it and we want to go in for more or reimbursement, we have to account on how we spent the previous money and they will assess if it was disbursed properly before…

**Interviewer:** before they give you the extra.

**Respondent:** yes. Also, we don’t handle money over here. We only do the imprest. So whenever money comes in, receipts are issued and cash banked as soon as possible. We don’t keep cash around or send money home. If it is 5 o’clock and you can’t deposit it at the bank then you take it to safe and the following day, it is banked.
Interviewer: is there a policy or guideline on this? Is there a document that says that you should do this this way or that way? Or they are just general processes?

Respondent: it is a general guideline for working here

Interviewer: how many people have access to the bank account? The signatories?

Respondent: 3, the Director of Finance and Audit, Director of Administration and the General Secretary

Interviewer: but do they have withdrawal limits? Or it is just open…

Respondent: No. There are no limits for them. They can authorise as many withdrawals but all cheques are filled out but the accounts office with invoices attached so this serves as a check on them too.

Interviewer: how often do you do your internal audit and external audit?

Respondent: annually

Interviewer: the external or for both?

Respondent: we do only external audit

Interviewer: which people are in charge of doing that?

Respondent: we outsource to a company called Fobbies

Interviewer: from Ghana?

Respondent: yes

Interviewer: what are their qualifications? Or because they are external you know that they are well qualified.

Respondent: Yes, they handle all the auditing of the church and its various organisations under it.

Interviewer: in reporting, when you have any errors or omissions, how do you correct those errors?

Respondent: when there is an error… the error might arise from figures. Let’s say 370 then I write 307. So when the receipt goes accounts, they send it back. I take the receipt and clip it to the
duplicate then issue a new one then change what I have recorded and if there is any omission I try and put it there

**Interviewer:** you said you are the only person in the finance team right?

**Respondent:** yes, but the board has established a finance committee. That I will be part of and it will help to ease the pressure.

**Interviewer:** what qualification is required to join the finance team?

**Respondent:** the person needs a professional finance or accounting qualification like ACCA or a degree in either finance or accounting. I have the chance to look at HND syllabus and as compared to the professional and there are differences so an HND holder is not suitable.

**Interviewer:** the independence of the finance aspect. Do you have any external pressures or you are solely independent?

**Respondent:** I am not getting you

**Interviewer:** external pressure in the sense that maybe you have this system or procedure you follow but someone else says no let’s do it this way. Do you have that conflict?

**Respondent:** No external pressure because we have the accounting finance manual that we follow. It outlines how things must be done. If there is anything at all then they have discussed with the finance team or accounting audit

**Interviewer:** the manual was prepared by the board?

**Respondent:** no, it is prepared by the Head office and it is used across all ICGC branches and sub organisations. So I don’t think that’s a form of interference.

**Interviewer:** what major challenges do you face? Apart from the funding? Any other challenges?

**Respondent:** the payments are sometimes… you call the Pastors and they will not pick. Sometimes they will go and pay but they will not send the pay slip back to you so on our system it will tell us that you haven’t paid but you have paid. So when you are calling them, sometimes they get angry. That is the challenge that we are facing
Interviewer: that one has to do with the funding. So you don’t have any other challenges. maybe with the investment?

Respondent: no

Interviewer: the working capital, no challenges as well?

Respondent: No

Interviewer: Is there anything you will like to add that I have not captured in my questions?

Respondent: what I will say is, what I do here when I am preparing the financial statements is that I add the cash flow from previous years… let’s say we are doing it for 2019, so we have 2018 and 2017

Interviewer: so three years

Respondent: so every year we have the previous 2 years.

Interviewer: okay

Respondent: also I ensure that all documents are properly filed and make timely reporting so that information is easily accessible. So that whenever my boss wants it and the information has to be clear and understandable. and also I go beyond the… for example if they say they do deposit but I try to include more information so that it will give you more clearance. Sometimes they will say that they have forgotten certain details so that makes them have confidence in me that I am able to…

Interviewer: for the financial management, I was looking at 4 aspects so is there anything that I have left out that you think… I was looking at your financing decisions, your investments, your working capital and then the internal controls. Is there anything you do that I haven’t captured here in terms of the components of financial management

Respondent: the budgeting but I think you talked about budgeting

Interviewer: yes

Respondent: then I make statistical reports
Interviewer: you said that

Respondent: the statistics of all the payment that have paid. So based on the regions…

Interviewer: in your view, how easy or effective do you think the financial management system of Central aid is? do you think it is effective? Or there are some things that they can add up?

Respondent: it is very effective

Interviewer: no additions?

Respondent: this is an NGO and if it were to be a profit making then you can ask me how we go about debt stock, how we get funding from different avenues but this is an NGO so we don’t have those kind of capital structure.

Interviewer: Okay

Respondent: if the organization is growing then so many things can be added like Management Accountants to undertake, Costing and some controls. If it is growing… but as at now that is how it is. But we are moving from schools and we are opening our wings so many things will be added.

Interviewer: For the funding, the challenge, what do you think can be done?

Respondent: the presbytery will talk to the Pastors and then…

Interviewer: no, you personally what do you think

Respondent: that is what I am suggesting. They should talk to them. We can talk to the General Secretary and he will send a memo or circular to all the Pastors that they should come and pay so that funding will increase

Interviewer: But do you think partnering with the government and other NGOs can make it better? Or because it is a church you don’t think that will work out?

Respondent: they can come on board as partners but we are not going out to look for them. Any assistance from them is welcome.

Interviewer: Thank you very much.
### APPENDIX C: ATLAS.TI OUTPUT

<table>
<thead>
<tr>
<th>CODES</th>
<th>P 1:</th>
<th>P 2:</th>
<th>TOTALS:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cashflow_investment decisions_risks faced_none so far</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Cashflow_portion of funds invested_30%</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Cashflow_source of funds_internal measures to supplement deficits</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Cashflow_source of funds_average inflows__little over GHC1 million</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Cashflow_source of funds_CA day celebrations</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Cashflow_source of funds_CA partners</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Cashflow_source of funds_CA partners_default on payment</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Cashflow_source of funds_CA partners_amount</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Cashflow_source of funds_CA partners_frequency</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Cashflow_source of funds_CA partners_magnitude of default_50% of partners</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Cashflow_source of funds_CA partners_no conditions_personal decision</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Cashflow_source of funds_CA partners_no impositions</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Cashflow_source of funds_CA partners_payment of accrued default amounts</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Cashflow_source of funds_christmas eve service</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Cashflow_source of funds_christmas eve service_magnitude of funds</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Cashflow_source of funds_expected inflows_GHC3 million</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Cashflow_source of funds_frequency of inflows_last Sunday in August</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Cashflow_source of funds_head office subvention</td>
<td>2</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Cashflow_source of funds_local assemblies</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Cashflow_source of funds_local assemblies_2nd offering</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Cashflow_source of funds_measures to increase inflows_relaunch</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Cashflow_source of funds_registration of CA partners</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Cashflow_source of funds_untimely payment</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Cashflow_source of funds_varying avenues_all local assemblies in the country</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Cashflow_source of funds_voluntary payments</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Cashflow_timing of inflows_CA day celebrations</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Cashflow_uses of funds_administrative expenses</td>
<td>2</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Cashflow_uses of funds_allocation of funds for all projects</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Cashflow_uses of funds_educational scholarship</td>
<td>2</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Cashflow_uses of funds_focus on core mandate_education</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Cashflow_uses of funds_invest only when funds are above expected average</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Cashflow_uses of funds_investment decisions</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Cashflow_uses of funds_investment instruments_asset management</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Cashflow_uses of funds_investment instruments_fixed deposits</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Cashflow_uses of funds</td>
<td>limited by insufficient funds</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>----------------------</td>
<td>-------------------------------</td>
<td>----</td>
<td>----</td>
</tr>
<tr>
<td>Cashflow_uses of funds</td>
<td>reason for investment</td>
<td>high returns to supplement inflows</td>
<td>1</td>
</tr>
<tr>
<td>Cashflow_uses of funds</td>
<td>school fees</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Cashflow_uses of funds</td>
<td>types of investment</td>
<td>long term</td>
<td>1</td>
</tr>
<tr>
<td>Challenges</td>
<td>human resource</td>
<td>one mamber finance team</td>
<td>1</td>
</tr>
<tr>
<td>Challenges</td>
<td>major challenge</td>
<td>sources and timing of funds</td>
<td>1</td>
</tr>
<tr>
<td>Challenges</td>
<td>preparation of financial reports</td>
<td>concentrated in the hands of accounts officer</td>
<td>1</td>
</tr>
<tr>
<td>Challenges</td>
<td>source of funds</td>
<td>delays and defaults</td>
<td>0</td>
</tr>
<tr>
<td>Challenges</td>
<td>source of funds</td>
<td>high defaults</td>
<td>1</td>
</tr>
<tr>
<td>Challenges</td>
<td>source of funds</td>
<td>irregularity of inflows</td>
<td>2</td>
</tr>
<tr>
<td>Challenges</td>
<td>source of funds</td>
<td>percentage of default</td>
<td>35%</td>
</tr>
<tr>
<td>Challenges</td>
<td>source of funds</td>
<td>reduction in inflows</td>
<td>2</td>
</tr>
<tr>
<td>Challenges</td>
<td>source of funds</td>
<td>remedies</td>
<td>persistent reminders</td>
</tr>
<tr>
<td>Challenges</td>
<td>sources of funds</td>
<td>internal donors</td>
<td>0</td>
</tr>
<tr>
<td>Challenges</td>
<td>stakeholder accountability</td>
<td>no relationship with parallel NGOs</td>
<td>1</td>
</tr>
<tr>
<td>Challenges</td>
<td>uses of funds</td>
<td>reduction in social intervention</td>
<td>focus now on education</td>
</tr>
<tr>
<td>Challenges</td>
<td>uses of funds</td>
<td>reduction in social interventions</td>
<td>1</td>
</tr>
<tr>
<td>Challenges</td>
<td>uses of funds</td>
<td>reduction in social interventions due high default</td>
<td>1</td>
</tr>
<tr>
<td>Challenges</td>
<td>uses of funds</td>
<td>unable to support all projects</td>
<td>2</td>
</tr>
<tr>
<td>Considerations regarding financial management</td>
<td>choice of investment</td>
<td>approval of board and general overseer</td>
<td>1</td>
</tr>
<tr>
<td>Considerations regarding financial management</td>
<td>choice of investment</td>
<td>board approval</td>
<td>1</td>
</tr>
<tr>
<td>Considerations regarding financial management</td>
<td>choice of investment</td>
<td>expert advice of board members</td>
<td>1</td>
</tr>
<tr>
<td>Considerations regarding financial management</td>
<td>choice of investment</td>
<td>no internal investment policy or guidelines</td>
<td>1</td>
</tr>
<tr>
<td>Considerations regarding financial management</td>
<td>choice of investment</td>
<td>reputation of financial institutions</td>
<td>1</td>
</tr>
<tr>
<td>Considerations regarding financial management</td>
<td>choice of project</td>
<td>communityinteraction</td>
<td>development projects</td>
</tr>
<tr>
<td>Considerations regarding financial management</td>
<td>choice of project</td>
<td>educational scholarships</td>
<td>government intervention</td>
</tr>
<tr>
<td>Considerations regarding financial management</td>
<td>choice of project</td>
<td>inflows</td>
<td>priority education</td>
</tr>
<tr>
<td>Demographics</td>
<td>position</td>
<td>accounts officer</td>
<td>1</td>
</tr>
<tr>
<td>Demographics</td>
<td>position</td>
<td>administrator</td>
<td>0</td>
</tr>
<tr>
<td>Demographics</td>
<td>position</td>
<td>executive director</td>
<td>0</td>
</tr>
<tr>
<td>Demographics_qualification_degree</td>
<td>Dundee university, Scotland</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Effective management blocks_activity based budgeting</td>
<td>allocation of funds for each project</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Effective management blocks_annual external audit</td>
<td>outsourced to a company</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Effective management blocks authorised person</td>
<td>accounts officer</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Effective management blocks_budgeting_activity based budgeting</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Effective management blocks_budgeting_deficits increases in school and WASSCE registration fees</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Effective management blocks_budgeting_execution_deficits</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Effective management blocks_budgeting_financing deficits_head office subventions</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Effective management blocks_finacial reports_frequency_annually</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Effective management blocks_finacial reports_frequency_quarterly</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Effective management blocks_financial reporting_quarterly reports_internal purposes_easier consolidation</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Effective management blocks_internal control_management and accounting manual used by the church and its organisations</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Effective management blocks_internal control_3 signatories to bank account</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Effective management blocks_internal control_annual external audit</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Effective management blocks_internal control_assessment by accounts office</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Effective management blocks_internal control_attaching invoices</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Effective management blocks_internal control_banking cash</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Effective management blocks_internal control_banking or storing cash in safe place</td>
<td>2</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Effective management blocks_internal control_cash payment for only miscellaneous expenses</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Effective management blocks_internal control_cheques require authorisation</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Effective management blocks_internal control_correction of errors and omissions_reissue and attach error</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Effective management blocks_internal control_ease and effectiveness of processes</td>
<td>0</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Effective management blocks_internal control_expenses cannot exceed GHC300</td>
<td>2</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Effective management blocks_internal control_general guidelines are followed</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Effective management blocks_internal control_governed by church's presbytery</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Effective management blocks_internal control_management and accounting manual used by the church and its organisations</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Effective management blocks internal control management and accounting manual subject to improvements</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Effective management blocks internal control mostly cheque payments</td>
<td>2</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Effective management blocks internal control no external pressure follow manual</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Effective management blocks internal control no mismanagement embezzlement</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Effective management blocks internal control no state policy guidelines</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Effective management blocks internal control preparation of memos for all transactions</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Effective management blocks internal control staff qualification ACCA</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Effective management blocks internal control staff qualification ACCA level 2</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Effective management blocks internal control staff qualification at least degree in finance or accounting</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Effective management blocks internal control staff qualification degree in accounting and finance</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Effective management blocks internal control staff qualification degree in finance</td>
<td>0</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Effective management blocks internal control top management 3 signatories</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Effective management blocks internal control top management signatories</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Effective management blocks preparation of annual report closing balance from banks</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Effective management blocks preparation of annual report current assets</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Effective management blocks preparation of annual report current assets cash at bank</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Effective management blocks preparation of annual report current assets cash in hand</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Effective management blocks preparation of annual report current assets excludes debtors because donations are voluntary</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Effective management blocks preparation of annual report current liabilities</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Effective management blocks preparation of annual report current liabilities deferred payment of auditors</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Effective management blocks preparation of annual report fixed asset register</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Effective management blocks preparation of annual report preparation team accounts officer</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Effective management blocks preparation of annual report regional statistical analysis for payment</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Description</td>
<td>Score</td>
<td></td>
<td></td>
</tr>
<tr>
<td>----------------------------------------------------------------------------</td>
<td>-------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Effective management blocks_preparation of annual report_statistical</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>analysis for payments and defaults</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Effective management blocks_preparation of annual report_total amount of</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>headoffice subventions</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Effective management blocks_preparation of annual report_total payment from</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CA donors</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Effective management blocks_preparation of annual report_total payment from</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>local assemblies</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Effective management blocks_preparation of annual report_total value of</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>investments</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Effective management blocks_recordkeeping_assignment of funds _different</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>purposes</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Effective management blocks_recordkeeping_banked cash</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Effective management blocks_recordkeeping_enter into master datasheet</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Effective management blocks_recordkeeping_list of all payees and defaulters</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Effective management blocks_recordkeeping_organising fundraising events</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Effective management blocks_recordkeeping_organising of inflow sources</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Effective management blocks_recordkeeping_receipts for inflows</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Effective management blocks_recordkeeping_receipts for inflows and outflows</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Effective management blocks_recordkeeping_separation of funds raised from</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>events</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Effective management blocks_recordkeeping_software_excel</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial aid_purpose_education</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial procedure_accountability_bankning activities_managed only by</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>authorised persons</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial procedure_accountability_reporting lines</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial procedure_level_of_authority_reporting lines</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial procedure_liquidity_imprest system</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial procedure_role_oversight responsibility</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial procedure_role_report_comilation and briefing the board</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial procedure_separation of transactions_easy identification of all</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>transactions</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial procedure_stakeholder_accountability_CA partners_no influence on</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>financial management</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial procedure_stakeholder_accountability_internal/board level</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>financial reports</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial procedure_stakeholder_accountability_other NGOs/similar</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>organisations_none</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial procedure_stakeholder_accountability_partners and beneficiaries</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>annual meetings with the board</td>
<td>2</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

96
<table>
<thead>
<tr>
<th>Financial procedure</th>
<th>Stakeholder accountability</th>
<th>Regulatory state bodies</th>
<th>No impositions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial procedure</td>
<td>Stakeholder accountability</td>
<td>Regulatory state bodies</td>
<td>No relationship</td>
</tr>
<tr>
<td>Financial procedure</td>
<td>Working capital</td>
<td>Administrative expenses</td>
<td>Imprest system</td>
</tr>
<tr>
<td>Financial procedure</td>
<td>Working capital</td>
<td>Bookkeeping</td>
<td></td>
</tr>
<tr>
<td>Financial procedure</td>
<td>Working capital</td>
<td>Disbursement for projects</td>
<td>Banks issue drafts for students</td>
</tr>
<tr>
<td>Financial procedure</td>
<td>Working capital</td>
<td>Disbursement for projects</td>
<td>Memos to signatories for approval</td>
</tr>
<tr>
<td>Financial procedure</td>
<td>Working capital</td>
<td>Disbursement of projects</td>
<td>Courier services deliver to students</td>
</tr>
<tr>
<td>Financial procedure</td>
<td>Working capital</td>
<td>Disbursement monitoring of funds</td>
<td></td>
</tr>
<tr>
<td>Financial procedure</td>
<td>Working capital</td>
<td>Disbursement reporting deficiencies and acquiring supplements</td>
<td></td>
</tr>
<tr>
<td>Financial procedure</td>
<td>Working capital</td>
<td>Ensuring sufficient emergency funds in account</td>
<td></td>
</tr>
<tr>
<td>Financial procedure</td>
<td>Working capital</td>
<td>Expenses</td>
<td>Imprest balance GHC300</td>
</tr>
<tr>
<td>Financial procedure</td>
<td>Working capital</td>
<td>Issuing receipts and banking cash payments</td>
<td></td>
</tr>
<tr>
<td>Financial procedure</td>
<td>Working capital</td>
<td>Separation of cash and bank transactions</td>
<td></td>
</tr>
<tr>
<td>General comments</td>
<td>Human resource management</td>
<td>Accounts for the future</td>
<td></td>
</tr>
<tr>
<td>General comments</td>
<td>Preparation of reports</td>
<td>Comparison with 2 previous years</td>
<td></td>
</tr>
<tr>
<td>General comments</td>
<td>Sources of funds</td>
<td>Alternative sources are not available to us</td>
<td></td>
</tr>
<tr>
<td>Nature of financial management</td>
<td>Accountability</td>
<td>Bookkeeping</td>
<td>Financial reporting</td>
</tr>
<tr>
<td>Nature of financial management</td>
<td>Efficiency of resources</td>
<td>Inflows and outflows</td>
<td></td>
</tr>
<tr>
<td>Nature of financial management</td>
<td>Financial resource utilisation</td>
<td>Acquisition</td>
<td></td>
</tr>
<tr>
<td>Nature of financial management</td>
<td>Financial resource utilisation</td>
<td>Capital decisions</td>
<td></td>
</tr>
<tr>
<td>Nature of financial management</td>
<td>Financial resource utilisation</td>
<td>Investment</td>
<td></td>
</tr>
<tr>
<td>Nature of financial management</td>
<td>Financial resource utilisation</td>
<td>Resource monitoring</td>
<td></td>
</tr>
<tr>
<td>Nature of role</td>
<td>Administrative role</td>
<td>Paperwork and documentation</td>
<td></td>
</tr>
<tr>
<td>Nature capital structure of CA</td>
<td>Donations and head office subventions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nature differences in financial management</td>
<td>Capital budgeting process</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nature_differences in financial management_capital structure</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>------------------------------------------------------------</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Nature_differences in financial management_liquidity</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Nature_differences in financial management_working capital</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Philosophy_financial aid_needy students</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Proposed solution to funding_development of new fundraising activities</td>
<td>0</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Proposed solution to funding_discusions with donors for timely payments</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Proposed solution to funding_external soliciting</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Proposed solution to funding_no soliciting_partnerships</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Proposed solution to funding_relaunching of CA and its projects</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Type of NGO_nature_FBO</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td><strong>TOTALS:</strong></td>
<td><strong>160</strong></td>
<td><strong>57</strong></td>
<td><strong>217</strong></td>
</tr>
</tbody>
</table>