

**A SURVEY OF FINANCIAL MANAGEMENT PRACTICES ADOPTED BY NON
GOVERNMENTAL ORGANIZATIONS IN KENYA**

BY

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ABSTRACT

The purpose of the study was to investigate the financial management practices adopted by the Non Governmental organizations in Kenya. Given the significant social role played by the NGOs it was imperative to study the financial management practices which have been put in place by the NGOs. A descriptive research was conducted among all the NGOs operating in Kenya. Stratified sampling was used to select 200 NGOs which represented 10% of the target population. A questionnaire was sent to each of the NGOs selected and was collected after two weeks. Only 37 questionnaires were satisfactorily filled and returned.

The study found that the NGOs studied draw their revenues from different sources and they controlled considerable budget which necessitated financial management. All the NGOs used revenues from donors or governments. Only 9% of the NGOs studied generated their own income. The study found that all the organizations were found to prepare annual budgets for all the programs and the operating costs in the organizations. The budgets were found to influence resource mobilization efforts of the NGOs. The study found that the NGOs had adopted risk management measures which include vetting of management, employees, volunteers and other stakeholders they dealt with. The NGOs were found not to be motivated by returns and profit maximization in their financial decision. The financing decision were said to be based on the needs and proposals made by financing partners as well as the nature of the humanitarian crisis. The study found that there were salient differences in the management of NGOs form that of profitable organisations. Financial management in NGOs was found to be unique because of the basic differences between the operation of NGOs and private sectors organizations.

The study recommends that there is need to integrate technological advances into the financial management of the NGOs so as to allow proficiency and efficiency. This would go a long way in improving the standing of the NGOs in the competition for resources from the numerous NGOs. The study also proposes that there is need for the founders/ directors to strengthen corporate governance structure and be willing to put in place financial management systems which will enhance accountability and transparency.