THE IMPACT OF FINANCIAL ACCOUNTABILITY ON THE FINANCIAL SUSTAINABILITY OF NON-GOVERNMENTAL ORGANIZATIONS IN NAIROBI COUNTY

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DECLARATION

This project my unique work and has not been submitted previously to any other University, examination body, or College for an academic award.

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ABSTRACT

Accountability linked to finance has been quite possibly the most dangerous and pervasive issue for organizations globally for quite a while. They informed the basis for this study whose general objective was to examine the impact of financial accountability on the financial sustainability of Non-Governmental Organizations in Kenya. Resource mobilization theory, agency theory and fraud triangle theory guided the research. The investigation applied a research case and investigated all the 251 NGOs operating in Nairobi County due to the convenience of accessibility of the facility. The research relied on primary data gathered by administering a questionnaire that is structured through the Likert measurement scale. The mean score for each characteristic was determined and the standard deviation applied to decipher the respondent's deviation from the mean. Additionally, quantitative data was analyzed through correlation and regression analysis. The outcomes were introduced on recurrence appropriation pie graphs, tables, pie, and bar outlines. The correlation results displayed that financial planning services had a useful remarkable correlation with financial sustainability ($p=0.000$, $r=0.761$), financial management services had a useful and remarkable correlation with financial sustainability ($p=0.000$, $r=0.781$) and management competence had a positive significant correlation with financial sustainability ($p=0.000$, $r=0.714$). Results also showed that financial planning services had a useful and remarkable effect on financial sustainability ($\beta=0.358$, $p=0.000$). In addition, outcomes displayed that financial management services had a useful and remarkable effect on financial sustainability ($\beta=0.565$, $p=0.000$). findings also indicated that management competence had caused a useful and remarkable effect on financial sustainability ($\beta=0.389$, $p=0.000$). The study concluded that financial accountability impacted the financial sustainability of NGOs in Kenya. The research concluded that the impact was positive. The specific aspects of financial accountability that impacted financial sustainability were finance planning services, financial management services and management competence. However, the study concluded that for some aspects had greater impact than others. For instance, financial management practices had the greatest impact, followed by management competence and the financial planning services. the researcher recommends that the management of non-governmental organizations in Kenya should ensure that the hire competent staff who are able to execute laid out plans appropriately. They should be keen to identify staff who have the right skills during the recruitment process. Additionally, they should engage their staff in retraining programs with an aim of keeping them at par with the changes in the NGO world. The study recommends that the same research be carried out aiming on Community Based Organizations (CBOs). This would help to compare the two types of organizations as they have some similarities.

LIST OF ACRONYMS

AED:	Academy for Educational Development
CBO:	Community Based Organization
CDA:	Childhood Development & Aid
DEA:	Data Envelopment Analysis
NGO:	Non-Governmental Organization
REC:	The Regional Environmental Center
SMO:	Social movement organizations
USA:	United States of America
USAID:	United States Agency for International Development

CHAPTER ONE: INTRODUCTION

1.1 Background of the study

Recently, there have been questions on how NGOs are managed and their effectiveness in sustainability and financial accountability. Generally, other than looking at NGOs in particular, financial accountability and sustainability of organizations in the recent past has become a nightmare and thus resulting in organizations either failing or unable to sponsor their day-to-day operations. For instance, when we talk about sustainability, we measure an ability of an organization to meet the stakeholders' requirements and fulfill its objectives. At the same time appealing to the firm's growth, develop and function effectively for an extended period. In addition, the organization should be sustainable financially and adopt strategies that are proper (Obiro, 2006).

Various theories have been developed which have supported the existence and the effects that financial accountability may have on the financial stability of an organization. Remarkably, the Resource Mobilization theory anchors this phenomenon in that organizations work under methodology to harness the mobilization of resources in terms of assets and other resources to ensure that they exploit the less developed aspects of the organization. Further, the Fraud Theory works with every organization to ensure that they can detect and outdo any loopholes in their financial operations. Further, shareholders employ representatives known as the managers to oversee the functionality of an organization and be held accountable for all the actions and the going concern of the organization.

In a study by Karanja & Karuti (2014), they found out that organizations fail in their long-term strategy due to a failure in their financial accountability hence its questionable sustainability. Further, the researchers found out that the two terms, sustainability, and accountability must function together to ensure that the organizational performance is remarkable. The NGOs are not an exception in this scenario. In recent past trends, it has been evident that since individuals manage these NGOs, they might also be on the verge of the same tribulations as the other organizations (Karanja & Karuti, 2014).

1.1.1 Financial accountability in Non-Governmental Organizations

This is the need to gives the details of the parties both out the association. This method involved with distinguishing, estimating, and imparting monetary information to enable informed and objective decisions to be put place. Responsibility alludes to the last liability concerning the disappointments or achievement of an association (Viswesvaran, 2006). This final liability is normally with the administering department, that appoints this capacity to the Chief Executive. Obligation is a critical requirement for better management. Administrative establishments, the private area, and common society associations should be obliged to the general population and partners of institution.

Monetary responsibility and accountability give NGOs reliability and trustworthy, adds to their standing, and adds to their manageability. Great monetary duties inhibit the lack of representation and awkward (Viswesvaran, 2006). The monetary responsibility is a significant part of gathering pledges for non-administrative associations to manage the organization donors of the funds, record expenses, and refresh the people who support the association. An association or an organization is answerable to the people that will influence its decision and actions. Since NGOs get a large portion of their subsidizing from the charity, duty for NGOs is ordinarily to the contributors, the recipients, the workers, and different partners (Wells, 2003).

Monetary duties combines monetary investigation and detailing the nature, recurrence as well as monetary purpose revealing, reviewing, analysis and translation of monetary accomplishment; Responsibility of working capital non-monetary and strategies for capital task assessment, rate of obstacle venture assurance and dealing with vulnerability and hazard in this specific circumstance; monetary design responsibility monetary affect, bookkeeping to banks, details on sources and use of money, non-monetary and monetary contemplations in monetary construction options and non-monetary and monetary contemplations in benefit dissemination options; responsibility of finance of mastery formal and casual schooling, making them ready and experience in monetary responsibility, important capabilities, and in general monetary responsibility to the organization itself (Kanyinga and Mitullah, 2007).

A clear-cut financial responsibility and accountability structure fills in as the establishment for setting up compelling monetary cycles. Responsibility is formally appointed from an administration bunch, like guides or individuals with designated power to a particular person. An individual responsible for finishing a key control method may, as the arrangement permits, relegate the obligation, however not the responsibility, for furnishing the system to one more persons who meet the standards (Lin, Hwang, and Becker, 2003).

Responsibility of finance lets you know what arrangements your board ought to embrace or has taken on to attain their organization's obligation and guarantee that the association they oversee is monetarily strong. They would then consider the people who deal with the association and carry out these arrangements. Strategy regions covered: funds, financial plans, resource assurance, and significant dangers (Lee, Ali, and Kandasamy, 2008). Kingoro and Bujra (2009) found that monetary responsibility had been possibly the most hazardous for businesses worldwide for quite some time. An increment in monetary misappropriation and the quantity of corporate outrages significantly affects understanding and dissecting monetary responsibility and, thus, the review of something very similar and its guideline. Since NGOs are given large portion of finances from contributors, duties for NGOs are normally to the benefactors, the recipients, the representatives, and different partners (Wells, 2003).

1.1.2 Financial Sustainability

Sustainability alludes to a proportion of an association's capacity to satisfy its needs and meet the partners' expectations. It involves the capacity of the firm to successfully develop, create and work viably for a significant stretch. Appropriate systems that cover establishments, gathering pledges, and support are required for associations to be monetarily economical. Maintainability in associations is ordered into three principal distinctions: monetary sustainability, organization manageability, and maintainability in providing the services (Johnson and Scholes, 2007).

Monetary sustainability is vital to the endurance of an association. Bowman (2011) characterizes monetary sustainability in a Non-Governmental Organization (NGO) as the capacity to keep up with monetary limits throughout. Renz and David (2010) characterize monetary manageability as the capacity of an NGO to foster a scope of assets to proceed with its operations for the unforeseeable future in case of a donor/financial loss/withdrawal.

Monetary sustainability is significant for the drawn-out endurance and adequacy, all things considered (Dresner, 2002). The test is how to accomplish such degrees of monetary sustainability. The monetary maintainability of an NGO relies upon its capacity to source financing, particularly from benefactor offices (Guruprasad et al., 2013). Major NGOs on the planet have fallen because of financing difficulties. For instance, a significant British NGO (Childhood Development and Aid (CDA)) fell in 2002 because of poor monetary administration (The Regional Environmental Center (REC), 2006). The overall stores were negative for quite a long time. The association depended on confined awards, which implied that pay vacillated an incredible arrangement (falling by practically half somewhere in the range of 2000 and 2001). Another significant NGO that stopped operations was a significant American NGO, Academy for Educational Development (AED). The NGO experienced monetary issues in December 2010 after USAID suspended its financing to AED on account of corporate wrongdoing, reserves blunder, and absence of interior controls (Hedgpeth and Boak, 2011). Notwithstanding leading major tasks on the planet for more than 50 years, AED imploded in under 90 days after USAID's withdrawal.

Monetary sustainability has a significant test for NGO. Alymkulova and Seipulnik (2005) express that NGOs in Central Asia can't support and back their operations. They accumulate the monetary unreasonableness of the NGOs to diminish contributor financing, diminished designations for the area, benefactors’ center around new business sectors. Thus, the amounts expected for social projects diminishes. There is a need to differentiate pay to stay relevant monetarily. Renz (2010) detailed that 52% of NGOs in the USA experienced slices in financing because of the country's monetary slump. NGOs in the nation experienced monetary hardships due to cuts on government and state assets to NGOs. Akingbola (2004) showed that the neighborhood NGOs face monetary difficulties in Canada, making a portion of the associations stop operations.

In NGOs, monetary sustainability estimates their independence and capacity to achieve the monetary commitments and asset usage in satisfying its missions while serving the partners' requirements (Karanja and Karuti, 2014). This is advanced from both an expansive base and interdisciplinary methodology in guaranteeing that the firm remains relevant and current spending doesn't prevent people in the future's spending (Pearce and Robinson, 2003). For the NGOs to stay practical, sound monetary administration, solid monetary sources, and monetary responsibility are fundamental to work with expanded money inflows, projections, and market advancements (Nturibi, 2004).

Legitimate administration guidelines, administrative information, and abilities are additionally needed for the associations to be reasonable (Ganesh, Swami, and Shaik, 2015). The association's monetary sustainability has been compared to the monetary strength of the company and position. When maintainability isn't achieved, it keeps the firm from drawing in more subsidizing or expanding income age (Anthony and Young, 2003). The monetary maintainability might be estimated utilizing Liquidity, total compensation, and the company's dissolvability (Karanja and Karuti, 2014).

1.1.3 Non-Governmental Organizations in Kenya

They allude to an affiliation, society, establishment, altruistic trust, charitable partnership, or any other juridical individual that isn't respected under the specific general set of laws as a component of the administrative area and that isn't worked for benefit. Viz., if any benefits are acquired, they are not and can't be disseminated accordingly. It typically does exclude worker's guilds, ideological groups, benefit circulating cooperatives, or chapels, which are normally managed under independent enactment (The International Journal of Not-revenue driven Law, 2009)

The NGOs exist in different forms depending on the areas of operation and purpose of the operation. The different forms include society registration, trust registration, and company registration. Similarly, these NGOs are grouped into different forms. These include the operational form of NGOs and the advocacy form of NGOs. The operational form only works with the actualization of projects funded by either donors or community initiatives.

In contrast, advocacy NGOs works with the actualization or implementation of certain life causes. However, from observation, we realize that most major and big NGOs combine both the operational form and the advocacy form. However, this does not mean that they are on both, but they incline one of the forms in the long run.

The Non-governmental organizations mainly focus on creating benefits whose focus is on public interest, promotion of research, social welfare, or development in various areas, including health, education, and agriculture. As a result, NGOs with good and stable systems of accountability of finance can in turn have flow of income that stable to allow them to meet their many missions and carry out actions according to the present problem (Anthony & Young, 2003).

The role played by these organizations in the service delivery includes social welfare initiatives, health, education, and social aid in third world nations like Kenya. Hence, their sustainability of finance is recognized Also, NGOs assist with making public mindfulness on significant matters of interest, like observing the exercises of the public authority and different elements to assist the local area (Goddard and Assad 2006). To accomplish the expected goals, NGOs should be straightforward, responsible, and work with the most significant level of uprightness. This is since monetary responsibility instruments utilized by NGOs in conveying advancement destinations influence the adequacy of the associations' undertakings (Agyemang, Awumbila, Unerman and Dwyer, 2009).

NGOs in Kenya assume significant parts in different regions, including social, political, monetary, agribusiness, and social events. NGOs are key to public and private advancement in association with the nation's offices and different state divisions. They partake in various advantages, like waivers and duty exceptions (Karanja and Karuti, 2014). The NGOs, subsequently because of the job in changes, are viewed as pivotal specialists in support and add by, and large discoursed in approach just as the advancement of the prosperity of the residents. Nonetheless, the NGOs in Kenya have been portrayed as having helpless relations with the residents, achieved by political, recorded, and social issues (Ebrahim &Kasturi, 2010).

1.2 Research problem

Accountability linked to finance has been quite possibly the most dangerous and pervasive issue for organizations globally for quite a while; in any case, there has been considerably more consideration and examination committed to the subject after the outrages like Enron, WorldCom, and others. The 5thGlobal Economic Crime Survey performed by PwC (2009) reports that extortion stays an inescapable business hazard, and pretty much every firm is dependent upon word-related misrepresentation in their daily business, prompting colossal misfortunes for business and society. An expansion in monetary misuse and the number of corporate outrages critically affected agreement and breaking down monetary responsibility and, like this, on the review of something very similar and its guideline.

A few examinations have been done on the supportability of NGOs. Researchers like Mitullah (2007) agree that monetary maintainability remains one of the major difficulties that nearby NGOs face and will keep looking in the following decade. Mitullah (2007) tracked down that just 6.2% of the NGOs in Kenya were monetarily reasonable. This makes the need to quantify monetary supportability and list the drivers of manageability in nearby NGOs and Kenya. Neighborhood studies have been done on NGOs in Kenya. Mitullah (2007) contemplated the variables impacting practical financing of Sisters Maternity Home in Garissa, Kenya, and found that the board's, age of own pay, and government support influenced the manageable subsidizing of Sisters Maternity Home. Mitullah (2007) concentrated on the systems took on by non-legislative associations in Kenya to increment monetary supportability tracked down that vital monetary administration, inward monetary subsidizing, key collisions, and association structure added to NGOs' monetary maintainability in Kenya.

From a global view, leave alone the NGOs, fraud, and funds management scams have become an eminent business risk. Further, studies conducted by PWC and other consulting and research firms have dwelt much on the matter of stability of finance and have neglected the matter of financial sustainability and financial accountability among organizations. Further, these organizations include NGOs since we assume that they are managed by managers/people prone to the same "outbreak." With a comparative view of these two aspects, this research aims to find a way to address these aspects and ensure that organizations globally, and especially NGOs, operate optimally with fewer financial hitches to support their daily operations.

Further, the study aims to understand NGOs malpractices linked to finance financial management and their effect on the ability to raise funds and deliver on their mandate. This is considering the various issues listed above informed by the research on organizations and NGOs' financial accountability and sustainability. Thus, this study sought to examine what is the impact of financial accountability on the financial sustainability of NGOs in Kenya?

1.3 Objectives of the Study

The general objective of this study was to examine the impact of financial accountability on the financial sustainability of Non-Governmental Organizations in Kenya.

1.4 Value of the study

The research will draw significance in the way it gives knowledge that is new in finance and accounting regarding the NGOs, as it gives variety in the many means that are efficient of control mechanism for finance, presenting the cogency of using this working means. For instance, it will give the research will give finance managers insights on the importance of keeping updated reports. The research will also inform the finance managers on the importance of following the recommended accounting standards.

The research results can aid NGOs improve their capability to come up with mechanisms to enhance the report of finance and its quality and ensure their sustainability. This will be done by effecting better ways to manage the funds and having transparent means to handle funds in the organizations through recommendations made by this study from the study findings.

The results will also provide insights to the management of NGOs on the need to come up with strategies of generating income other than depending on donor funding alone. This research will also give them insights on why it is important to work with outlined budgets while maintaining expenditure at the minimum.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This segment highlights a literature review on the effect of financial accountability on the financial sustainability of NGOs. In addition, this section identifies the study gaps between previous studies and the current research.

2.2 Theoretical Review

Resource mobilization theory, Fraud Triangle Theory and agency theory guided the study. They are linked to efficiency and accountability of finance.

2.2.1 Resource Mobilization Theory

Based on this this, the NGO's job is to bridle the estranged energies, draw in cash and allies, catch the media's consideration, produce unions with people with significant influence, and make a hierarchical construction. The hypothesis perceives that asset needed by NGOs as "cash" are the main ones. Without this asset, NGOs can't initiate different assets in the office/local area. A market-situated economy like Kenya is the money-related asset that decides other assets' extension or compression. This hypothesis expects that social developments can't be successful without such assets, and further, that contradict alone isn't sufficient to cause any friendly change (Kendall 2006).

Assembly frames swarms, gatherings, affiliations, and associations to seek after aggregate objectives (Kendall, 2006). Associations don't precipitously arise yet require the activation of assets. Mobilization of asset is a hypothesis linked to sociology that structures part of the investigation of social developments. It focuses on the capacity of development's individuals to get assets and activate individuals towards facilitating their objectives. Kendall (2006), as opposed to the conventional aggregate conduct worldview that sees social developments as freak deviations, asset activation - which arose in the1970s- - sees social developments as framed by levelheaded social establishments and social entertainers making a political move (Kendall, 2006).

This hypothesis depends on the understanding that people are sane. Likewise, it sees social developments as an objective arranged action. In this manner, following the sane decision hypothesis, people are seen as gauging the expenses and advantages of development investment and choosing to act provided that advantages offset costs. At the point when development objectives appear as open products, the free-rider predicament must be thought of. The association is a higher priority than the procurement of assets or assets themselves. The association centers around communications between friendly development associations (SMOs) and different associations (other SMOs, organizations, governments, and so forth)

Resource Mobilization hypothesis expresses that the innovative model mixes financial matters and association hypothesis to represent aggregate activity. It contends that complaints are sufficiently not to prompt development production and second thought that admittance to and power over assets is the main factor. This model expresses that the laws of market interest can best clarify the progression of assets from and towards the gathering. The judicious decision hypothesis represents individual or gathering association (or deficiency in that department) (Kendall, 2006).

2.2.2 Fraud Triangle Theory

It states the requirements and intentions that lead to one submitting lack of representation and, subsequently, illuminating on forestalling extortion. As per Ernst and Young (2009), the issue of misrepresentation is trans-fundamental. It is available in all bodies communism, free enterprise, feudalism, and colonialism. It impacts all societal classes, relationships of nations, republics, and government. In all situations in fighting and harmony; all age gatherings

Misrepresentation is one of the top worries for corporate leaders. Numerous late associations have confronted corporate outrages because of misrepresentation, allowing the chiefs face the results of huge fines and jail time (Ernst and Young 2009). The term extortion can likewise be characterized as the deception of realities, the motivation behind convincing one more party to act such that makes injury or harm that party. The variables that push a common individual to submit extortion incorporate freedom, inspiration, and defense (Harrison et al., 2011). On the off chance that an individual has every one of the three fixings, inspiration, chance, and justification, a high chance to submit extortion exists (Harrison et al., 2011). From these three elements, inspiration and chance is something the association can influence.

These two are straightforwardly affected by the professional workplace and by the board. The chance can emerge from the absence of control and security inside the organization. Requests of higher income can make inspiration or pressure or emerge from the organization's top. A tone that puts an impropriate accentuation on monetary outcomes or stock cost might convey that compromising is OK. (Ernst and Young 2009). Justification is, to a greater degree, a mental factor, which emerges from inside the individual. By excusing the deceitful conduct, the individual submitting the extortion guarantees them that it is adequate to do as such. To give a model, an individual could excuse taking cash, as "I have consistently buckled down, like this I merit it," along these lines, an individual causes the demonstration to feel as though it was advocated. (Harrison et al., 2011).

The normal kinds of corporate extortion are misappropriation of resources, false monetary revealing, and blasphemy. From that point, the first referenced is the most widely recognized. Resource misappropriation represented 88.7% of the episodes announced, debasement 27.4%, and fake monetary revealing represented 10.3% of occurrences, which was the most un-incessant type of word-related misrepresentation (Ernst and Young 2009). Adeoti (1996) moved toward the issue according to the anticipation perspective and specified that that the cheapest best way to deal with forestalling extortion is a precautionary measure. Cherrington (1981), as cited by Adeoti, recommended a three-pronged assault on workers" misrepresentation, to be specific: - Elimination of strain to submit extortion - Elimination of freedoms to submit extortion and - Increasing individual uprightness.

2.2.3. Agency Theory

The hypothesis is related to Fama and Jenson (1983). It expects that there exists a struggle between the board and the administrators. Consequently, it is simply the board's errand to regulate the intrigued conduct of the executives to get investor desire. It infers that since board individuals' inclinations are lined up with investors, they will act principally to serve investors. Accordingly, certain motivators should be given to board individuals (normally stock proprietorship). Also, board individuals ought to be kept far from the administration; there can be no "insiders." Insiders are commonly those with critical connections to the executives, like previous or current association chiefs.

In NGOs, office hypothesis suggestions may be disclosed by adherence to mission or reason. Lawfully, NGOs are answerable for satisfying an obligation of submission, which successfully implies that the chiefs are liable for guaranteeing that the association understands its public obligation as uncovered in its hierarchical mission (Sasso 2003). The sheets keep the association from engaging in exercises not within their ordinances or resolutions. This way, the sheets ought not to be concerned absolutely about monetary execution however principally about following the social reasoning for the association "s presence. The board settles on essential choices for the future, yet it ought to likewise know about the recorded priority of the association and its justification behind being.

Sasso (2003) states that Agency hypothesis logical measurement reflects the board "s work as an administrator. This measurement focuses on the meaning of regarding recorded priority in the mission heading of the association. The board is relied upon to investigate all parts of the association "s working climate to interface dynamic to the authoritative mission effectively. The logical measurement is only one component of the administering capacity proposed by the office hypothesis for corporate administration. However, it is the interesting capacity inside this hypothetical structure on account of the NGO sheets.

2.3 Determinates of financial sustainability

2.3.1 Liquidity

Liquidity implies a position in a firm can quickly change its assets into cash anytime. Assets that are liquid can be easily converted into cash as required to get the unmet obligations linked to finance (Tarek, 2016). Investors apply liquidity to examine the value of the stock of an organization and thus required for the management of liquidity is rational. Always, the profitability of most companies is affected by actions adopted to make sure there is acceptable control of liquidity. This has caused a situation whereby a company prefer effective and good procedures in the liquidity direction (Adebayo, 2011). The position of liquidity of a company can impact its financial health and everything (Mehta, 2012). The position of liquidity is thus very important part of performance of a company. Agbada and Osuji (2013) stated that management of liquidity pays attention restraining in an organized manner from the market of releasing to the circulation demand for the liquidity that corresponds with the levels that are desired on the reserve of short term. Inadequate control of liquidity exposes the company to the risk of liquidity, that can affect its performance as well as sustainability.

2.3.2 Financial Investment

This all about a firm taking part in economic practices that aims at enhancing its revenue. When a company takes part in investment of finance, this assist in strengthening the company (Ogalo, 2011). Taking part in investments that are sustainable enhances the values of the company to create opportunities and therefore helping it to mature and market itself (Beld, 2014). Investments of finance assists a company to get more income that are changed into ventures of investment that include acquisition of assets.

2.3.3 Management of Financial Risk

Risk management deals with the company taking part in economic practices that aims at getting more revenues. When a company takes part in investment of finance, this assist to strengthen the company (Yossi, 2009). It works with presenting and reducing any loopholes in the whole procedure of implementation of the project. (Jeppesen, 2010). Risks linked to finance are important menace to the company. Thus careful control of risk of finance is important for the alleviation and avoidance of losses. When risks are cautiously known before it matures and curbed timely, a company can evade wastage that is not necessary and improve effectiveness by strategies of cutting the cost that helps to avoid expenses that not helpful (Henriksen & Uhlenfeldt, 2006). These costs can impact use of the resources and the outputs from the resources that are limited in achieving the growing demand (Hommen & Rolfstam, 2009).

2.4 Empirical Literature Review

Earlier examinations have been directed to analyze the impacts of monetary responsibility on the presentation of non-administrative associations in Kenya. In the first place, it is helpful for this review to arrange them concerning their idea, extension, approach, and discoveries. This review squeezes into the structure of these examinations and adds to surviving writing.

Jones (2009) likewise led a review on how monetary responsibility can be compelling and presumed that move ought to be made upon foundations, delivering deficient monetary responsibility (Abdooulaye, Rohaida, and Mohammed, 2018). There might be a working monetary framework, yet the results might, be one-sided against the poor because of data imbalances of social polarization. In addition, the wide scope of quotes indicates a lack of monetary duties in these tasks while also stirring up the importance asking what the community benefits from.

Goodwin (2014) used a strategy of experiment to evaluate the handiness of the report that is annual as a duty. They examined report done annually as an instrument of responsibility. They examined the annual report of the Chief Constable for a considerable length of time. He found that for the annual reports to be reliable means by which authority is thought to be answerable, it should have further developed effectiveness measures.

Goodwin (2014) further tracked down those monetary reports should display some features that assist their partners, and these include, practicality, dependability, practicality and pertinence. Be that as it may, the managers who reveal financials probably won't do as appropriately whenever left to their gadgets. In this manner, non-legislative associations should plan a structure to propel their legitimate to carry out. The review reasoned that law makers and managers of strategy are "directors" who delegate the assignment of authentic execution of strategy to subordinates or "specialists."

Michela et al. (2015), in their study about responsibility at the monetary level, discovered that, at the limit, some choices that make senses experts state that specialists will tend to "avoid" the execution task, "undermine" the objectives of the arrangement of their chiefs to additional the specialists" own motivations, and even "take” any assets of program they possess.

Hommen and Rolfstam (2009) studied three customers collecting to unveil what they required in reports of monetary. Their review showed that incorporating execution data (five or ten-year pattern) was alluring and would discover more presentation within NGO area associations.

In a review directed by Atieno and Kiganda (2020) to set up the connection between monetary responsibility and monetary maintainability, the specialists found a strong positive linkage between execution of monetary and duties. Nonetheless, the bungle and stealing of properties by top managers of the non-legislative associations had added to helpless NGO's presentation. The review noticed that financial plan detailing frameworks had been set up with the representing NGO consumptions and data on execution for use by implementers, supervisors, and people who make laws. The discoveries clarified that responsibility linked to monetary worked on monetary execution; the objective of monetary responsibility was to develop execution further, not to fault and convey disciplines.

Kahavizakiriza, Kisiangani, and Wanyonyi (2015), additionally repeated this view when utilizing the substance examination method to break down 18 government organizations' yearly reports. Their review discovered that the revelation for the duty as an evidence of being responsible to the participants on purpose of execution being produced an identification of being insufficient. Mitullah (2007) additionally upheld the above outcomes when they checked that presentation data notwithstanding fiscal summaries was of more significance. As indicated by Mitullah (2007), the low quality of monetary reports extraordinarily lessens the nature of NGOs. Then again, quality data is lucid, dependable, similar, reliable, complete, convenient, choice helpful, open, and practical. Subsequently, the respectability of the charitable area is served best in case NGOs are responsible.

Kaguri (2014), in his review, inferred that compelling monetary responsibility to non-administrative associations necessitates that staff of NGO help their areas of expertise using their activities, appeal, and data. The investigation likewise discovered that viable and valuable monetary responsibility measures should be unambiguous, either monotonically expanding or diminishing expenses or advantages. Further, Abdooulaye, Rohaida, and Mohammed (2018) reasoned that the non-administrative association's monetary interaction should be completely archived to guarantee monetary responsibility.

As Muttaqin and Mulyasari (2018), supportability and responsibility were important for monetary reports to be pertinent. Monetary reports ought to have esteem in solving and examining decisions regarding dispensing scant assets and evaluating the delivery of duties by the provider. The reports ought to be dependable as clients apply them for motion. Dependability implies that the information is obtained from blunder and predisposition and loyally addresses what it shows to address. Understandability is the capability of customers to know better the reports of monetary. This will rely to some extent on their capacities and to some level on how the information is presented. The idealness of reports of monetary is pivotal because applicable and dependable reports might be delivered immaterial if there is an unnecessary deferral in introducing them.

2.5 Conceptual framework

Various aspects of financial accountability and financial sustainability in organizations have to date meant for the direction an organization takes in terms of success and failure. Further, financial mismanagement and various accountability issues have led to many organizations getting to their knees to revive themselves back to their working capability. Financial managers in NGOs take the role of overseeing the operations of the organizations in terms of finances. They offer financial advisory to the organization management for effective and sound decisions to run efficiently and limit any form of financial malpractices. Further, the management competence of an organization, financial management practices within the organization, and any form of financial malpractices determine whether an organization will be financially sustainable in the future.

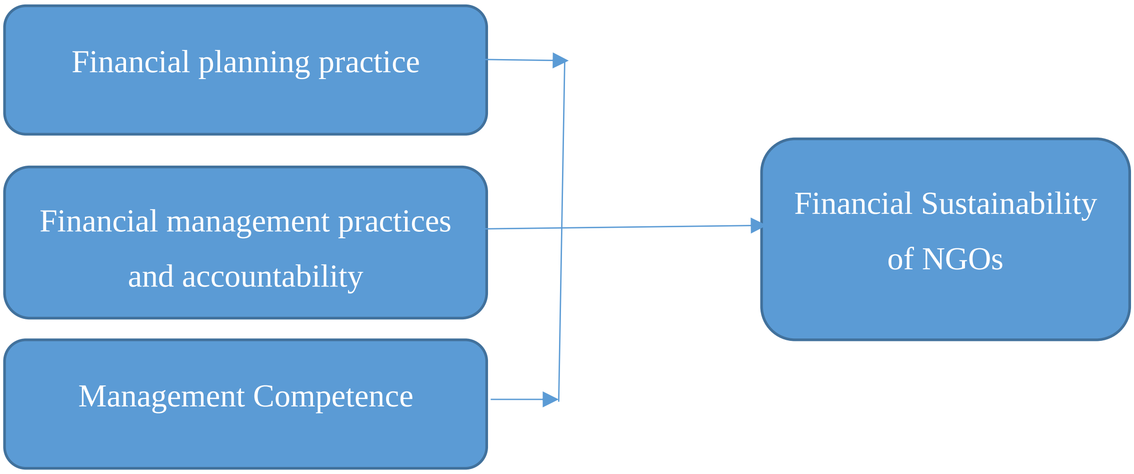

Figure 1.1: Conceptual framework (source: Author 2021)

2.6 Summary of Literature Review

Numerous specialists have inspected the connection between the assortment of monetary responsibility instruments and firm monetary strength. In light of the exact examinations accumulated, there have been contradicting discoveries on the connection between monetary responsibility and NGO manageability. Different researchers reason that monetary responsibility impacts association manageability.

From the above investigation, it is clear that the above researchers failed to bridge the gap between monetary obligation and monetary as maintainability of the NGO area. Also, the text about the review determinants is for the public area. Accordingly, this review will give revelation that will generally affirm this writing and, bridge the gap between the review determinants that add to NGOs' monetary maintainability. Also, factors like pay broadening, monetary administration and the executives' skill will be taken a gander at to decide the Impact on NGO maintainability as far as accounts.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This research aims at establishing the effect of financial accountability on the financial stability of NGOs. This section explains the technique used in doing the research, including the design of study, population that is targeted, sampling design and sample size, techniques of gathering the relevant data, process of examining the data, and data validity and reliability.

3.2 Research Design

The investigation applied a research case. This focused majorly on the NGOs within Nairobi County. Exploratory studies are conducted in cases when there is no such previous study. The researcher used this kind of design for various reasons. The study established if the problem existed and to what extent. The study aimed at studying a phenomenon that could change over time. Further, it was conducted without prior assumptions and expectations. Following the study, the only documented literature available shows the sustainability aspect of the organizations and leaves out the accountability aspect that impacts the financial sustainability of the NGOs.

3.3 Population of the Study

This investigation targeted all the NGOs working in Nairobi County due to the convenience of accessibility of the facility. Further, the population consisted of all the Finance Managers of all NGOs registered and operating in the County. The choosing of Nairobi County was due to the fact that the analysts had examined from Obiro (2006) that it has a comparatively high number of NGOs working nearby, including local and international NGOs working in the sectors of governance. Based on the NGO board (2019), 251 NGOs sector are in Nairobi County.

3.4 Data Collection Technique

The research depended on primary data gathered by administering a questionnaire that is structured through the Likert measurement scale. It was portioned into three parts. part A pursued detail on the background of the company. Part B pursued details on accountability of finance that were useful to this research. Finally, part C pursued details on the efficiency of the company. A sample of the questionnaire is in appendix I.

3.5 Validity and Reliability

3.5.1 Validity of Research Instruments

This is the approximate truth of an inference (Golafshani, 2013). Study instrument is said to be valid on the off chance that it estimates what it should gauge. Validity is how much the instrument utilized estimates what it is planned to quantify. To guarantee the validity, the specialist utilized substance legitimacy, which relates to how much the instrument completely gauges the build of intrigue. The respondents in the pilot test were requested to be careful on any duplication of statements they are supposed to answer, lucid they are. This made sure that validity of the study instrument before it is applied in the actual research (Cooper & Schindler, 2018). After pilot testing, the questionnaire was modified.

3.5.2 Reliability of Research Instruments

This specifies the firmness and dependability with which the data collection instrument moderates the concept (Cooper &Schindler, 2018). It moderates the rate at which a study instrument gives findings that are consistent a series of trials (Mugenda & Mugenda, 2008). To ensure reliability, the investigator used Cronbach Alpha. Cronbach alpha is the basic formula for investigating reliability based on the consistency that is internal (Marshall & Rossman, 2014). The four variables' reliability values exceeded the prescribed threshold of 0.7 used in this research as Amin (2015) suggested as the level that is minimum for the loading of item. Higher alpha coefficient values implied that that there is uniformity among the given articles in moderating the ideas of interest. The reliability threshold value was recommended at 0.7.

3.6 Data Analysis Technique

Examination of information was carried out to address the exploration problem of this review. Information gathered was arranged, characterized, and coded, then classified for simplicity of investigation. The information was summed up and arranged by normal subjects. The SPSS (variant 21) PC programming helped the investigation as it was easier to understand and generally fitting for examination of the executive's related attitudinal reactions (Newton & Jeonghun, 2010). Elucidating measurements was utilized to break down the information. The mean score for each characteristic was determined and the standard deviation applied to decipher the respondent's deviation from the mean. The outcomes were introduced on recurrence appropriation pie graphs, tables, pie, and bar outlines. Here the interest was zero in on the recurrence of event across characteristics of moderations.

3.6.1 Measurement of Variables

In this review, the estimation of factors was carried out exclusively. This review had three principle-free factors and one ward factor. The autonomous determinant was financial planning practices, financial practices of management and management competence, while the reliant determinant was the NGO's financial sustainability. The analyst utilized a 5-point Likert scale for all factors that the participants were approached to pick elective reactions going from "firmly differ to "unequivocally concur."

3.6.2 Regression Analysis

Quantitative data was analyzed through correlation and regression analysis. A multiple linear regression model was applied to examine qualitative data to show the effect of independent and dependent variables as follows:

$Y = \beta 0 + \beta 1\ (X1) + \beta 2\ (X2) + \beta 3\ (X3) + \varepsilon$

Where;

$\beta 0$ = Constant Performance with zero financial accountability.

1 - 4 = Coefficient of Variation

X_1= Financial planning practices

X_2 = Financial management practices

X_3= Management competence

ε = other factors

The data was entered into the (SPSS) and examined through descriptive, correlation, and regression analyses.

3.7 Data Reliability and Validity

Information dependability was kept up with by having participants who are superior in the individual associations. The scientist followed the compatibility of data gave, and when the data is negating, an explanation was looked for, additional working on the level of exactness. What's more, the poll was straightforward, and with ranking directors being the designated respondents, the information was more exact. A large portion of the inquiries was shut finished; consequently, information gathered was not difficult to dissect.

CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSIONS

4.1 Introduction

This segment highlighted demographic features, descriptive statistics, correlation and regression analysis. Results were shown in diagrams and tables.

4.1 Response Rate

251 questionnaires were distributed. Findings are as shown in Table 4.1.

Table 4.1: Response Rate

Response	Frequency	Percent
Returned	215	85.7%
Unreturned	36	14.3%
Total	**251**	**100%**

Findings demonstrated that two hundred and fifteen questionnaires were given out and answered and returned. This reflects a rate of response of 85.7% that is suitable for this study as it was above 50% (Mugenda & Mugenda, 2003).

4.2 Demographic Characteristics

This part consisted of details that explains the most important features like education level, age, and gender.

4.2.1 Gender

Figure 4.1 highlights the results on the gender of the finance managers at the NGOs.

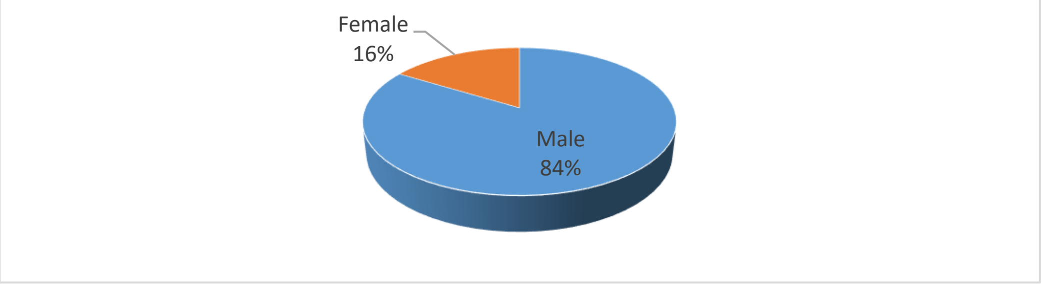

Figure 4.1: Gender

The outcomes displayed that 84% of the respondents were male while 16% were female.

4.2.2 Age

Figure 4.2 indicates the results on the age of the finance managers at the NGOs.

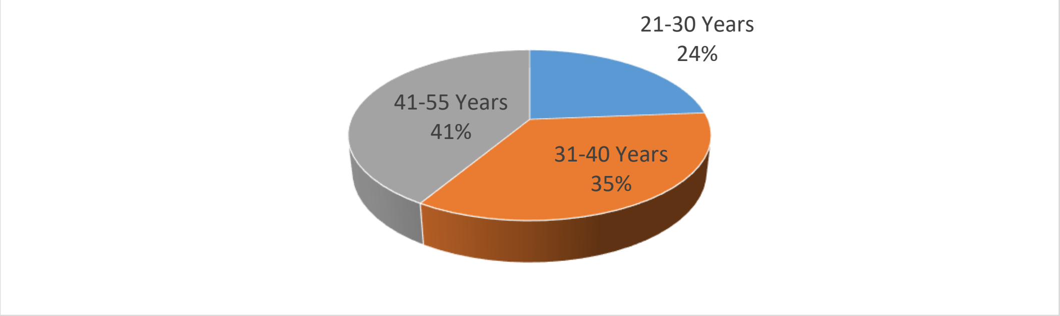

Figure 4.2: Age

Results displayed that 41% of the finance managers were aged between 41-55 years, 35% were aged between 31-40 years while 24% were aged between 21-30 years.

4.2.3 Education Level

Figure 4.3 indicates the results on the education level of the finance managers at the Ngos.

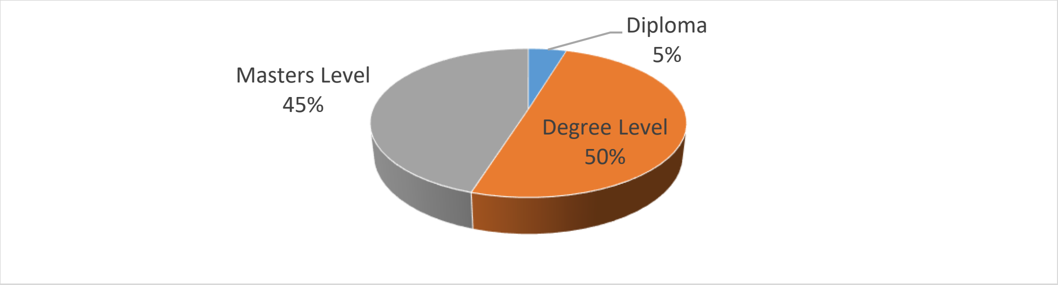

Figure 4.3: Education Level

The outcomes displayed that most finance managers (50%) had pursued education up to degree level, 45% had pursued education up to master's level while only 5% had pursued education up to diploma level.

4.3 Financial Accountability

To establish the level of financial accountability among NGOs the researcher implored the respondents to respond to questions on financial planning practices, financial management practices and management competency.

4.3.1 Financial Planning Services

The researcher also implored the participants to show their extent of agreement to statement on services of planning of finance. Findings are as presented in Table 4.2.

Table 4.2: Financial Planning Services

Statement	NE	SE	ME	LE	VLE	Mean	Std Dev
The budget is prepared by the NGO yearly that help to control spending.	0.0%	14.4%	16.7%	56.3%	12.6%	3.7	0.9
Corrective action is taken after frequent comparison has been done on the actual budget.	6.5%	27.4%	13.0%	46.5%	6.5%	3.2	1.1
Expenses not within the budget need the approval from the director and should be justified fully.	2.8%	0.0%	4.2%	37.2%	55.8%	4.4	0.8
Leads expenditure as well as administration a boundary that is set about funding that is expected.	17.2%	31.6%	13.0%	27.0%	11.2%	2.8	1.3
There is correct and full reporting on the budgeting of finance to the participants.	3.7%	11.6%	12.6%	54.0%	18.1%	3.7	1.0
In budgeting of finance, managements look for advice from advisors who are professional advisors.	13.0%	24.2%	14.9%	43.3%	4.7%	3.0	1.2
Proposals of finance are examined and discussed thoroughly by all participants before approval and implementation.	5.6%	24.2%	13.0%	47.9%	9.3%	3.3	1.1
The company's stakeholders take part in the process of budgetary.	2.3%	25.1%	7.9%	48.8%	15.8%	3.5	1.1
Average						**3.4**	**1.1**

NE-No Extent, SE- Small Extent, ME-Moderate Extent, LE- Large Extent, VLE-Very Large Extent.

The outcome displays that 68.9% finance managers reiterated that the budget is prepared by the NGO yearly that directs the use of funds of the NGO, 53.0% posited the frequent comparison of budget is examined, a remedy is put in place, 93.0% alluded that the expenses not within the budget needs the approval from the directors should be justified fully while 48.8% were opposed to the statement that guides the expenses and administration has a limit that is set about funding that is required while 38.2% agreed.

The outcome also displayed that 72.1% finance managers noted that there is complete and correct reporting on the planning of finance to the participants, 48.0% opined that in budgeting of finance, the body that is charge of supervision looks for advice from experts 37.2% were in opposition, 57.2% reiterated that proposals finance are examined and discussed thoroughly by all the participants before approval and implementation, while 64.6% posited the organization' s participants participate in the process of making the budget. On a scale of 1-5, the mean was 3.4 which depicts that the respondents were agreeing with some statements and disagreeing with others. The standard deviation of 1.1 show the responses were dispersed from the mean.

4.3.2 Financial Management Services

The researcher also implored the respondents to indicate their extent of agreement to statement on financial management services. Results are as presented in Table 4.3.

Table 4.3: Financial Management Services

Statement	NE	SE	ME	LE	VLE	Mean	Std Dev
There exist a complete working department of monitoring finance including internal audit.	0.0%	0.0%	11.2%	34.9%	54.0%	4.4	0.7
Expenses of NGO is always controlled regarding the budget and the application of its funds.	0.0%	6.5%	0.0%	34.9%	58.6%	4.5	0.8
Transaction of finance are kept as soon as they happen to enhance monitoring of finance	0.0%	0.0%	0.0%	39.5%	60.5%	4.6	0.5

Statement of finance as well as management reports are reliable and in time.	0.0%	0.0%	15.8%	52.6%	31.6%	4.2	0.7
Statements of finance and reports are made ready and forwarded according to the practices and principles accepted internationally.	0.0%	0.0%	19.1%	64.7%	16.3%	4.0	0.6
Evaluation programs are conducted after projects.	0.0%	0.0%	25.1%	65.6%	9.3%	3.8	0.6
The findings of evaluation as well as monitoring activities are communicated to the participants.	0.0%	0.0%	35.3%	54.9%	9.8%	3.7	0.6
Average						**4.2**	**0.6**

NE-No Extent, SE- Small Extent, ME-Moderate Extent, LE- Large Extent, VLE-Very Large Extent.

The outcome displays that 88.9% NGO finance managers posited that there is complete working department of monitoring finance like internal audit, 93.5% opined that expenses of all the finance managers agreed that transactions of finance are kept as soon as they happen to enhance monitoring of fund while 84.2% noted that statements of finance and reports of management are reliable and timely.

Further, the outcome displays that 81.0% pointed out the statement of finance are made ready and forwarded according to the principles and practices accepted internationally, 74.9% retorted that evaluation programs are conducted after projects while 64.7% alluded that the findings of evaluation as well as monitoring activities are conveyed to the participants. On a scale of 1-5, the mean was 4.2 which depicts that the NGO finance managers were concurring with most of the statements. The standard deviation of 0.6 show the responses were dispersed from the mean.

4.3.3 Management Competence

The researcher also implored the participants to show their extent of agreement to statement on management competence. Outcomes are highlighted in Table 4.4.

Table 4.4: Management Competence

Statement	NE	SE	ME	LE	VLE	Mean	Std Dev

The management is able to meet set deadlines to execute projects.	2.8%	15.3%	26.0%	45.1%	10.7%	3.5	1.0
The managers limit themselves to working within the set budget.	4.7%	25.6%	17.7%	44.2%	7.9%	3.3	1.1
There exist an updated record keeping culture in our organization.	1.9%	12.6%	27.4%	39.5%	18.6%	3.6	1.0
The management involves the stakeholders in the project lifecycle.	2.3%	9.8%	8.8%	49.8%	29.3%	3.9	1.0
The managers seek vital information from similar NGOs which guides them on how to handle complex issues.	0.0%	12.6%	16.3%	50.2%	20.9%	3.8	0.9
The managers are able to act on issues before they become critical.	2.8%	11.6%	14.0%	57.7%	14.0%	3.7	0.9
The management communicates the NGO vision, mission and strategies to all staff members to enable them work towards a common goal.	3.7%	15.8%	28.8%	45.6%	6.0%	3.3	0.9
Average						**3.6**	**1.0**

NE-No Extent, SE- Small Extent, ME-Moderate Extent, LE- Large Extent, VLE-Very Large Extent.

The outcome displays that 55.8% of the NGO finance managers retorted that the management is able to meet set deadlines to execute projects, 52.1% alluded that the managers limit themselves to working within the set budget, 58.1% posited that there exist an updated record keeping culture in our organization while 79.1% noted that the management involves the stakeholders in the project lifecycle. The outcome also displayed that 71.1% of the NGO finance managers reiterated that the managers seek vital information from similar NGOs which guides them on how to handle complex issues, 71.7% retorted that the managers are able to act on issues before they become critical while 51.6% posited that the management communicates the NGO vision, mission and strategies to all staff members to enable them work towards a common goal. On a scale of 1-5, the mean was 3.6 which depicts that the NGO finance managers were agreeing with most of the statements. The standard deviation of 1.0 show the responses were dispersed from the mean.

4.3.4 Financial Sustainability

The analyst also implored the participants to show the level of financial sustainability in their NGO. Results are as highlighted in Table 4.5.

Table 4.5: Financial Sustainability

Statement	SD	D	N	A	SA	Mean	Std Dev
NGO annual statement of expense and income normally have excess.	13.0%	11.2%	24.7%	42.3%	8.8%	3.2	1.2
Funding of NGO is complete and vary where the donor does not give more than 40%.	14.9%	12.6%	19.5%	47.0%	6.0%	3.2	1.2
There is less funding to the organization that is more total cost compared to the fixed costs.	19.5%	10.7%	16.3%	50.2%	3.3%	3.1	1.2
The company has a positive operating margin ratio.	2.8%	18.1%	28.8%	40.9%	9.3%	3.4	1.0
Average						**3.2**	**1.1**

SD-Strongly Disagree, D-Disagree, N-Neutral, A-Agree, SA-Strongly Agree

The outcome display depicts that 51.1% pointed out that their NGO statement that is done yearly of expenses and income normally have excess, 53.0% posited that their funding of NGO is completely varied where the donor funding is not above 40% of the organization funding, 53.5% alluded that NGO has less percentage of the fixed cost as compared to the total cost while 50.2% noted that the NGO has a useful operating margin ratio. On a scale of 1-5, the mean was 3.2 which depicts that the respondents were agreeing with some statements and disagreeing with others. The standard deviation of 1.1 show the responses were dispersed from the mean.

4.4 Correlation Analysis

Table 4.6 shows the correlation analysis findings.

Table 4.6: Correlation Analysis

Variable		Financial Sustainability	Financial Planning Practices	Financial Management Practices	Management Competence
Financial Sustainability	Pearson Correlation	1			
	Sig. (2-tailed)				
Financial Planning Practices	Pearson Correlation	.761**	1		
	Sig. (2-tailed)	0.000			
Financial Management Practices	Pearson Correlation	.781**	.723**	1	
	Sig. (2-tailed)	0.000	0.000		
Management Competence	Pearson Correlation	.714**	.570**	.596**	1
	Sig. (2-tailed)	0.000	0.000	0.000	

** Correlation is significant at the 0.01 level (2-tailed).

The outcomes displayed that planning of finance services had a useful significant correlation with financial sustainability (p=0.000, r=0.761). The output also displayed that financial management services had a useful significant correlation with financial sustainability (p=0.000, r=0.781). In addition, management competence had a useful significant correlation with financial sustainability (p=0.000, r=0.714).

4.5 Regression Results

This analysis constituted the model summary, ANOVA and the regression of coefficients. Model summary outcomes are as presented in Table 4.

Table 4.6: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.867a	0.751	0.748	0.33568

Financial planning services, financial management services and management competence were found as being satisfactory variables in explaining financial sustainability. The R square of 75.1% supported this that showed that the factor describes 75.1% of the financial sustainability.

ANOVA findings are as presented in Table 4.7 below.

Table 4.7: Analysis of Variance

Indicator	Sum of Squares	df	Mean Square	F	Sig.
Regression	71.894	3	23.965	212.672	0.000
Residual	23.776	211	0.113		
Total	95.67	214			

(ANOVA) results indicated that the F statistic was 212.672 and the p value was 0.000 that was less than 0.05 meaning that financial planning services, financial management services and management competence impact financial sustainability.

The regression of coefficients outcomes is as highlighted in Table 4.8 below.

Table 4.8: Regression of Coefficient

Variable	B	Std. Error	Beta	t	Sig.
(Constant)	1.691	0.228		7.424	0.000
Financial Planning Practices	0.358	0.057	0.32	6.239	0.000
Financial Management Practices	0.565	0.082	0.361	6.872	0.000
Management Competence	0.389	0.054	0.317	7.172	0.000

Outcomes in Table 4.8 revealed that financial planning services had a useful and remarkable effect on financial sustainability (β=0.358, p=0.000). Furthermore, outcomes revealed that financial management services had a useful and remarkable effect on financial sustainability (β=0.565, p=0.000). findings also revealed that management competence had caused a useful and remarkable effect on financial sustainability (β=0.389, p=0.000).

4.6 Discussion of Findings

The outcome revealed that financial planning services impacted NGO financial sustainability positively. This was supported by the NGO finance managers' feedback that the budgets are prepared by the NGOs yearly that directs its spending. Frequent comparison of the real budget is examined and remedy put in place that the expenses not within the budget require the approval of director and ought to be justified fully. There is complete and correct reporting of the planning for finance to the participants.

That the proposals regarding finances are analyzed and discussed thoroughly by all participants before approval, and that participants of the company take part in the budget making. The results are congruent with those of Atieno and Kiganda (2020) who set up the connection between monetary responsibility and monetary maintainability and found a strong positive linkage between execution of monetary and duties. Nonetheless, the bungle and stealing of properties by top managers of the non-legislative associations had added to helpless NGO's presentation. The review noticed that financial plan detailing frameworks had been set up with the constituting for NGO consumptions and data on execution for use by implementers, supervisors, and people who make laws.

The outcome also displayed that financial management services impacted NGO financial sustainability positively. This was supported by the NGO finance managers' feedback that there is complete working department of monitoring internal finance. That the expenses of NGO are always controlled about the budge ad the planned application of funds of NGO, that the transaction are kept as soon as they happen to enhance monitoring of finance, and that statements of finance and management reports are timely and reliable. They also noted that financial reports as well as statement are made ready and presented according to the practices and principles accepted internationally, that examination program are done after projects tha the findings of exercises of monitoring and evaluation are conveyed to the participants. These findings are supported by Muttaqin and Mulyasari (2018), who alluded that supportability and responsibility were important for monetary reports to be pertinent. Monetary reports ought to have esteem in solving and examining decisions regarding dispensing scant assets and evaluating the delivery of duties by the provider. The reports ought to be dependable as clients apply them for motion. Dependability implies that the information is obtained from blunder and predisposition and loyally addresses what it shows to address. Understandability is the capability of customers to know better the reports of monetary. This will rely to some extent on their capacities and to some level on how the information is presented. The idealness of reports of monetary is pivotal because applicable and dependable reports might be delivered immaterial if there is an unnecessary deferral in introducing them.

The outcome also displayed that management competence impacted NGO financial sustainability positively. This was supported by the NGO finance managers feedback that that the management is able to meet set deadlines to execute projects, that the managers limit themselves to working within the set budget, that there exist an updated record keeping culture in our organization, that the management involves the stakeholders in the project lifecycle, that the managers seek vital information from similar NGOs which guides them on how to handle complex issues, that the managers are able to act on issues before they become critical and that the management communicates the NGO vision, mission and strategies to all staff members to enable them work towards a common goal. These findings tally with the assertions of Kaguri (2014) who in his review, inferred that compelling monetary responsibility to non-administrative associations necessitates that staff of NGO help their areas of expertise using their activities, appeal, and data. The investigation likewise discovered that viable and valuable monetary responsibility measures should be unambiguous, either monotonically expanding or diminishing expenses or advantages.

Further, the outcome displayed that financial sustainability among the NGOs was good albeit having slightly higher that half of the NGOs finance managers agreeing to the statement. The finance managers noted that the NGOs statements done yearly of income often have excess, that the funding of NGOs is varied whereby the funding of the donor is not above 40% of the organization’s funding. This is as supported by Karanja and Karuti, (2014) who retorted that in NGOs, monetary sustainability estimates their independence and capacity to achieve the monetary commitments and asset usage in satisfying its missions while serving the partners' requirements.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This part highlights the summary of the results, conclusions and suggestions.

5.2 Summary of Findings

The outcome displayed that financial planning services impacted NGO financial sustainability usefully. This was as shown by the correlation and regression results which were both useful and significant. This was also supported by the NGO finance managers feedback that the budgets is prepared by NGO yearly that control the spending of its funds, that the frequent comparison of actual budget is examined and remedies put in place, the expenses that ae not within the budget require the approval of director and ought to be completely justified, that thee I complete and correct reporting on the planning of finance to the participants., that the proposals of finance are analyzed and discussed thoroughly before approval and implementation, and that participants take part in budget activities. However, the finance managers were indifferent on whether the expenses of overhead and administration and have a limit that is set about funding that are expected.

The outcome also displayed that financial management services impacted NGO financial sustainability usefully. This was as showed by the correlation and regression findings which were both useful and significant. This was also supported by the NGO finance managers' feedback that there is complete working department of monitoring finance including internal audit, that the expenses of NGO are always controlled and how its funds are used, that the transaction of finance are kept as soon as they happen to enhance controlling, and that statements of finance and reports of management are dependable and on time. They also noted that financial reports and statements are made and forwarded according to the principles and practices of accounting accepted internationally that evaluation programs are done after projects and that the findings of exercises of monitoring and evaluation are conveyed to the participants.

The outcome also displayed that management competence impacted NGO financial sustainability usefully. This was as shown by the correlation and regression findings which were both useful and significant. This was also supported by the NGO finance managers feedback that that the management is able to meet set deadlines to execute projects, that the managers limit themselves to working within the set budget, that there exist an updated record keeping culture in our organization, that the management involves the stakeholders in the project lifecycle, that the managers seek vital information from similar NGOs which guides them on how to handle complex issues, that the managers are able to act on issues before they become critical and that the management communicates the NGO vision, mission and strategies to all staff members to enable them work towards a common goal.

5.3 Conclusion

The research concluded that financial accountability impacted the financial sustainability of NGOs in Kenya. It concluded that the impact was positive. The specific aspects of financial accountability that impacted financial sustainability were finance planning services, financial management services and management competence. However, the study concluded that for some aspects had greater impact than others. For instance, financial management practices had the greatest impact, followed by management competence and the financial planning services.

5.4 Recommendations

The research established that financial accountability indeed impacts on the financial sustainability of non-governmental organization in Kenya. Hence, the researcher recommends that the management of non-governmental organizations in Kenya should ensure that the hire competent staff who are able to execute laid out plans appropriately. They should be keen to identify staff who have the right skills during the recruitment process. Additionally, they should engage their staff in retraining programs with an aim of keeping them at par with the changes in the NGO world.

The researcher also recommends that NGOs should come up with a plan of setting up their own projects that generate income as opposed to being on donor funding entirely. This will ensure that their existent and operation is not jeopardized by lack of funding or delay in reimbursement of funding.

The researcher also recommends that the management of NGOs in Kenya should be keen to ensure that the work with outlined budgets while keeping their expenditure at minimum to avoid running out of funds in the middle of projects. They should also avoid having a high proportion of fixed costs. This way they will manage to follow through their projects to the very end thereby having great impact to the society as intended.

5.5 Limitations of the Study

This research encountered different shortcomings. Firstly, because the information being asked for was sensitive, the research was faced by obtaining the appropriate information from the managers of finance at NGOs in Kenya. Also, the uncertainty always linked with the study was faced but was mitigated by guaranteeing the interviewees that their information will not be shared in any way as it was meant for the academics.

Also, there a problem in getting the right participants. This was solved by making an appointment with the interviewees and giving them questionnaires at their own convenient time. This aided in in enhancing the rate of response. Furthermore, some participants may have been dishonest in giving the required information thus causing incorrect findings that could be be depended on by the research. To over this, the analyst compared the feedbacks with the last literature linked to this research, however the field of this research was unusual.

The analysts also faced the unwillingness by the participants to respond the questions as they thought their data will be shared. To curb this, the investigator obtained a permission letter from the institution that ensured the respondents data will not be disclosed and will only be used for the purpose of academics.

5.6 Recommendations for Further Research

The investigation advocated that the same investigation be carried out but focusing on Community Based Organizations (CBOs). This would help to compare the two types of organizations as they have some similarities. It also recommends that more detailed research be done focusing on the specific attributes of financial planning services, financial management services and management competence. This will help to identify what has greater impact and thus NGOs can know what to put more emphasis on.

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Appendix I: Questionnaire

This document is to gather relevant data for the reasons of academics. The research is about the Impact of financial accountability on the financial sustainability of NGO in Nairobi County.

Instructions

1. Don't put your name or personal information anywhere on this questionnaire.
2. Give a reply to all parts
3. Put a tick against the appropriate response.
4. The information gathered will not be shared.

SECTION I: GENERAL INFORMATION

1. Gender Male ☐ Female ☐

2. Age

   ☐

   20 - 35 ☐

   36 - 50

   56 - 65 ☐

3. Education level

   Diploma ☐

   Bachelors ☐

   Masters ☐

   Other, specify…………………………………………………………………

SECTION II: Information on the Impact of financial accountability on the financial sustainability of NGO in Nairobi County

4. Kindly show the level to which you concur with below statements regarding the financial accountability of Non-Governmental Organizations in Nairobi County. Rate your response on a scale of one to five units where 1 is to no extent, 2 to a small extent, and three is to moderate extent, 4 to a large extent, and 5 to a very large extent.

Financial Planning Practices	**5**	**4**	**3**	**2**	**1**
A budget is given by the NGO yearly that directs the NGO's expenses.					
Budget is examined frequently and actual comparison then remedies are put in place.					
Expenses that are not within the budget needs the approval of directors.					
Expenses of overhead and administration has a					
There is correct financial reports of planning to the participants.					
In planning of finance, the managements looks for advice from professionals.					
Proposal related to finance are analyzed and discussed thoroughly by all participants before approval as well implementation.					
The company's stakeholders take part in the procedure of making the budget.					

5. To what level do below financial management activities are used in your non-governmental organizations? Use a scale of 1 to 5 where 1 is to no extent, 2 to a small extent, and three is to moderate extent, 4 to a large extent, and 5 to a very large extent.

Financial Management Practices	**5**	**4**	**3**	**2**	**1**
There is working department of monitoring finance that is					

internal like, internal audit.					
Expenses of NGO are always to watch over the budget as well as use the funds.					
Transaction of finance are kept as soon as they happen to enhance monitoring of finance.					
Statements and management of finance and reports are reliable and timely.					
Statement of finance as well the reports are done and delivered according to the practices and principles accepted internationally.					
Programs of evaluation are done after projects.					
The findings of guidance and process of evaluation are delivered to the participants.					

6. To what level do below management competence activities are used in your non-governmental organizations? Use a scale of 1 to 5 where 1 is to no extent, 2 to a small extent, and three is to moderate extent, 4 to a large extent, and 5 to a very large extent.

Management Competence	**5**	**4**	**3**	**2**	**1**
The management is able to meet set deadlines to execute projects.					
The managers limit themselves to working within the set budget.					
There exist an updated record keeping culture in our organization.					
The management involves the stakeholders in the project lifecycle.					
The managers seek vital information from similar NGOs which guides them on how to handle complex issues.					
The managers are able to act on issues before they become critical.					
The management communicates the NGO vision, mission and					

strategies to all staff members to enable them work towards a common goal.					

SECTION III: NGO FINANCIAL SUSTAINABILITY

7. Please show the level do below statements are used in your organization. Use a scale of 1 to 5 where 1 = Strongly Disagree (SD) 2 = Disagree (D) 3 = Neutral (N) 4 = Agree (A) and 5 = Strongly Agree (SA)

Financial Sustainability Measure	**5**	**4**	**3**	**2**	**1**
The yearly report of NGO of expenses and income are normally excess.					
The funding of NGO is completely wide where the funding of the donor is not more than 40% of the funding from the company.					
The company has more percentage of total cost compared to the fixed cost.					
The company has a useful working ratio of margin					

The end! Thank you.