

**EFFECT OF FINANCIAL MANAGEMENT PRACTICES ON THE
SUSTAINABILITY OF NON-GOVERNMENTAL ORGANIZATIONS IN
NAIROBI COUNTY, KENYA**

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**A Thesis Submitted to the Institute of Postgraduate Studies in Partial Fulfilment
of the Requirement of the Award of Doctor of Philosophy in Business
Administration (Finance)**

KABARAK UNIVERSITY

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DEDICATION

I dedicate this study to my husband, Anataka Mugenyi and our three daughters, Faith, Praise and Grace for their great support to me during the time spent on my studies

ABSTRACT

The Non-Governmental organizations are major players in the economic developments and social wellbeing within the host countries. In Kenya, the NGOs contribution was highly recognized by the government. Despite the increase in funding for NGOs, concerns were raised on lack of sustainability and the effect that the drastic reduction would have on the quality of life on the affected communities. This study aimed at establishing the effect of financial management practices on the sustainability of Non- Governmental Organizations in Nairobi County. It examined the effect of budgetary practices, the effect of working capital management practices, the adoption of integrated financial management information systems and the effect of internal control practices on the sustainability of NGOs in Nairobi County. Further, the study examined the moderating effect of NGO regulations on the effect of financial management practices on the sustainability of NGOs in Nairobi County. The study was guided by the theory of the budgeting process, the resource-based view theory, the operating cycle theory, and the theory of economic regulation. It was anchored on a positivist paradigm philosophy. The study employed descriptive research design. A sample of 286 out of a target population of 1000 senior program managers and chief executive officers was obtained using stratified random sampling. A pilot study was conducted on 15 senior program managers and chief executive officers from NGOs within the Nairobi County who did not form part of the sample population. This allowed for the assessment of the reliability and content validity of the data collection instruments which were found to be satisfactory. Reliability was tested using the Cronbach coefficient. Primary data was collected from sampled officers using structured questionnaires, while secondary data was obtained from the audited financial statements of the NGOs and publications by the NGO coordination board. 172 questionnaires were found to be satisfactorily completed for analysis yielding a 60.14% response rate. The data collected was summarized and presented in tables and charts. Statistical Package for Social Scientists (SPSS) was used for data handling and analysis. The descriptive statistics included frequencies, percentages, means, modes and standard deviations. Inferential statistics included hypothesis testing using Chi Square test for independence to test whether the rating was dependent on the age of the NGOs, modelling using correlational and linear regression analysis and Analysis of Variance (ANOVA). For regression analysis, the normality of the response variable (NGO sustainability) data was confirmed using the Shapiro-Wilks test, while other diagnostic tests included Variance Inflation Factors (VIFs) and Pearson's Correlation analysis to assess collinearity, coefficients of determination, t and F statistics. The explanatory variables (financial management practices) were found to have pronounced multicollinearity, thus necessitating partial regression analysis to investigate the effects of financial management practices on NGO sustainability. In assessing sustainability of NGOs, the current ratio, the donor dependency level, and the survival ratio were computed. The study showed that budgetary practices have significant effects on NGO sustainability specifically, donor dependency level and survival rate. However, enhanced regulations by the NGO coordination board would result to a more decreased donor dependency level and a more increased survival rate. Working capital management practices have significant effects on the NGO sustainability specifically current ratio and survival rate. The NGO regulation raised the rate at which adoption of IFMIS influenced current and survival rate. Lastly, internal control practices were found to have significant effects on all indicators of NGO sustainability, current ratio, donor dependency level and survival rate. NGO regulation was found to reduce the rate at which improved internal control practices influence the indicators of NGO sustainability. The study recommended that NGOs in Nairobi County should improve the working capital management practices through improved grant receipt scheduling and liquidation of expenditure which leads to improved cash-flows. Further, the NGOs should employ effective internal control practices which could reduce the malpractices within the financial management function and enhance the sustainability of the NGOs.

Key Words: *Budgetary Practice, Working Capital Management, Integrated Financial Management Information Systems, Internal Control Practices, NGO Regulations and Sustainability.*

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ABBREVIATIONS AND ACRONYMS

AFRODAD	African Forum and Network on Debt and Development
CSO	Civil Society Organizations
DAC	Development Assistance Committee.
IASC	Inter -Agency Standing Committee
IFMIS	Integrated Financial Management Information Systems
JICA	Japan International Cooperation Agency
LNGO	Local Non-Governmental Organization
MANGO	Management Accounts for Non-Governmental Organizations
NGOs	Non-Governmental Organizations
ODA	Official Development Assistance
OECD	Organizational for Economic Co-operation and Development
SAGAS	Semi-Autonomous Government Agencies
USAID	United States Agency for International Development
WASH	Water, Sanitation and Hygiene
WFP	World Economic Forum

OPERATIONAL DEFINITIONS OF TERMS

Back Donor: This refers to the original source of funds from which the collected funds are remitted to an agency, such as an international NGO, and further to the implementing partner. Lewis (2016) stated that the agency must report back to the original donor to account for the use of the funds by the partner.

Budgetary Practices: This refers to the various important activities that support the budget development, with specific reference to the budget planning, participation of the active stakeholders and the communication during the process. Skousen and Walter (2009), a budget is a financial plan that quantifies the future expenditure actions relative to acquiring and using resources.

County: A county is a geographical unit that is established for governance purposes. It is the area of land and every building or part of a building under the county assembly's control (County Assemblies Act, 2017). The counties are established under Article 176 of the Kenyan Constitution.

Current Ratio: This is a liquidity ratio that measures the ability of the firm to pay its current obligations using its current assets. The ratio is calculated by dividing the current Assets to the current liabilities of a firm at a given point in time.

Donor dependency Level: This refers to the financing strategy of the firm and its dependence on the donor aid in a given period. It is used to enable the firm to set and monitor their financial targets that are set with the objective of long-term survival. According to Sharma (2012) the donor dependency ratio measures the organization's donor income to the total income generated during the year, and where the ratio is high the donor dependency would be high and if the ratio is low, and then the organization is independent.

Donor Regulations: These are the principles or rules employed in controlling, directing, or managing an activity, organization, or system. (USAID, 2015) explained that signed grants agreements state the donor regulations as well as the expectations of the donor to the implementing partners. They are the uniform administrative requirements, cost principles and audit requirements for the grant awards.

Financial Management: Financial Management is the management of an organization in order to achieve financial objectives by addressing the efficient use of economic resources that enables management to make sound financial decisions which result in the acquisition and financing of the organizations projects (Gitman & Zutter, 2015). Under this study, the financial management will refer to the effective and efficient use of important financial management practices that are used by the NGO to fulfil the organization objectives.

Grant: These are the resources, financial or otherwise that is given to the eligible recipient to be used in for specified purposes. NGO Coordination Board (2016) observed that grants are usually conditional upon certain qualifications as to the use, maintenance of specified standards, or a proportional contribution by the grantee or other grantor(s).

Integrated Financial Management Information Systems: IFMIS is an information technology-based system that automates the key aspects of accounting and financial management functions. Khemani and Diamond (2005) defined the integrated financial management information systems as the computerization of the public expenditure management processes, including the budget formulation, execution, and accounting. The system connects, accumulate, process and provide information to all parties in the system.

Internal Control Practices: Internal control practices are procedures and processes that are designed for use by the management for the purpose of safeguarding the assets of an organization. Lewis (2016) stated that internal controls are measures that are used to safeguard and manage the organizations internal risk on its assets, to detect errors and omissions and to deter fraud or theft.

NGO Coordination Board: The NGO coordination board in Kenya is a state corporation that enables the charitable sector to compliment the government in national development through the regulatory processes, capacity development and policy advisory. The board engages the NGOs to enhance compliance and improved operational effectiveness and efficiency (NGO Strategic Plan 2014-2017). The NGO sector has continued to play a vital role in the country's development contributing an average of Kenya shillings 80 billion per year.

Non- Governmental Organization: The non-governmental organisation is a term which was coined after the Second World War by the United Nations (UN) and it referred to the organizations that had relations with the United Nations member's governments, and who observed and participated in United Nations affairs (Lewis, 2015). The NGOs Act 1990 defined the NGO is a private voluntary grouping of individuals or associations not operated for profit, but they operate for the benefit of the public at large, promote social welfare, charity or research (NGO Board strategic Plan, 2014 – 2017).

NGO Regulations: NGO regulations are rules and regulations that provide for the registration, coordination, advisory and monitoring of the NGOs. In Kenya, the NGO Co-ordination Board operates under Section 3 of the NGO Co-ordination Act to regulate and facilitating the NGO sector (NGO Coordination Board 2019).

Restricted Fund: This refers to grants that are awarded with strict conditions by the donors. They are Income or reserves which have conditions attached to how they should be used, usually with a requirement to report back to the donor (Lewis, 2016).

Sustainability of NGOs: Sustainability is the ability of the firm to remain in operation under changing economic changes, mostly the change in the level of funding by the donors. In the context of an NGO, sustainability primarily means the ability of the organization to continue serving the constituency so that they can survive and fulfil commitments to its stakeholders. Weerawardena, Mcdolnard and Mort (2010) described sustainability for the non-profit organization as the means that the organization will be able to survive so that it can continue to serve its stakeholders, and they can continue to trust in that organization's commitment.

Survival Ratio: This is a hypothetical ratio that shows the length of time that the organization can survive if all the available funds are used up and no further donations or grants are expected in the year. Lewis (2015) stated that the survival ratio indicates the number of days the organization could survive if the income was not forthcoming while the activity levels remained constant.

Working Capital: In this study, the working capital shall refer to the current assets and current liabilities of the organization. Gitman and Zutter (2015) stated that, working capital is the surplus of current assets over the current liabilities, which also indicate extent to which the company can finance any increase in turnover from other fund sources.

Working Capital Management: The working capital management shall refer to the ability of the NGO to effectively apply the cash received to settle the short-term obligations and the ability to liquidate the grants within the life of the project. Ponsian, Chrispiana and Tago (2014) defined working capital management as an accounting approach that emphasize on maintaining proper levels of both current assets and current liabilities. Working capital is necessary for every business that wants to sustain its operations.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

There has been radical transformation in the political and international development which has been brought by globalization and as a result caused the NGOs to gain prominent positions in the advocacy activities, human rights, and peace initiatives, decisions regarding disaster relief, humanitarian aid and development assistance (Tortajada, 2016). These NGOs have increased their influence on the national and international environmental policies as well as public perceptions (Liu, Wang & Wu, 2017). The World Economic Forum 2017-2018 facilitated gathering of NGOs, trade unions, religious leaders, and private sector executives on advancing the non-profit impact, practice, and responsibility in the fourth industrial revolution (WEF Report, 2018). Due to the importance attached to the NGOs in the globe, a lot of resources were allocated to their cause, thereby creating the need for prudent financial management practices within those organizations. According to the USAID (2016) sustainability report, very few NGOs in Sub-Sahara Africa met international standards in financial management, a practise that would affect their sustainability in the long run.

1.1.1 Global Perspective on Financial Management Practices and Sustainability of the Non-Governmental Organizations

According to the Organizational for Economic Co-operation and Development (OECD) report (2013), over 1.2 billion people live in poverty and there is a critical need for the global community to take important steps to achieve the goal of eradicating poverty completely and enduringly. The report further states that USD 19.3 billion of the official development assistance (ODA) which comes from many developed countries including the Unites States of America, United Kingdom and the United Arabs Emirates was

allocated to and through the civil society and NGO organizations by the development assistance committee (DAC). It was a huge increase compared to the USD 17.3 billion that was allocated in the period between 2008 to 2011. While some NGOs were engaged in long-term community development work, others provided short-term emergency relief in response to natural disasters or human calamities created by conflict.

The expectations of the donors on the NGOs to remain accountable and prudent in financial management and reporting require great commitment and honesty by the NGOs and while the donors rely on the implementing partners to be accountable, there seems to be a growing need of managerial and administrative controls. A report by the Norwegian refugees Council which works within many countries in Africa, America, Europe and Middle East stated that most of the CSOs and NGOS from the Central and Eastern Europe and Eurasia do not meet the international standards of financial management and they do not operate in a transparent manner (USAID, 2016).

1.1.2 Regional Perspective on Financial Management Practices and Sustainability of the Non-Governmental Organizations

The numbers of non-governmental organizations are growing rapidly within the African nations. Numerous NGOs are contributing to the growth of this industry and many others are beneficiaries to the grants that are awarded through various donor organizations. In the third world countries, NGOs are a great support to the weak states, and they are seen to promote economic growth through provision of goods and services, employment creation and community rehabilitation and failure by the governments in Africa in delivering economic development has been a great factor to the growth witnessed in the NGO sector (Makoba, 2018). While the seemingly rapid growth in NGOs is seen to be a positive phenomenon, there is need to research on the sustainability of those organization and the possible elements that affect the much required long standing and sustainability.

Muazu and Abdullahi (2019) stated the NGOs are complementary bodies to the government's efforts geared towards achieving sustainable development and this is achieved through the projects that they undertake from time to time.

The sustainability index for the Sub-Sahara Africa reported that, the region is rapidly changing, and NGOs will make vital contributions to service provision and advocacy, but they face daunting hurdles, including the financial insecurity and other threats from the hostile governments (USAID, 2016). The report also noted that a decline in foreign funding was offset by growth in domestic sources of funding but on a positive note, there was a notable development on the internal financial management. A great concern on this report was that some of the developing countries and many sub-Saharan countries including Burundi, Rwanda, Ethiopia, South Sudan, Tanzania, and Uganda have reported an alarming decline in sustainability of the NGOs. Report on the sub-Saharan Africa indicated that many donor-funded organizations suffer from misappropriation of funds, weak or compromised oversight on the costing of goods and services, staffing limitations and poor financial management systems (USAID, 2018).

The economic and social contributions made by the NGOs within the African countries are notable and further improvement on their practices would be key to their sustainability. Despite the mileage gained in this industry, there are also many challenges facing the NGOs globally. Tortajada (2016) observed that even though the NGOs have made a great contribution to the policy making on critical issues, there are serious weaknesses that have been exposed in the sector in terms of accountability, transparency, and ability to address equity concerns, and these concerns have resulted to growing scepticism in the international community causing them to shift from the favourable global opinion of the NGO sector to a more critical one that question their legitimacy.

The African forum and network on debt and development (AFRODAD, 2007) reported that, the contemporary debates on aid management resulted in the consensus that aid disbursement, reporting and other practices among donors should be aligned and harmonized to the maximum extent possible to improve aid delivery and effectiveness. Makoba (2018) observed that there is need for the NGOs in Africa to be more proactive and empowered to promote both democracy and economic growth.

1.1.3 Local Perspective on Financial Management Practices and Sustainability of the Non-Governmental Organizations

The NGO coordination board in Kenya registers, coordinates, and facilitates the activities of all national and international NGOs operating within the country. The report of the annual NGO sector published by the NGO Coordination Board (2019), stated that the number of NGOs in Kenya had grown cumulatively from 10,520 organizations in the year 2015/2016 to 11,262 organizations in the year 2018/2019, registering a total increase of 742 new NGOs within the three years and most of the newly registered NGOs were reported to be operating in education, relief, and health sectors. The report further indicated that NGOs in Kenya spent Kenya shillings 78.8 billion on projects in various parts of the country. The sector made significant contributions in complementing the government's efforts towards the achievement of the sustainable development goals. This report however noted poor financial management practices and low compliance levels in the submission of annual reports.

There has been increased presence of international institutional donors who have funded projects within the country or established regional offices from which they fund project within the country as well as the neighboring countries. NGO coordination board (2019) indicated that Kenya heavily depends on foreign donor funding and the over reliance on such funds could make them susceptible to external factors, thus threatening their

sustainability. It further stated that, 88% of the funds received in Kenya by NGOs were from sources outside the country. The availability of these grants made the NGOs to continue to depend on the donor funding making them to face sustainability challenges when the donors withdraw or delay in funding (NGO Coordination Board, 2016). Prudent financial management practices within the NGOs are important for its survival and stability.

A budget is an important tool that is used in planning and control and prudence in budget management practices is important as it influences strategic decisions within the organization. Involvement in the budgeting process, budget analysis, gaps identification and management are important aspects to the sustainability of the organization. Tilahun (2019) in the study on the challenges of donor funds utilization in the United Nations Children's Fund observed that there was great need for organizations that utilize donor funding to put in place proper planning, better communication and coordination amongst the various participants and consistent monitoring to ensure that the result is of high quality, accurate and timely and the personnel are held accountable for the resources assigned to them.

The working capital management in a firm involves its short-term financing and it is an important factor for any firm that plans to improve its operational effectiveness and long-term survival. Prudent working capital management enables the firm to optimize the utilization of its current assets in the settlement of short-term obligations. The NGOs transact large amounts of cash and cash equivalents and are required to settle their short-term obligations within the life of the project. This makes it critical for all the organizations to prioritize its working capital management practices.

USAID (2018), a report on the civil society organization on sustainability index indicated that. There was increased need to develop tools that would enable the organizations to improve their financial management practices but only a few organizations used advanced financial management software in their data processing and reporting. Gyaase, Anokye-Sarfo, and Bediako (2013) observed that the adoption and utilization of the information technology in financial management within the organizations was gradually gaining grounds and had become a major requirement in the allocation of efficiency and effectiveness within the organization in the service delivery systems. Hendriks (2013) also stated that the IFMIS is one of the most common financial management reform practices aimed at the promotion of efficiency, effectiveness, accountability, transparency, security of data management and final reporting.

Internal controls measures enhance effective and efficient utilization of available resources. The non-governmental organizations should have a system of internal controls which effectively enables it to safeguard its assets against possible opportunistic theft, manage potential risks, detect errors and omissions, and protect the staff who are charged with the responsibility of financial management within the organization (Lewis 2016). Lack of such controls could have an adverse effect on the firm's assets management and compliance to the set policies and procedures.

The NGOs coordination board provides a regulatory framework under which the registered NGOs must operate. The registered NGOs are required to comply with certain financial and managerial practices and non-compliance may lead to penalties, poor performance and even closure. The compliance to the set regulations would therefore determine the continuity and prosperity of the organization, while lack of compliance would mean failure to adhere to the set policies and procedures and this may lead to poor

management of the organization or cancellation of permit, which in the long run may lead to the closure of the organization.

NGO Coordination board report (2019) indicated that a sustainable NGOs sector would have a significant number of NGOs that are transparent, well governed, well managed and also that demonstrate essential organizational skills. In this regard, the lack of organizational capacity such as poor governance and managerial practices could result to lack of sustainability and this could lead to a reduction in the support that the NGOs give to the needy communities in form of basic humanitarian facilities, affordable educational support, basic health needs, reduction in livelihood supplies and development projects among other critical provisions.

In a report by the NGO coordination board, (2016) identified weaknesses in the NGO sector as the poor technical service, inadequate technical staff, poor deployment of staff, inadequate office space, weak integrated financial management information systems, poor organizational planning and poor corporate culture, inadequate monitoring and evaluation systems, poor working environment, and poor processes and procedures. This study further identified other threats that included poor governance practices, lack of sustainability of the NGOs, lack of appreciation and the understanding of the NGOs dwindling of funds from the traditional donors, vulnerability of the sector abuse, reduced government funding for Semi-Autonomous Government Agencies (SAGAS) and macro-economic instability.

Kenya is in the evolving level of sustainability, and it is continually becoming a great challenge to put it on a growth path (NGO Coordination Board 2019). According to this report the NGOs in Kenya raise only 4 percent of the total funding through the income generating project, and heavily relying on donor funding and the growing over-

dependence on external funding and the fact that few of the registered NGOs can start income generating activities could imply that the NGO sector in Kenya is largely becoming unsustainable. The table here below shows the top five ODA recipient in three consecutive years, amongst them Kenya, which is shown as a major recipient of the grants that are mainly channeled through the NGOs.

Table 1: Top Five Official Development Assistance Recipients in Africa

(Amounts in Millions USD)			
Year	2014	2015	2016
Ethiopia	3,584	3,234	4,074
Egypt	3,538	2,499	2,130
Tanzania	2,651	2,652	318
Nigeria	2,479	2,432	2,501
Kenya	2,661	2,464	2,189

Source: OECD Report on Development Aid (2018)

Alshehhi, Nobanee and Khare (2018) stated that, markets are becoming increasingly competitive, and companies have been placed on unprecedented pressure not only to succeed but to sustain their success into the future. The financial health of a firm is a great contributor to its sustainability, and it is therefore important to examine the financial systems to ensure that they are contributing positively to the growth of the organization. There is need to understand the effect of the financial management practices on the sustainability of the NGOs if they were to remain relevant and achieve their long-term objectives. Based on the empirical reviews on various studies under the financial management practices, the effects on the budgetary practices, working management practices, adoption of the integrated management information systems and internal control practices were identified as important factors to examine to establish their effect on the sustainability of the NGOs in Nairobi County.

1.2 Statement of the Problem

The NGOs in the emerging economies are facing challenges on their sustainability mainly due to the changing aid patterns for development (Arhin, Kumi & Adam, 2018). They operate in increasingly turbulent context in which the aspect of sustainability is threatened and has become a critical need (Weerawardena *et al.*, 2010). Omeri (2015) stated that the economic recessions dramatically influenced trends in donations to NGOs. The annual NGO sector report (NGO coordination board, 2019) reported a 7% increase in the number of NGOs between year 2016/2017 and 2018/2019. USAID report on the sustainability index for NGOs in Sub-Sahara Africa reported a decline in sustainability in NGOs in the region compared to the previous years with overwhelming concentration of the decline in East Africa (USAID, 2016). The report further disclosed that on a scale of 1 to 7, the financial sustainability score for Kenya was 4.7, a clear indication that it was still evolving. The NGO coordination board (2019) reported high dependence on donor funding with the country only raising 12% of the financial requirements from internal sources.

Lack of sustainability of the NGOs would result to a great reduction in the provision of basic needs to the communities and in the long run it could result to drastic effects on the quality of life to the beneficiaries. Biwott, Toroitich and Kiplel (2014) stated that, considering the vital role played by the NGOs in enhancing the much-needed financial sustainability of the communities and the direct impact on their livelihood, the survival of NGOs becomes an important matter to the government, the communities who are beneficiaries and the donors who are fundraisers.

Financial management is a key determinant of the survival of a business. Despite the growth experienced in the NGOs and the increased funding reported over time, prudent financial management may not be a common practise. Lack of adherence to critical

financial management practices has potential to diminish the growth and the long-term survival of the organization, lead to inefficiency and ineffectiveness in the assets management and potentially result in the collapse of an organization. This study sought to establish the effect of financial management practices on the sustainability of the NGOs in Nairobi County, with the aim of providing recommendations that would be beneficial to counter the decline or collapse of those NGOs.

1.3 Research Objectives

1.3.1 General Objective

The general objective of this study is to examine the effect of financial management practices on the sustainability of the NGOs in Nairobi County, Kenya.

1.3.2 Specific Objectives of the Study

- i. Evaluate the effect of budgetary practices on the sustainability of NGOs in Nairobi County
- ii. Assess the effect of working capital management practices on the sustainability of NGOs in Nairobi County
- iii. Evaluate the effect of adoption of integrated financial management information systems on the sustainability of NGOs in Nairobi County
- iv. Assess the effect of internal control practices on the sustainability of NGOs in Nairobi County
- v. Examine the moderating effect of NGO regulations on the relationship between the financial management practices and sustainability of the NGOs in Nairobi County.

1.4 Research Hypothesis

H₀₁: Budgetary practices have no statistically significant effect on the sustainability of NGOs in Nairobi County

H₀₂: The working capital management practices have no statistically significant effect on the sustainability of NGOs in Nairobi County.

H₀₃: The adoption of integrated financial management information systems has no statistically significant effect on Sustainability of NGOs in Nairobi County.

H₀₄: The internal control practices have no statistically significant effect on the sustainability of NGOs in Nairobi County.

H₀₅: The NGO Regulations have no statistically significant moderating effect on the relationship between financial management practices and sustainability of NGOs in Nairobi County.

1.5 Justification for the Study

NGO Coordination Board (2019) reported that by the year 2019, a total of one thousand and twenty-six NGOs in Kenya spent Kenya shillings 34, 970, 418, 340.96 in the implementation of projects that are under the ‘Big Four’ agenda. This agenda covers the food and nutrition, universal health coverage, affordable housing, and manufacturing. This shows that the NGOs make material contribution to the economic and social well within the country. Hofisi and Hofisi (2013) observed that the absence of NGOs within the developed states can be explained in terms of stability and power that enables the state to offer social services to its citizens and the case in point is Germany that experienced economic downturn in the post-world-war period, prompting the NGOs to rise and help the poor until such a point when the state managed to recover in giving services to its citizens. This shows that both the state and the NGOs have an important role to play in the development of a nation and where a state is still not able to

satisfactorily meet the needs of its citizens, the NGOs compliments by offering those essential products and service.

NGO strategic plan report (2014-2017) highlighted lack of sustainability of NGOs and dwindling funding from the traditional donors as some of the major threats that NGOs were facing. Lack of sustainability of the NGOs cannot therefore be wished away, but instead there must be deliberate, informed strategies that are aimed at improving the already deteriorating situation. This was further confirmed by the NGO Coordination Board (2019) which stated that the NGOs in Kenya were on the evolving level of sustainability, meaning that due to the existing state of over-reliance on the donor funding, the organizations are now generating only 4 percent of the local funding through their self-initiatives of income generating projects and the are exploring more avenues of raising the resources locally.

Weerawardena *et al.*, (2010), suggested that NGOs have been forced to adopt organizational sustainability focus in their strategic and operational levels of management and even though enormous resources were employed in starting and nurturing organizations, greater importance lies on ensuring the sustainability strategies. Financial management practices are of great importance to any organization that receives and uses money to fund their projects and hence the need to study its effect on the sustainability of organizations. This study examined the effect of these financial management practices and their effect on the sustainability of the NGOs in Nairobi County, with the objective of identifying important remedies that will be beneficial to the NGOs stakeholders.

1.6 Significance of the Study

The findings of this study are beneficial to the NGOs, the NGO coordination board, the projects beneficiaries, and the academicians. Through this study, various stakeholders in the NGO's leadership, such as the management committees and the advisory boards have access to credible information that would enable them to make important strategic decisions. The findings greatly benefit the government through the NGO coordination board that is charged with the responsibility of regulation and advisory to the NGOs. The study informed the beneficiaries on the importance of adherence to important practices as they partner with the organizations to effectively deliver the required services. The study also informed the future research on sustainability of NGOs.

1.7 The Scope of the Study

The study covered the registered and active NGOs in Nairobi County in Kenya. The target population is 1000 NGOs made up of organizations which were registered and active in Nairobi County as per the listing obtained from the NGO coordination board (2018). The sample size of 286 NGOs was used. The study was done in the period between years 2015 to 2021 and examined the financial management practices and their effect on the sustainability of NGOs in Nairobi County.

1.8 Limitations and Delimitation of the study

Due to the nature of the work within the NGOs sector, many supervisory and managerial duties were done away from the registered offices, with various activities being coordinated within the remote field offices. A great limitation was the accessibility to some of the senior management personnel and chief executive officers, whose duty involve constant travel on work assignments out of their normal office stations. Another limitation was the reluctance of disclosure of financial information by some respondents which they considered to be sensitive or private to the organization.

To overcome the limitations, prior planning was done by communicating and making early bookings through telephone and emails to ensure that the appropriate senior officers were available and ready to engage in completing the questionnaire and assurance was given on the confidentiality of the disclosed information and the sole purpose for use on research.

1.9 Assumptions of the Study

Assumptions made under this study included the availability and practice of annual budget preparation within the organizations, and active grants management, with updated accounting records and financial reports and audited accounts on the projects. The study also assumed that the government policies and regulations are objectively formulated and implemented to aid in the growth of the NGOs.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

In this chapter, the researcher reviewed literature from other researchers and related theories to understand the findings on the studies conducted on the effect of financial management practices on sustainability of non-governmental organizations. It also outlined the conceptual framework and discussed the summary of knowledge and research gaps that were identified in the study.

2.2 Theoretical Review

The study was guided by the Theory of Budgetary Process, Operating Cycle Theory, Resource Based View Theory, and the Theory of Economic Regulation.

2.2.1 Theory of Budgetary Process

The theory of budgetary process was developed by Aaron Wildavsky in 1965 under the title of the politics of budgetary process (Grove, 1965). The theory argued that compromise budgets are necessarily incremental. Davis, Dempster and Wildavsky (1966) further contributed that the most effective coordinating mechanisms in budgeting stems from the roles adopted by the major participants. They stated that budgetary practices are dynamic in nature and are transformed over time.

The Budgetary Process contains a description of strategies which various participants in budgeting use to further their aims (Davis, *et al* 1966). It was argued that budgeting is politics and politics is the art of the possible, that the democratic budgets are compromises and are usually incremental. They indicated that there were times when budgets were expected to perform numerous functions and sometimes these functions were contradicting. Malachowski, Bookheimer and Lowery (1987) challenged this

theory and stated that institutional roles change overtime and these changes needed to be examined and incorporated in the budgeting process.

The theory of budgetary process discloses that the participation in the budgeting process, the communication in the process and the planning on the budgeted expenditures are important to any organization. This theory informs the budgetary practices that are under this study as it provides discussions on the effective mechanism in budgetary process and participation of the various stakeholders in the process. This theory does not however address other components that could potentially influence the sustainability of an organization.

2.2.2 Operating Cycle Theory

The operating Cycle Theory was developed by Mann in 1918. This theory stated that, working capital is the amount equivalent to finance the company operations and further it is money or money equivalent that is necessary to conduct the current business of a utility. In support to this theory, Gitman (2009) stated that the working capital is the difference between the current assets and the current liabilities. The net working capital therefore is the amount to which the current assets exceed the current liabilities.

The operating cycle theory informs this study in that the NGOs like other businesses need to effectively manage their working capital for their continued operations and long-term survival. This study focused on the effect of the current assets and current liabilities management, with specific attention given to the cash management, grant receipt scheduling and the accounts payables management. This theory however addressed the working capital and operational efficiency only and does not address other important practices that are crucial in the management of the resources that would enable the organization to remain relevant in the long- run.

2.2.3 Resource Based View Theory

The Resource Based view theory was developed by Wernerfelt in 1984. In this theory, Wernerfelt tried to build a solid foundation for the theory of business policy by indicating that a resource is a tangible or intangible thing that could be thought of as a strength or a weakness of a given firm. In support of this theory, Barney (1991) analyzed and interpreted the tangible and intangible resources of the firm as those that enable the firm to identify and engage valuable, rare, inimitable, and organized resource. Barney (2001) further added that, the resource-based view offers important insights as to why a firm with these valuable, rare, inimitable, and well-organized resources can enjoy superior performance as compared to the other firms. These resources enable the firm to gain competitive advantage over the other firms.

The Resource Based View theory supports the use of unique resources that offer competitive advantage to the firm. IFMIS is a valuable resource that has not been exploited by many organizations. The study on the adoption of integrated financial management information system will be informed greatly by the Resource Based View Theory. This theory also informed the concept of sustainability which is attained because of effectiveness and efficiency of utilization of the tangible and intangible resources of a firm. To attain sustained competitive advantage, the theory states that the firm needs to look inwards and identify and put into use the valuable and unique resources. The theory does not address other variables that are relevant to this study which include the budgeting practices, management of working capital, internal control practices and the NGO regulations.

2.2.4 Theory of Economic Regulation

The Theory of economic regulation was developed by Posner (1974). This theory stated that, the state or the machinery power of the state is a potential resource or threat to

every industry in the society as it can prohibit, compel or take or give money and selectively help or hurt a vast number of industries. The theory further explains who will receive the benefits or burdens of regulation, what form of regulation it will take and the effect of regulation upon allocation of resources. In support to this theory, Dupuy, Ron and Prakash (2015) stated that there was great need for scholars to appreciate the contribution made by the state regulation in defining the opportunity granted to the NGOs in shaping the emergence, sustenance, strategy, and collapse of these organizations. Stigler (1971) challenged this theory by stating that it only addresses the benefit of business but does not primarily address the market failures and the public interest.

This theory informed this study in that the compliance to the regulations by the NGO coordination board which is the machinery power of the state for all the registered NGOs could affect those organizations operations and existence in the long run. The NGO coordination board is charged with the responsibility to ensure that there is efficient regulation, policy advisory and capacity development of the NGOs in Kenya. This theory is unique and only addresses the power of the state as a regulatory agent to specific industry or organization.

2.3 Empirical Literature Review

2.3.1 Budgetary Practices and the Sustainability of NGOs

Budgets enable the organization to direct the use of resources, employing the resources available efficiently and effectively with the aim of achieving the organizational goals and objectives. Ruhara and Moronge (2016), on the study on the influence on financing strategies on sustainability of NGOs in health sector in Nairobi County observed that, there is need for improvement on budget planning, monitoring and adjustment, efficient

financing, record keeping, economic attainment of objectives by managers and sound financial management that would in turn boast the sustainability of the health projects.

Budgeting as a financial planning tool is applied on accounting and monitoring the income and the expenditure from the various levels of management within a company, thereby helping the organization to analyse the financial performance and to monitor the employment of the resources in a company (Lewis, 2015). This study further stated that traditional budgeting practices in NGOs are based on allocating resources made available through external funding and a shift towards financial self-sufficiency requires a drastic change in approach to budgeting where the expenditure budget is first set based on activity plans, then go out and find the income.

In support of this, Momanyi, Kiprop and Tanui (2018), on a study of the effects of budgeting allocation on financial sustainability within the health sector in Nakuru county observed that budgetary allocations are crucial factors that enhance the sustainability of the public health facilities and therefore the facilities should embrace appropriate budgetary practices. This study further stated that those budgetary guidelines and allocations are crucial factors that enhance the sustainability of the public health facilities and therefore the facilities should embrace appropriate budgetary practices. Lewis (2015) argued that traditional budgeting practices points the NGOs towards allocating resources that are largely generated from the external sources and there was a great and immediate need to find an alternative budgeting approach that would enable the organisation to develop guidelines to the expenditure budgets that are based on activity plans, then go out and find the income.

Well-planned budget should focus on the primary goals and objectives of the organization and provide financial and programmatic adaptability and it is therefore

important to ensure that the budgeting methods used by most of the NGOs for funding are within the specified limits for financial sustainability (Lewis, 2015). Kanga'ru and Tirimba (2018), who studied the effect of financial planning practices within the health sector in Kiambu County observed that budgetary practices have a significant and positive effect on the performance of the organization and that organizations should proactively prepare their budgets in reference to their strategic goals in order to increase the financial effectiveness as well as the financial stability of an organization.

Kimunguyi, Momba and Njeru (2015), in the study of the budgetary process on financial performance in the NGOs within the health sector suggested that budgetary process had a significant positive influence on financial performance of NGOs in the health sector in Kenya. This concurs with the findings of Wandera and Sang (2017) on the study the effect of financial management practice and sustainability of NGOs in Juba, South Sudan that showed there is a significant relationship between budgetary control and the financial sustainability in the organizations. They observed that the budgetary process had a significant positive influence on financial performance of NGOs in the health sector in the country and the budget control, financial reporting, income source diversification and donor relationship management have a positive and significant effects on financial sustainability.

Yee, Khin, and Ismail (2016), on the study on the effect of budgetary goals on the financial performance observed that while a number of organizations strive to maximize effectiveness and efficiency in budgetary processes in order to maintain their competitive advantage, many of other organizations were not aware of the importance of setting and upholding proper budgetary goals that can accurately reflect on their performance and that organizations strive to maximize effectiveness and efficiency in budgetary processes in order to maintain their competitive advantage.

The budgeting process should be spearheaded by a budget committee with membership representation of all the segments of the business and individuals from the senior level, who are expected to provide valuable information and to effectively advocate for the opportunities and resources within the units (Skousen & Walther (2009). Kovaleva et al., (2016) emphasized the on the importance of approval of budget by the budget committee and implementing which should be closely monitored and any corrections done within the budget period.

On budget participation, Kimani (2014) urged that budget participation significantly affect the organizations performance and the top management should set a structure that enables them to solicit helpful feedback from the subordinates who are at the different levels of management, enabling the top-down approach in the budgetary controls. Kamau, Rotich and Anyango (2017) on the study of the effect of budgetary practice on the performance of the state corporations argued that budgetary participation has a great impact on the budget performance of the state corporations and therefore the participation element should be given attention in the budgeting processes. They further observed that it was important to establish clear communication channels within the organization to support the budgetary process. Kerosi (2018) in the study on the micro and small enterprises at Kangemi town in Kenya stated that in strategic planning within an organization, the management need to involve all the stakeholders who are instrumental in ensuring that the implementation of the budget goes successfully, and therefore this calls for great collaboration with all the stakeholders in the organization.

Kimunguyi (2015) further recommended that budgetary participation is crucial as it has a significant and positive effect on the organization performance. In support, Junge, Bosire and Kamau (2014) observed that there is need to adopt the good budgetary practices especially in identifying with the stakeholders and involving them throughout the

budgeting process in order to increase the chances of success. On the contrary Tanase (2013) argued that the participatory budget may have certain disadvantages which include the cost incurred in ensuring that there is bi-directional communication, mutual trust, commitment, time, other efforts put to ensure the process if successful.

Olurankinse (2013) who observed that non-participatory system of budgeting is one of the major causes for poor budgeting performance, and therefore all the stakeholders and beneficiaries should participate in budgeting, and they should have the opportunity to make their own input. Ayeni et al. (2014) in a study conducted in Addis Ababa stated that lack of participation in the budgeting proposal review by financial staff and lack of cash forecast preparation causes difficulties in making the right budget calculations and estimating the appropriate cash needs in the proposals. Anbazhagan and Surekha (2016), stated that NGOs partners with the international agencies and institutions to shape the global health policies and to fund, implement and evaluate programs.

Budget coordination involves obtaining and organizing the needed personnel, the equipment and the required materials that would enable the business to remain in operation. To ensure that there is a balance within each of the units, the budget process should get the necessary input from all departments so that coordination is felt throughout the firm (Saeed & Jalloh, 2016). To strengthen the coordination on the budget development and implementation within the organization, the programme and finance staff is required to discuss the financial position and decide on any actions that need to be taken. According to management accounting for NGOs (Lewis, 2016), a budget monitoring report is a financial report that shows actual income and expenditure for a certain period compared to the budget for the same period.

Kamau, Rotich and Onyango (2017) recommended that finance staff should prepare budget monitoring reports regularly throughout each project, normally once per month, make comparisons between the budget and the actual results and identify any variances for further discussions and correction and the programme staff and managers should review the reports straight away, once they are prepared. In agreement to these findings, Olurankinse (2013) recommended that, regular monitoring and evaluation of programmes and projects is critical if the organization is to ensure budget effectiveness and the firm should develop an appropriate mechanism for monitoring the budget to enhance its effectiveness and greater achievement of the set goals. Kerosi (2018) suggested that the process of budgetary control in developing a spending plan and periodically comparing the actual expenditure against the plan to determine the spending patterns is an important activity to the organization and the budget review and control should be done as frequently as possible to achieve greater results.

Communication in the budgeting process is another important aspect that an organization should put great focus on (Yee et al., 2016). Bufan (2013) observed that Budgets serve a major role as communication tool by showing the operational and financial objectives and they are used widely to communicate to the priorities and expectations of the upper management to the lower- level managers, sometimes giving the managers the authority to spend on certain areas as indicated in those budgets. In agreement to these observations, Cardoso (2014) stated that budgets enable the organization to coordinate various activities, and this is done through communication about the various plans that relate to the organization because this influences the organization end results. Radebe and Radebe (2014), in agreement to the need for effective communication stated that an effective budgeting process requires that the management involves all senior managers from the various functions within the organization and communicate the budget plans, so

that the organization attain the most needed effectiveness in its budgeting practice. Shim, Siegel and Shim, (2011) emphasised on the need for clear communication on the budget development and the assumptions made in its establishment as well as the underlying objectives. Ayene, Kumar and Asefa, (2014) cautioned that poor budget practices, liquidity crisis and poor financial reporting practices due to lack of investment in appropriate financial systems result to a decline in performance and ultimately may lead to the collapse of the NGOs.

From the discussions here above, it was noted that most of the studies related to the profit- based organizations, the corporations, the public entities, and the NGOs that offer health services. Various aspects that are unique to the budgeting within the broader NGO sector including the engagement of the support partners and the involvement of the budget holders, involvement of beneficiaries in the budgeting process, budget planning and communication to the various stakeholders are not addressed, hence the need to address these gaps identified.

2.3.2 Working Capital Management and the Sustainability of NGOs

In every going concern, working capital management is a very important aspect. The working capital is the resource used by the firm in running its day- to- day operations and it is therefore meant to meet the firm's short-term requirements (Ganesan, 2007). The working capital components which include the current assets, and the current liabilities have a great affect the liquidity and profitability of the firm, hence there is need to monitor them for effectiveness and efficiency. The working capital also relates to the ability of the organization to use its current assets to pay the current obligations. It is important for the organization to successfully conduct its day to-day business. Yakubu, Alhassan, and Fuseini (2017) on the study on the impact of the working capital management within the corporate performance observed that the goal of working capital

management is to ensure that the firms can manage their operational expenses and meet short term obligations by maintaining adequate cash flow.

Ponsian et al., (2014), on the study of the effect of working capital management on profitability in the manufacturing companies observed that working capital management emphasizes on maintaining proper levels of the current assets and the current liabilities. It entails the planning, organizing and setting appropriate controls to ensure that the firm has available funds as a cushion or safety net that would be used to run the organization's operation in the short run and it has a great effect on the profitability of the organization (Jayarathne, 2014). In support of this, Sunday (2011), in the study of effective working capital management within the small and medium enterprises stated that the management must give adequate focus to the management of their working capital if the firm is to enjoy continuity, growth and solvency.

Kanga'ru & Tirimba (2018) argued that the firm's prudent management of the short-term assets have a direct effect on the profitability and the liquidity of the business and ultimate totally performance, and therefore there is a positive and significant relationship between working capital management and the financial performance on an organization. They further observed that working capital management leads the firm towards the achievement of their set goals and objectives.

Kabuye, Kato, Akugizibwe, Bugambiro (2019), on the study of the management of the working capital on the financial performance of supermarkets stated that the management of working capital in an organization through effective management of accounts payable, inventory, accounts receivables and monitoring of cash flow is paramount for the continued improvement of the financial performance of a given entity and its importance in small and medium firms is critical as the current assets are the main

alternative source of the expensive and unavailable external financing to the current liabilities.

Through proper management of working capital, the NGO should have adequate liquidity levels that enable it to successfully sustain operations. Prasad, Sivasankaran, Paul, and Kannadhasan (2019) stated that a firm that is highly efficient in managing working capital is less exposed to liquidity risk and such a firm will also be less dependent on external financing. In support of this, Ponsian et al., (2014) argued that the management of working capital is one of the most important financial decisions to a firm and sufficient of such levels should be present for smooth running of a company regardless of its nature of business.

The firm's level of cash and assets convertible to cash that is used to settle demands must be carefully monitored if sustainability is to be achieved. Kanga'ru and Tirimba (2018) argued that many organizations generate their funds externally and the management must put tight controls over the cash received and banked to safeguard their smooth operations. In agreement to these findings, Matan and Hartnett (2012) argued that the cash flow statements show how changes in the balance sheet accounts and the income affect the cash and cash equivalent. The appreciation of the fact that an organization need to maintain appropriate cash levels is critical to the survival of a business. According to Yakubu et al., (2017), maintaining sufficient and appropriate level of working capital is necessary in dealing with liquidity challenges in a firm and the managers in charge of the non-financial firms should deal with the liquidity challenges and enhance their performance.

Karanja and Karuti (2014) asserted that financial sustainability can be gauged by an organization's net income (the surplus of revenues over expenses); liquidity (the cash

available to pay bills); and solvency (the relationship of assets and debt or liabilities). On the level of risk and return, Michalski, and Merck (2012) also made considerable observation that the liquidity investment strategy of an NGO is a determinant by the capital providers in their negotiations of the rates and return and the investors tend to ascribe to organizations that are adequately financed. Ayene et al., (2014) observed that many NGOs rely heavily depends on grants and donations and less in member contribution and fund-raising activities and this posed a high dependency risk that threatens sustainability and continuity of an organization. The study further claimed that delay in funds transfer from the donors during the project implementation has a very negative effect on the project implementation.

In the study on the review of anatomy of working capital management theories and relevant leakages to working capital components, Aminu and Zainudin (2015) concluded that effective management of current assets of a business is key to firm`s profitability and survival. Every business that handles cash either in the bank or at hand need to have a strategy on how the cash available will be effectively managed. Matan and Hartnett (2012) stated that in the non-profit organization, the biggest challenge is the management of cash flow and arguably the most important financial statement for a non-profit is the cash flow statement. The study further showed that non-profits that acknowledge the high and low economic tides stand a better chance of overcoming the cash flow difficulties, thereby reducing unnecessary costs, making savings whenever possible and using the services of the volunteers to meet their goals.

Matan and Hartnett (2012) observed that the overall purpose of managing cash flow is to make sure that there is always enough cash to pay current bills and the small and medium-size non-profits do not usually have well developed infrastructures, a practice which possesses a great challenge to the NGO in its cash flow management. This study

further encouraged leaders of all size non-profits to pay attention to their financial systems, especially to their financial situation, their budget, their cash reserves, and their cash flow. In support of this findings Ponsian, et al, (2014) and Yakubu et al., (2017) expressed the need to observe good liquidity levels in the running of any business.

NGOs are required to liquidate expenditure before requesting for further cash deposits into their accounts from the respective sources of funding. Krivelyova et al. (2013) stated that the liquidation of the expenditure within the NGO is equally very important, and the organizations are expected to submit various reports containing the different categories of information and the relevant indicators to the funding organizations. Ayene et al., (2014) observed that there exist major gaps on the timely reports submission which leads to delay in the funds transfer from the donors and have a direct effect on the project implementation. These gaps on timely financial reports to the donors and other stakeholders are likely to cause delays of fund transfers from the donors and it may adversely affect the timelines in the project implementation.

Account's payables are a short-term funding for a firm. Gitman (2009) observed that accounts payable is one of the major sources of unsecured short-term financing. Enow and Kamala (2016) recommended that the managers in small and medium organizations should evaluate their accounts payable management practices to determine if they are maximizing on the possible benefits that would be as a result effectively utilizing payables as a short-term source of funding. Yakubu et al., (2017) established that there exists a positive and significant impact of cash conversion cycle on firms' performance, and it was important to maintain sufficient current assets to aid the firms to meet their short-term obligations. The study further indicated that non-financial firms could enhance their performance by converting their resources to cash in the shortest time possible.

Ponsian et al., (2014) suggested that there exists a highly significant positive relationship between the time it takes the firm to pay its creditors and profitability. This study further elaborated that the working capital management is vital for all business profitability, sustainability, and its overall impact on performance. In Support to this findings, Okręglicka (2014) observed that the working capital management is a very important aspect in an organization and the core content of short-term corporate finance, which is also vital to the firm's survival. The balance in working capital management is created in managing the various components of the working capital has potential to affect the state of the organization adversely or positively. Aminu and Zainudin (2015) stated that when firms grant more liberal credit terms to its customers there is a higher tendency of having a bigger, but ultimately less liquid investment in cycle shows the number of times with which business firms converts the totality of their raw materials stock, their work-in-progress and ultimately the finished goods into product sales.

The discussion on the settlement of the accounts payable has attracted great attention in the management of organizations. Baghiyan (2013) stated that a firm that sets good policies on the management of working capital can gain comparative advantage over the other firms. (Ganesan, 2007) further argued that strict collection policies and lesser of the credit sales could limit the firm's profitability and maximizing on credit days by negotiating for longer credit period could also compromise on the quality offered by the suppliers thereby reducing the sales income. He further argued that inventory management is key as keeping minimal inventory could lead to losses and stock-outs.

In support of prudence in the part of management in maintaining the optimal balances in working capital components, Yakubu et al., (2017) observed that firms that hold excess cash balances pose a threat of recording lost investments opportunities and the extended collection period impacts the firm negatively and policies that advocate for minimal

number of days in debt recovery are preferred. Similar observations are also made by Arunkumar and Ramanan (2013) who stated that the creditor days have a significant negative relationship with the return on assets of the firm and the extended creditor days reduce the profitability of the firm.

Although some NGOs have now made efforts to raise funds internally, many NGOs depend highly on donor's funds and the unpredictability in donor funding patterns has made the situation to deteriorate (Arhin et al., 2018). The amount raised from within is inadequate to sustain the programmes and the organizations are left to depend more on donor funding. Inconsistency in the receipt of the funding for the organization directly affect the liquidity and may lead to closure.

Pais and Gama (2015) advised that the management should operate within the optimal level of working capital components. Ponsian et al. (2014) observed that effective and efficient utilization of resources that is gained through better cash conversion cycle could enable the organization to gain competitive advantage and thus improve the profitability. The profitability of the firms is expected to increase. Njeri, Namusonge and Mugambi (2017), on the study conducted on the government owned entities observed that the financial sustainability in the ministry of agriculture, livestock and fisheries was significantly influenced by management of working capital.

Various studies conducted on the effect of working management practices as discussed here above were done within the profit-making organizations and the public institutions. The NGOs operate under a unique environment and their sources of funds, and the application of those funds differ from the private making organizations and the public entities, however, there is constant flow of cash into and out of those organizations,

hence the need to study the effect of working capital management practices within the NGOs in Nairobi County.

2.3.3 Integrated Financial Management Information Systems and the Sustainability of NGOs

Integrated financial management information system is used by organizations to facilitate efficient resource allocation and to provide accurate and timely financial management reports that contribute to the improved management decision making (Jared, Migiro & Mutambara 2017). Hendricks (2013) observed that the adoption of the integrated financial management information systems has been one of the most common management reform practices that is aimed at enabling the organizations to attain efficiency, transparency and accountability, data management security and improved financial reporting. Lundu and Shale (2015) observed that integrated financial management information system affects the entire performance of an organization and should be regarded as an importance tool that allows costs saving and therefore increases efficiency in the running of a firm.

In the globalized business environment with advanced technological changes, the use of information technology in gaining an advantage against the competing firms cannot be underestimated. Breznik (2012) indicated that in today's environment, information technology, is an important a unique firm resource that represent a critical factor in knowledge management and it plays an important role in the decision-making process. This is notable in the in-today's work environment where a great shift from the traditional labour-intensive work methods to adoption of integrated information systems that improve the work processes is witnessed.

IFMIS provides the decision makers with information they need to perform their managerial functions. Masaku, Ogol, and Moronge (2018) observed that the senior management should support the adoption of integrated financial management information systems and implement the related policy as it is one of the most important factors that influence performance in the procurement systems within the public sector. Krishnaveni and Meenakumari (2010) findings on the adoption of information technology in learning institutions concluded that enhancing the information technology in the functional areas within an institution for general administration use enabled enhancement of the performance of such institution and placed it in the realm of the global competitive environment.

Karanović, Nikolić, and Karanović (2019) stated that the adaption of information communications technology practices for budgeting and purchasing by the entrepreneurs for financial management within the organization offers sound basis for increased overall financial sustainability. Managers require information and reliable communication which would enable them to make important and informed decisions. Similar observations were made by Omeri (2015), in the study of the factors that influence the financial stability of NGOs, where he observed that, the employment of the IFMIS within an organization improves its efficiency and becomes a tool that managers would use to produce reliable reports, aids in cost savings and enables the organization to produce accurate projections.

In support of these findings, Ayene et al., (2014) advised that a good financial management system makes it easier to be accountable to donors and project beneficiaries, thereby enhancing their respect and confidence in the organization, and this helps the organizations to be more competitive and causes notable increase on their financial health. On the study on the Nairobi County government offices, Lundu and Shale (2015) observed that IFMIS enhanced the automation of record keeping,

communication, customization and integration of government processes and reporting structures and the system also has other benefits ranging from effective control over the public funds, enhanced transparency as well as accountability and deter fraudulent transactions.

Muita and Karanja (2018) stated that, IFMIS has greatly influenced and impacted the budgeting process by improving the efficiency in forecasting of the requirements on the future funding, better management of the much-required cash flow projections that guide the organization into the future in as far as cash availability is concerned, improved budget compliance and enhancing the stability of the growth within the micro and macro-economic environment. These findings were further supported by Muwema and Phiri (2020) who recommended that the systems should be restructured to make them more proactive so that they become useful tools in budgeting and reduce the misappropriation and misapplication of resources.

In the management of the multiple funded projects, Holmes et al. (2014) suggested that there is a benefit of synergy but at the same time there are challenges that include the stakeholder expectations, different grant cycles and different forms of reporting requirements and this requires good planning where their systems to track budgets and outputs and procurement and human resources are available. This study further stated that to manage these multi-funded projects, the organization requires the ability to track budgets, expenditures, outputs, procurement processes and other business processes efficiently and the electronic systems can add great value to these processes. Mukuni and Price (2014) stated that there is a great challenge where an organization or a project is multi-funded as nearly every donor demands a donor specific report in their own format and as a result, unified progress reports can be a great dilemma. Improvement in accounting and reporting processes of such grants is therefore vital.

Use of IFMIS in financial data processing and reporting provides timely, accurate and consistent reports to the management and to all the stakeholders and enables the organization to segregate funds that are from different donors and produce the respective reports for each of the donors. Hendricks (2013) stated that IFMIS greatly improved the public financial management and seeks to improve the confidence and credibility of budgets management by ensuring that they are comprehensive and transparent. Diane, Olweny and Shukla (2017) noted that increased use of IFMIS has resulted to improvement in the financial performance of the organizations and ensures timely as well as quality information, promote the empowerment of employees and enable the organization to achieve its long-time goals.

Gyaase, Anokye-Sarfo, and Bediako (2013) examined the adoption of information and communication technology within the public sector and indicated that the low level of the adoption of the use of information and communication technology in the financial management is as a result of among others, the low literacy in technology, lack of or use of obsolete equipment, negative perception of the use of technology, lack of training for the users the high cost associated with the acquisition and use of technology and the poor infrastructure. They argued that there should be government support as well as top management support who will champion the information and communication technology innovation.

In relation to the transparency and accountability, Muwema and Phiri (2020) who studied the impact of Integrated Financial Management Information Systems on procurement processes in the public sector in Zambia observed that there exist significant negative relation between the use of IFMIS the misappropriation of resources, transparency and the speed at which information is processed and reported, and further recommended that other stakeholders should have access to the system in order to increase transparency.

IFMIS greatly influenced the effectiveness of the reforms and financial controls in organizations. Reforms (2013) observed that IFMIS has become an important tool in the business environment as it has made the accounting, control, and oversight easier, and it has also enabled automated processes for organizations. Wahome, Kagwiria and Shano (2017) observed that the effectiveness of the integrated financial management information system on public reforms in Kenya influenced the reforms and helped to improve on the management information for the establishment of link between the key personnel in accounting and finance and IFMIS also improved the financial controls by availing the availing reliable and timely financial information.

In agreement with these findings, Mbaka and Namada (2019) on the study on the effect of IFMIS on supply chain advised that, IFMIS provides restricted access, is used to create order in the operations, has allowance for roles separation which reduces the level of risk in the organization and only allowed authorized users to modify documents, thereby restricting unauthorized entry of people. All these controls ensure that transactions do not go through the system without the necessary approvals, and this reduces fraud and misappropriation of funds.

Harelimana (2017) argued that the integrated financial management forms part of the financial management reforms in the developing countries and it holds effective benefits such as control over the public finances, great contribution to the transparency and accountability and also deters corruption and fraud. Oduyo, Adero and Chumba (2014) recommended that administration should ensure the information generated by the information financial management information system is consistent, timely and adequate and the public service should tailor information in a way that it cannot be tampered with, should have adequate controls, and should ensure that the IFMIS easily adopts to the changes in cash management practices. These findings were also supported by Chene

and Hodess (2009) who stated that integrated financial management information systems greatly strengthen the efficiency of the financial controls by making them to become more reliable, timely and comprehensive, and in the long run it is used to improve recording, accounting, and reporting.

This was further supported by the study by Muita and Karanja (2018) who observed that, Integrated Financial Management Information Systems greatly impacted the budgeting process, allowed more accurate and timely estimation of the future funding, timely production of reports, enhanced scrutiny of the resource allocation and improved processes in the monitoring and control process and compliance in projects management. In agreement to these findings, Ndzovu and Ng'ang'a (2019) observed that there is a positive and significant influence of financial performance arising from the electronic budgeting, automated procurement, automated cash management and automated financial reporting and the due to the utilization of the IFMIS, there are notable improvements in the overall financial performance within the study.

Piatti, Hashim and Wescott, (2017) stated that financial management information systems enabled the managers to plan, prepare and approve the necessary commitments, make the required payments, prepare the required managerial and stakeholders reports, monitor the day to-day progress, and provide better controls to meet the set targets. Further, Ingabire, Tobias and Jaya (2017) observed that IFMIS has a positive effect on the financial performance of a firm as it is instrumental in ensuring that there is timely provision of quality information, promotes empowerment of the employees, improves the entrepreneurship, and fastens the fulfilment of the goals and objectives of the firm. The study further stated that IFMIS enabled the firms to become more accountable, eliminated waste and corruption in the use of public assets and overall, the adoption of IFMIS improved financial performance.

IFMIS is useful to organizations that operate at remote locations and the information can be easily accessed by people who are in different geographical locations. The annual NGO sector report (NGO coordination board, 2016) reported that, there is a shift in the world towards the technological age, and the NGOs operating in the remote areas can easily communicate with their headquarters, share data, and save time and respond easily to emergencies through various information sharing platforms. Chene and Hodess (2009) observed that the introduction of the Integrated Financial Management Information Systems was done by looking at a core component for use in the organization and a driver to the various reforms within the public sector, and highlighted many benefits that could result from the adoption of the integrated financial management information system which included ensuring the increased confidence and credibility of budget due to its ability to produce results that are more comprehensive and transparency where more information can be availed within a short time period.

On the contrary, the report by USAID (2016) on NGOs in Sub-Sahara Africa, stated that, the financial management systems of most organizations remain weak and only the larger organizations use the IFMIS to produce audited financial reports to meet donor requirements. New developments are emerging with the NGOs embracing technology to perform several functions. In support of this argument, Atemba and Otuya (2017) also observed that despite the benefits that accrue from the adoption of information financial management system, there are several challenges that have been witnessed in its implementation which include the inappropriate implementation strategy, lack of capacity or little capacity in human resource as well as or inadequate policies that address the staff training needs.

From the studies carried out here above on the adoption of IFMIS, various recommendations have been identified for further study. Harelimana (2017)

recommended a further study to evaluate the level of success in the implementation of integrated financial management information systems in other organizations. Odoyo et al. (2014), whose study was based on a population in Eldoret West, Kenya also recommended a study with more valuables that would be relevant for the area in focus. Hendriks (2013) studied the implementation of IFMIS in the public sector in South Africa and expressed that, difficulties have been encountered in that implementation exercise while Breznik and recommended that follow-up be made to determine the benefits achieved in the use of IFMIS.

Muwema and Phiri (2020) also expressed that Integrated Financial Management Information Systems did not reduce the financial leakages because the greater part of the procurement process was carried out outside the system and loaded into the system very late in the process. Bosire (2016), Kerosi (2018), and Atemba and Otuya (2017) focused on the use of IFMIS in the government institutions. This study addresses the gap in the adoption of IFMIS on the NGOs, the level of success in the use of the IFMIS, the financial benefits achieved on the use of the IFMIS and its contribution to the sustainability of NGOs in Nairobi County.

2.3.4 The Internal Controls Practices and the Sustainability of NGOs

Matan and Hartnett (2012) stated that internal controls are a process by which an organization's resources are directed, monitored, and measured and further observed that there is a greater emphasis in the recent times than before on risk management and internal controls as these were seen to be necessary ingredients in fraud management. Sanusi, Johari, Said and Iskandar (2015) recommended that the internal control system has a great role to play in the firm as it contributes greatly to the effectiveness of financial management practices. Where the management fail to put into place measures that will enable them to effectively control the internal practices, it could lead to

compromises in controlling other factors from external environment to the organization such as suppliers and other stakeholders (Mbiu & Omwenga, 2015).

These controls are also mechanisms that the top management exercises to meet the organization's objectives in relation to the effectiveness, and productivity (Njeri et al., 2017). Park, Matkin and Malowe (2016) cited that deficiency in internal controls expose the organization to the risk of several negative effects such as the loss of financial resources, undetectable fraudulent claims, expensive errors in the grant's management and embarrassing media attention.

In the study of the effect of internal controls within the commercial banks in Kenya, Asiligwa, and Rennox (2017) recommended that the firms need to implement and maintain internal controls to mitigate the risk and minimize the impact on the financial performance. The study recommended firms should effectively implement and maintain internal controls. Abdulkadir (2014) argued that the employment of good internal controls within an organization brought about positive changes and improved performance and eventually the sustainability of a given establishment. This is because the donors and other key stakeholders develop trust and support its programs. The study further concluded that formal internal control systems as currently practiced in the corporate world have not been fully incorporated in the faith-based organizations.

The role of internal audit is to monitor the implementations of the policies and procedures within the organization and to find out whether the set internal control system is effectively achieving the expected results (Saud 2015). Bubilek (2017) stated that internal audit controls were important in ensuring that there are suitable internal controls that enable the organizational processes to remain effective and assurance is given that

the operations are well managed. These internal controls have great influence on the financial management within the public sector (Wakiriba, Ngahu & Wagoki 2014).

An organization may improve its effectiveness by operating under an efficient and innovative environment that provides useful feedback and ensures that the stated objectives are met. (Kumuthinidevi 2016) stated that the presence of internal control practices and internal audit within an organization assure a great degree of accuracy and reliability of the financial management information, reduce fraud and any possible errors within the system, safeguard against the assets of the organization, increases the level of adherence to the set policies and promote overall efficiency and effectiveness within the running of the organization.

External audits provide important and valuable insights into the information that exist within an organization. NGO Coordination Board (2019) report stated that the registered NGOs in Kenya who receive funding in the amount of over one million or have an expenditure of at least one million Kenya shillings are required to submit their books for audit by a registered auditor and the audited accounts must comply to the international financial reporting standards. Onyekwelu, (2014), on a study conducted within the banking industry stated that external audit played a big role of enhancing the credibility within the firm thereby increasing the confidence of the customers and other stakeholders. In support to this findings, Shyaka (2018) observed that external audit is a valuable function in the organization as it enhances the quality of financial information and paves way for improved financial reporting.

Aggarwal (2013) on the study of the contribution the effect of governance on setting oversight structures to the organization stated that, good governance structures enable the firm to improve its performance and companies should improve governance structures

that enable them to give the required oversight which ultimately improve financial performance. In agreement to these findings, Lewis (2016) observed that an organization should set up internal control systems, policies, and procedures by using the direct approach where the firm encourages the right action, preventive approach where the firm deter the wrong actions, detective approach where the firm identify if and where it has gone wrong, and corrective approach where correction to errors or losses are made.

Oppong, Owiredu, Abedana and Asante (2016) stated that internal controls have significant positive impact on performance of the NGOs when measured using economy and efficiency, but many people within such organizations are not sure of the presence of such controls and they are therefore not aware of the individual roles that they should play to strengthen the system. The study further recommended that the management should take the responsibility to improve the needed structures on communication, establish and maintain controls and also educate the employees on the existence and the importance of such controls.

In support to the use of internal control procedures, Keulder and Benz (2011) observed that for the managers and the decision makers within the organization to rely on the information provided to make prudent decisions, good internal controls greatly contributed to the accuracy and reliability of such information and increased the confidence by the board to use such information in decision making and to establish regulations and guidelines that ensure that the government regulations are complied with. This study further suggested that the concerns about the accountability in organizations was attributed to embezzlement of funds, lack of documentation or due to poor structures that exist in those NGOs.

Mutinda and Ngahu (2016) also observed that the internal financial control system had a great impact on the performance of the organization and a significant influence on the financial sustainability and therefore NGOs' policy makers should come up with elaborate internal control systems. In agreement to these findings, Joseph, Albert and Byaruhanga (2015) advised that effective and efficient internal control procedures and policies enable the organization to prevent and detect fraud.

Segregation of duties is another important factor in setting and safeguarding the organization's assets. Ayene et al., (2014) observed that to improve on the internal controls within an organization, the duties of the personnel should be segregated in a way that no one individual handles a given transaction alone. The responsibility management and the custody of the assets should be shared amongst several personnel. Lewis (2015) also argued that weak financial management systems would result within a system where the duties are not shared, and one person handles the transactions without involvement of the various members of the team within the finance function. This weakens the entire system and would encourage misuse of funds.

Uwaoma and Ordu (2015) further observed that there is need to strengthen the internal controls within an entity by placing the staff in areas where they will be most effective and efficient and also to ensure that progressive staff evaluations are taking place so that the organization can improve on its weaknesses and reduce the possible loss due to possible fraud. Ojua (2016) argued that lack of or limited knowledge of the controls by the personnel and interference in the already existing control parameters, negligence and little monitoring which is not adequate coupled with the lack of duties separation hindered the implementation of the internal control systems in faith-based organizations in Nigeria. Namusonge (2016) advised that a firm should make an investment in

acquiring staff who have requisite knowledge and authority well as responsibility to to have the required a level of influence and control within the process.

Setting reliable approval systems enable the management to restrict the authorization of transaction to personnel or positions in an organization. Bhattacharyya, and Bandyopadhyay, (2012) observed that prudent approval systems are necessary as they support effective expenditure management systems and consequently improve the financial performance. In agreement to these observations, Mary (2017) recommended strict controls and approvals that minimize or eliminate fraud within a given system and strict precautionary and preventive measures in implementing such controls. These control practices are continuous measures which may be modified with time and therefore close monitoring is very necessary to determine whether the implementation of the set controls is constantly done and also to confirm that the implementation is in line with the set policies.

Monitoring mechanisms enable NGOs to ascertain whether the components of internal controls are functioning as intended and to identify the deficiencies that may result. Lewis (2015) stated that monitoring involves making comparison of the set activities and the plans to evaluate the effectiveness of the plans, identify weaknesses and take corrective actions, and it entails continuous reporting and decision making. Maendo, James, kamau (2018) observed that regular monitoring and evaluation calls for allocation of sufficient resources and equipping the staff with the required skills in the monitoring and evaluation as the exercise plays a critical role in the performance of the projects. These findings concur with those of Kiage and Namusonge (2016) who stated that the firm's performance is affected by the risk management practice, followed by the evaluation practice which looks at the factors like the efficiency relevance and sustainability of the project and then the monitoring practice.

The various studies discussed here above on the internal controls within the organizations, showed the great importance that the internal controls played in the performance of such organization. Most of the studies were however conducted within profit making organizations and in other locations other than the one under this study. Further study needed to be carried out in other locations that have wider population and more concentration of NGOs hence the need to carry out this study within the NGOs in Nairobi County.

2.3.5 NGO Regulations and the Sustainability of the NGOs

In examining the national styles of NGO regulation, Blood good and Trembley (2013) observed that NGOs present a potential risk for upsetting the political norm and they create forums where they share information that influence policy and create a bargain in regards to the interests of the society, creating an environment to advocate for important factors that are lacking in the service delivery and the government should in this instances give enabling regulations to lower barriers on service delivery. Gugerty (2008) observed that the self -regulation within the non-governmental in Africa falls into three different levels which include the national-level guilds, the NGO-led clubs, and the voluntary codes of conduct but each of these three levels show significant weakness, with national guilds requiring high administrative oversight capacity, NGO having strong standards but lacking coverage and the voluntary codes being the most communion form but lacking regulatory strength. The study further stated that the challenges experienced on the current attempts to improve accountability in the NGOs has been as a result of a mismatch between the goals of regulation and institutional incentives.

On the examination of the formulation of the strategies within the NGOs, Hailey (2016) observed that NGO need to formulate strategies to enhance flexibility and responsiveness, and the development of new systems and processes which will enhance

growth and resilience within the NGOs globally. According to Tortajada (2016) most of the NGOs face sustainability challenges which are mainly attributed to the difficulties in the design, monitoring, and implementation of the project financing strategies and this could have a negative impact on the sustainability of such organizations.

The NGOs cannot function independently from the mainstream of the political, economic and the social welfare within a country. In Kenya, the Non-governmental organizations board is the arm of the government that was established by the NGO Act of 1990 and charged with the responsibility of regulating and enabling the NGO sector and this body is therefore charged with the authority to regulate, coordinate, and facilitate the work of the non-governmental organizations. Kelly (2019) reported that the public benefit organizations Act of 2013 was meant to replace the non-governmental coordination act of 1990 but the change has not been operationalized. He further stated that the registration of the NGO is mandatory and therefore all the registered NGOs must operate within the guidelines set under the NGO act of 1990.

Hamsik (2017) stated that where the regulations for the NGOs are clear and consistent, they become a powerful tool towards delivering the much-needed support through the NGOs and therefore to attain greater success the NGOs need to be more strategic to cope with regulatory challenges that are facing the humanitarian work. The NGO coordination board continues to enforce compliance with the act, regulations and policies aimed at effective regulation and enabling of the sector (NGO Coordination Board, 2019).

The NGOs are required to file annual audited financial reports to the NGO coordination board. The strategic plan of the NGO coordination board (NGO Strategic Plan 2014-2017) stated that regulation on financial returns and the compliance to the guidelines are important aspects to the growth of the organization. NGO coordination board (2019)

indicated that the board was putting together the mechanism to foster improved compliance to the regulations and policies on the annual reports submission in accordance to the Act in order to improve the performance of the sector. This report further stated that out of the 1520 NGOs that received over one million Kenya shillings funding in the period 2018/2019, 1258 organizations complied to the requirement of filling the audited financial statements, and this translates to 83% compliance.

The NGOs are required to comply with the set regulations and guidelines by the NGO coordination board in Kenya. Dupuy et al. (2015) stated that NGOs seek legitimacy through their claims of grassroots support and reliance on funding from the external sources and any study of the NGO sector the government is a key player in the NGO environment. On the contrary, in the study of the impact of regulation of financial NGOs on their efficiency and productivity, Anku-Tsede (2014) observed that the existing structures of the financial NGOs in Ghana are unsuitable for formal regulation and lack enough funding to supervise and monitor the activities of the NGOs. Crack (2017) observed that some of the people within the NGOs perceive the reporting process as a resource intensive, tedious process and cautioned on the possibility of the process becoming bureaucratic exercise rather than a driver to the much-needed change.

Crack (2017) observed that the NGOs should consider more extensive consultations with their principals and any other stakeholders to improve the effectiveness in their processes. Despite the existence of NGO Act, they may still operate under varying administrative conditions which include lack of autonomy, lack of accountability and inadequate internal democracy among other major concerns. Khan (2018) stated that the Khan rural support program, which is a non-governmental organization played a vital role of facilitation between the community, organizations, and the government to improve their governance using the democratic channels available in the development

interventions and for a long time the relationship between the government and the NGO has been complementary and one of cooperation. The study further states that the partnership between the government which is a regulator, and the NGO was viewed as an appropriate method towards attaining the financial sustainability of the projects and created a relationship that improved the ownership among communities for the NGO projects as well as the government projects.

Monitoring promotes transparency and accountability within the organization. Kiage and Namusonge (2016) observed that increasing levels of monitoring by the NGO coordination board increases the performance and the monitoring practice was crucial in any given project in all the registered organizations. Tong, Otieno, and Osoro (2018) examined the effect monitoring and evaluation of the government project observed that there exists a positive effect on the monitoring and evaluation planning of projects and there needs to be good planning, coordination, appropriate tools and equipment, as appropriate techniques applied in the monitoring and evaluation of the projects. The study further recommended that the technical team should be equipped with formal training that exposes them to systematic methodologies that would enable them to carry out the work of monitoring and evaluation successfully as such training would enable them to appreciate the importance of monitoring and evaluation in the project's management.

In agreement to these findings, Waithera and Wanyoike (2015) stated that monitoring and evaluation can enhance the success of the implementation of the projects, but also and in addition, the training of the personnel who are required to execute these activities was necessary if the organization was to obtain positive results. NGO Coordination Board. (2019) indicated that to improve the monitoring and evaluation activities, measures were underway to encourage the registered NGOs to engage the local

communities in the projects work and increased measures were put in place to ensure that monitoring and evaluation was done in those projects to enhance transparency and accountability. This also enabled the board to conclusively monitor the contribution made by the sector in the national development. Tortajada (2016) stated that, most of the NGOs are faced with sustainability challenges which are mainly attributed to the difficulties in the design, monitoring, and implementation of the project financing strategies and this could have a negative impact on the sustainability of such organizations.

Hofisi and Hofisi (2013) observed that, in most African states, the relationship between the state and the NGOs has been affected by lack of mutual trust between the state and the registered NGOs and given the contribution of the NGOs to the economic and social development of the nation, the state should create an enabling environment for the NGOs so that they operate in collaboration with the state in the service delivery to the needy communities. They further stated that the state holds the responsibility and power to protect its citizens and must exercise control over foreign policies, any mishandling of the available resources and even where the NGO changes their core function midstream from product and service delivery to making selfish gains.

The NGO coordination board (2019) further identified areas of support were meant to encourage the NGOs to move some of their functions from the urban centres to other areas and to align those projects to the identified development plans, and this included motivating the NGOs to start income generating projects for sustainability, strengthening the board's monitoring and evaluation system and also encouraging local philanthropy. In addition, the report stated that the NGO coordination board would decentralize their services and open regional centres that would be used to give further guidance and improve compliance to the organizations implementing projects in rural areas.

2.4 Conceptual Framework

The theoretical and empirical literature review here above show that financial management practices, namely the budgetary practices, the working capital management practices, the adoption of the integrated financial management information systems and the internal control practices and the moderating effect of NGO regulations could potentially affect the sustainability of the NGOs in Nairobi County. The conceptual framework here below demonstrated the relationship that seemed to exist between the financial management concepts and the sustainability of the NGOs in Nairobi County.

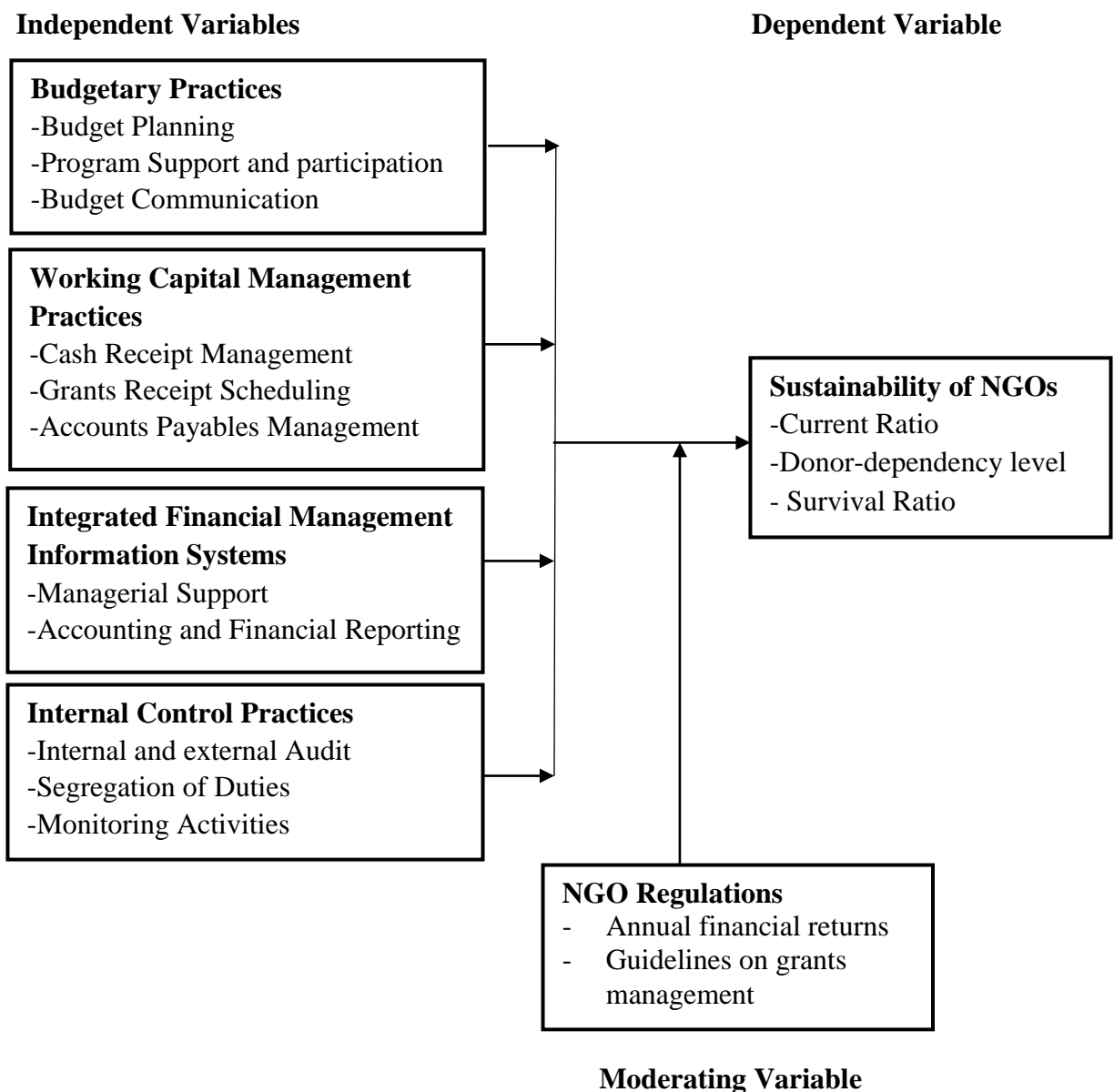


Figure 1: Conceptual Framework
Source: Researcher (2021)

2.5 Summary of Knowledge and Research Gaps

Various studies conducted on the components of financial management and sustainability of NGOs has added valuable knowledge and have also made recommendations for further research. On budgetary practices, Kimunguyi et al. (2015) recommended that NGO coordination board should develop budgetary policies that embrace budget planning initiatives, budgetary systems, and budgetary skills competency to improve effectiveness of NGOs. Kanga'ru (2018), and Kimunguyi et al. (2015) conducted studies on budgetary practices but only within the health sector while Jayarathne (2014), Sunday (2011), and Kabuye et al., (2019) conducted studies on the budgetary practices but these studies focused on profit making organizations.

Lewis (2016) and Ruhara and Moronge (2016) recommended the need for improved budget practices to improve the effectiveness and efficiency of the NGOs. To address the existing gaps, studies on participation by the program and support functions, the participation of the partners and beneficiaries in the budgetary process and the communication during the process need to be carried out. It is also evident that most of the studies on the budgetary practices focused on the profit-based organizations, and those within the NGO were mainly limited to the health sector. This study examines at various sectors within the NGOs.

Ponsian et al., (2014), Yakubu et al., (2017), Prasad (2019) et al., Kabuye et al., (2019) among others studied the effect of working capital management practices within listed companies and profit-making entities and recommended further research on the effect of working capital management practices on organizations other than the profit-making companies. Njeri et al., (2017) recommended that further research should be conducted on other settings other than the government establishment to conclusively establish the practice in those other firms. Ponsian et al., (2014) recommended that future research on

working capital should investigate generalization of the findings beyond the private companies and a study on more variables and profitability measures including cash management, marketable securities, and the return on assets.

Karanja and Karuti (2014) conducted a study on the effect of working capital management in Isiolo County in Kenya while Krivelyova et al., (2013) studied the effect of working capital in the community-based organizations in Kenya, Nigeria, and Zimbabwe, with specific focus on Aids Care. The various studies done on the effect of working capital management did not address the need to have the tranches released within an appropriate time, within which the project implementation would not be uninterrupted. This study addressed these gaps in the effect of working capital practices on the NGOs within the Nairobi County and added knowledge in this area of interest.

Oduyo et al., (2014), Lundu and Shale (2015), Muita and Karanja (2018) Harelimana (2017) among others studied the impact of integrated financial management information system on performance of public institutions and its effect on the performance of the public entities. Hendricks (2013), and (NGO coordination board, 2019) reported that there is a shift towards technological age and the NGOs need to embrace the change. The empirical review in this study indicated that minimal attention had been given in study on the adoption of IFMIS in NGOs and this study attempted to address that gap.

On Internal control practices, Mutinda and Ngahu (2016) examined the determinants of financial sustainability for non-governmental organizations in Nakuru County and recommended further research to cover specific internal controls that would be appropriate for the organizations and cover a wider scope. Abdulkadir (2014), and Oppong, *et al.* (2016) study was limited to the Faith based organizations and therefore did not address the internal controls that could be unique to other NGOs that are not

Faith based. A study to address specific internal controls that include the internal and external audits, board oversight by the monitoring and evaluation by the NGO coordination board was not undertaken, hence the gap that this study addressed.

The NGO coordination board is a key contributor to the NGO development and sustainability as it is charged with the responsibility of regulating and enabling the NGO sector in Kenya. Karanja and Karuti (2014) recommended that the government should put in place policies that will ensure financial sustainability of NGOs and ensure participation of NGOs management when making policies that affect their financial sustainability in Kenya. There was no specific study that addressed the contribution of the NGO regulations as a moderating valuable in sustainability of NGOs in Nairobi County. In this study, the researcher addressed this gap on the contribution made by the NGO regulations on the sustainability of the non-Governmental organizations with specific focus on the NGOs within the Nairobi County.

On examining the various studies that were conducted to establish the factors affecting the sustainability of the non-governmental organizations, it was noted that general recommendations were made regarding the sustainability of NGOs in various counties in Kenya. Most of the counties where these studies were conducted are smaller and have seemingly less business activity. Nairobi being the capital of Kenya is a hub to many NGOs and registers a greater number of NGOs. It therefore provided a larger population for the study as compared to many towns in the country and hence a better representation on the study.

This study examined the stakeholder's participation in the budgetary process and need for effective communication within the NGOs. It also informed the effect of working capital management practices and adoption of IFMIS beyond the private and public

establishments as earlier studies had limited information on these aspects. The study also sought to examine the contributions made through the application of appropriate internal control practices with great focus on elements of control that had received little attention in the previous studies especially in the use of audit functions and board oversight. It also focused on the NGO regulations and their effect on the financial management practices and sustainability of the NGOs. These aspects had received little attention in the studies conducted on the sustainability of NGOs.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter described the various aspects of the methodology used in the research. This included the research design, the target population and sampling design, the sample size and the sampling technique, the research instruments, the data collection procedure, data presentation and analysis methods.

3.2 Research Philosophy

Research philosophy is a set of common beliefs and agreements about the way in which data about a phenomenon is gathered, analysed, and used. The study was anchored on a positivist paradigm. The approach is derived from natural sciences, and it is characterized by testing of hypothesis developed from existing theory through the measurement of observable social realities (Saunders, Lewis, & Thornhill, 2009). A positivist presumes that the social world exists objectively and externally, that knowledge is valid if it is based on observations of this eternal reality and that theoretical models can be developed that are generalized, can explain cause, and effect of relationship and ultimately enable the researcher to predict the outcomes (Creswell, 2002; Saunders et al., 2009). This approach was found to be appropriate for this study because it eliminates subjectivity, and it enabled the researcher to determine the relationship between the financial management practices and the sustainability of NGOs.

3.3 Research Design

The study used adopted a descriptive research design. A descriptive research design attempts to describe a subject, often by creating a profile of a group of problem, people, or events, through collections of data and the tabulation of frequencies on research valuables and the research reveals who, what, when and where or how much (Cooper &

Schindler, 2000). The methods used try to measure the types of activities, how often, when, where and by whom. The data collected was presented using frequency distributions and graphs. A frequency distribution is a list containing the values of a variable and the corresponding frequencies with which each value occurs. A frequency distribution condenses the raw data into a more useful form and allows a quick visual interpretation of the data. The descriptive research design was found to be appropriate because it gives conclusive results between two or more variables.

3.4 Location of the Study

The study was conducted in the NGOs within Nairobi County in Kenya. Nairobi is the capital city of Kenya, a regional business hub and a host of numerous national, continental, and global organization headquarters. It covers an area of 695.10 square kilometres. Nairobi county is more robust with many activities and has an estimated population of 4,370,298 (JICA, 2018). The NGO Coordination Board (2019) report indicated that most NGOs in Kenya prefer to operate in Urban centres, and mainly Nairobi, which is the capital city, due to access to modern infrastructure. The choice of Nairobi County as the area of study was informed by the need to access a diverse population coming from the various categories within the NGO sector namely, Health, Education, Wash and Livelihood, Orphanages and Rehabilitation and Environment protection and Human Rights. Nairobi being the capital city accommodated all the various categories and hence the opportunity to conduct a study informed by various participants within the sector.



Figure 2: Map of Nairobi County

Source: Tourist Map of Kenya Limited

3.5 Population of the Study

A population is a group of individual persons, objects or items from which samples are taken for statistical measurement. Arun, Jayne, and Luciana (2016) defined a population as the entire group of people or items to which a statistical investigation relates. The target population for this study was the Senior Program Managers or Chief Executive Officers from the 1000 registered and active NGOs in Nairobi County as per the NGO Coordination Board report (2018). The list of the 1000 registered NGOs in Nairobi County formed the study's sampling frame.

The Non-Governmental Organizations mainly operate under the education, health, water and sanitation, education and livelihood, environment, and protection sectors. Constituted from the sampling frame, Table 2 shows a distribution of the NGOs according to their sectors of service.

Table 2: Target Population

NGO category	No. of NGOs
Health sector	141
WASH and Livelihood	100
Education	166
Orphanages and Rehabilitation	99
Environment protection and Human Rights	494
Total Population	1000

Source: The NGO Coordination Board Offices in Nairobi (2018)

3.6 Sampling Technique and Sample Size

Sampling technique is the process by which a representative subset of the population is selected for purposes of a study. On the other hand, sample size is the number of observation elements selected for form a study sample (Sekaran & Bougie, 2016).

3.6.1 Sampling Technique

Due to the heterogeneity of the population, the study used stratified random sampling technique. The population was divided into homogeneous strata or subgroups and a proportional simple random sample drawn from each stratum (Arun, *et al.*, 2016). The basis of strata was the NGO categories. The preferred sampling technique helped in ensuring fair representation of all characteristics of the population of the non-Governmental organizations in Nairobi County.

3.6.2 Sample Size

Based on the population of 1000 organizations, a sample size of 286 NGOs was determined to make the sample representative of the population. The sample size was determined using the Yamane (1967) sample size formula:

$$n = \frac{N}{1+N(\epsilon)^2} \dots \dots \dots (46.1)$$

Where: n = sample size

N = Population size

e = Standard error

$$\text{Sample size} = n = \frac{1000}{1+1000(.05)^2} = 286$$

To ensure proportionality, the sample elements were distributed across all sectors where the number of elements to be selected from stratum h was determined as follows.

$$n_h = \frac{N_h}{N} \times n \quad \dots\dots\dots (46.2)$$

Where;

n_h = sample elements selected from stratum h

N_h = Total number of elements in stratum h

N = The population size where $\sum_{h=1}^k N_h = N$; k = the number of strata forming the population

n = The desired sample size (286) where, $\sum_{h=1}^k n_h = n$

Using a sample size of 286 as calculated here above, the sample for each category was determined by taking the number of participants in each category divided by the population of the study and multiplied by the sample size. The figures obtained were used as the sample size for each respective category or stratum. While the NGOs were the sampling units, the Senior Program Managers or Chief Executive Officers of the sampled NGOs were the observation units.

Table 3 shows the distribution of both population and sample elements across the sectors.

Table 3: Sample Size

NGO Category (Stratum)	No. of Senior Program Managers or Chief Executive Officers	Sample size
Health sector	141	40
WASH and Livelihood	100	29
Education	166	48
Orphanages and Rehabilitation	99	28
Environment protection and Human Rights	494	141
Total	1000	286

3.7 Instrumentation

A structured questionnaire was designed and tested for validity and reliability for the purposes of carrying out this study. The questionnaires were administered by direct delivery to the participants which presented an opportunity for the researcher for self-introduction and offering clarifications on questionnaire items where such clarifications were sought by the respondents. The delivery method also enabled the researcher to build a good relationship with the respondents. To ensure a high response rate, the researcher attached a cover letter to the questionnaire to assure the respondents of confidentiality and anonymity. The letter also explained the purpose of the research and the name and address of the researcher.

The researcher engaged research assistants to administer the questionnaires, track them and getting the feedback. To get reliable results, the researcher trained the research assistants on how to administer the questionnaires, how to talk to the respondents, to communicate the information required and how to collect the responses. The research assistant's qualifications were a minimum of a bachelor's degree in a relevant field.

3.7.1 Pilot Testing

Using the rule of the thumb, between 5% and 10% of the target sample should constitute the pilot test (Cooper & Schilder, 2011). As such, a pilot study was conducted on 15 (5% x 286) respondents who were selected from the senior program managers and executive officers of the NGOs within the Nairobi County who did not form part of the sample population. From the responses obtained from the 15 persons, a clear indication of the strength of the questionnaire and the areas of weakness was determined and adjustments done where necessary. A pre-test of questionnaires is usually useful to reveal confusing and other problematic questions that would exist in a questionnaire (Burns, 2000).

3.7.2 Reliability of the Instrument

Reliability is a test of how consistently a measuring instrument measures whatever concept it is meant to measure (Sekaran & Bougie, 2016). The reliability of a data collection instrument indicates the extent to which error is eliminated, therefore ensuring consistency in measuring the various items in the instrument. The use of a reliable instrument ensures that the researcher obtains similar results in repeated administration of the instrument. The questionnaires were tested for reliability to check for duplication of the questions, ensure issues such as biased or inaccurate questions were eliminated and established the extent to which questions were consistent with what was being tested. The Cronbach's Alpha coefficient was used to assess the reliability of the questionnaires. This is a coefficient of reliability that affords an estimation of data generalization without any bias (Mugenda & Mugenda, 2010), and ranges between -1 and 1 was used. A high coefficient implies high correlation between the items indicating a high consistency among the items in the tools. As such, a high coefficient of 0.7 and

above indicates that the Likert item is acceptable as a measure of the variable/attribute under study.

3.7.3 Validity of the Instrument

Validity is the extent to which an instrument measures what it purports to measure (Sekaran & Bougie, 2016). It also refers to the extent to which the research results accurately represent the collected data (internal validity) and can be generalized or transferred to other contexts or settings (external validity). In this study, content validity was tested by using a panel of persons who judged positively the relevance of the contents and how well the measuring instrument met the standards.

3.8 Data Collection Procedure

Primary data was collected to provide first-hand information about the characteristics and description of NGO's financial management practices as well as the indicators of their sustainability. The data was collected using structured questionnaires from the sampled officers. The questionnaires comprised of structured closed questions and Likert-type questions. A well-planned and carefully constructed questionnaire is one of the most useful ways of collecting data and it increases the response rate and will also greatly facilitate the summarization and analysis of the collected data (Arun, et al., 2016). The questionnaires were divided into seven different sections. Section A contained general information on demographics of the respondents. In section B, the questionnaire used a Likert scale to collect information on the conduct of budget practices and their effects on NGO sustainability.

Section C of the questionnaire, also using a Likert scale, gathered information on the views of the respondents on the working capital management practices in their organizations and their impact on the sustainability of the organization. Section D of the

questionnaire was also a Likert item section with statements that guided the collection of views on adoption of the integrated financial management information systems and its impact. Section E of the questionnaire collected information on the implementation of internal control practices and their impact on NGO sustainability. Section F collected information on the NGO regulation by the NGO coordination board as a moderating variable. Lastly, section G of the questionnaire was a secondary data collection schedule that gathered financial information on the indicators of NGO sustainability.

The questionnaires were administered using the drop-and-pick method which allowed for proper follow up and clarifications whenever they were sought by the respondents. Once collected, the questionnaires were checked for completeness and relevancy before data entry and coding. This enhanced efficiency and accuracy in the presentation and accuracy of the data.

3.9 Data Analysis and Presentation

The collected data was cleaned, edited, and organized for analysis and presentations. The data was also summarized and presented in tables and charts to provide visual representations of the data. The study employed both descriptive and inferential statistics techniques. The descriptive statistical techniques involved computation of measures of central tendencies such as mean, frequencies, standard deviations, coefficients of skewness and kurtosis. The study also used inferential techniques such as correlation and regression analysis for assessment of causal and functional relationships among the study variables and assessing their goodness of fit.

3.9.1 Analysis of the Likert Scale Data

The questionnaire mainly comprised of Likert-items that measured the extent to which the respondents either agreed or disagreed with various statements on selected attributes

of the study variables. The researcher assigned a numerical value to each answer ranging from 1-5 with 5 denoting “strongly agree”; 4 denoting “agree”; 3 for “neutral”; 2 for “disagree”; and 1 for “strongly disagree” for the various attributes assessed in the study. Further, the Likert scale allowed the respondents to choose the option they felt best described their opinions on the issues under each variable. Likert scale questions have been found to be reliable because the data collected can be easily evaluated through standard techniques like principal factor analysis and regression analysis (Montgomery, Peck & Vining, 2001). Although Likert scales contain ordinal data, they are often used with interval techniques for scales containing at least five items (Mukherji & Rustagi, 2008 as cited in Wachira, 2014).

The collected Likert data was analysed using frequencies, percentages, and descriptive statistics such as the mean, median, mode, standard deviation, variance and coefficients of kurtosis and skewness. The frequencies and percentages helped in bringing out the actual distribution of the responses among the Likert scale items thus exposing the general skewness and tendency of the responses. Mode is the most popular, most frequent, or most repeated observation and thus it gave a clear indication of the feeling of the majority of the respondents for each variable. The standard deviation and variance helped in assessing the dispersion, spread or variability of the responses across the various aspects of the study variables.

The coefficients of kurtosis and skewness helped in assessing the distribution of the responses so as to determine whether they were normally distributed or not. The coefficient of skewness is expected to range between -1 and +1, where a positive value indicates a positively skewed distribution, a negative value indicates a negatively skewed distribution, and a value 0 (zero) indicates a normal distribution. A coefficient of kurtosis that is less than 3 indicates a platykurtic distribution (a frequency curve that is flatter

than the normal curve), a value greater than 3 indicates a leptokurtic distribution (a frequency curve that is more peaked than the normal curve) and a value equal to 3 indicates a mesokurtic distribution (a frequency curve that coincides with the normal curve).

3.9.2 Hypothesis Testing

In this study, Chi Square test for independence was used to test whether the rating of the NGOs was dependent on the duration that the NGOs have been in existence (NGO age brackets). Chi square test for independence is a non-parametric test that assesses the association between two attributes of a population in categorical data. The test analyses cross-sectional frequency data to investigate the null hypotheses that the attribute represented by the columns is independent of the attribute represented by the rows and vice versa, against a contrary alternative hypothesis. The Chi Square procedure for independence tests the null hypothesis that attributes are statistically independent. It uses a Chi-Square test statistic where the computed statistic is compared with the critical statistic tabulated in the Chi Square distribution table, at the specified significance level; 5% for this study. The null hypothesis (H_0) is only rejected if the computed statistic \geq critical statistic, or if the P-value is less than the significance level i.e., 0.05. P-value is mainly the probability that the Null hypothesis is a true. The NGO age brackets were categorised in inclusive class intervals of width of 5 years from 0-5 years, 6-10 years, 11-15 years, 16-20 years and ≥ 21 years.

3.9.3 Test for Normality

Normality is where the distribution of the data is symmetrical about the mean and approximately mesokurtic. Normality of the response variable data is a basic requirement for regression analysis and various parametric tests. If the data is not normal, then the correlation and regression results will be misleading (Thode, 2002). Normality test

therefore checks the normality assumption that the population from which the sample was drawn is normally distributed. Various tests can be conducted to check the normality of data. Based on the sample size, the study adopted the Shapiro-Wilks test for normality carried out at 5% significance level. The procedure tests the null hypothesis that the response variable data is normally distributed, which is rejected when the P-value is less than the test's significance level.

3.9.4 Correlational and Regression Analysis

Correlation analysis was used to show the relationship between the study variables for each research question. Simple linear regression analysis using the Ordinary Least Squares (OLS) method was used to develop models and to test the statistical significance of the models. Tests for the assumptions of linear regression analysis such as tests for normality, linearity and heteroscedasticity were done to assess the statistical adequacy of the models. The structure of the simple linear regression model used to investigate the functional relationship between the dependent and independent variables of the study was as follows.

To assess the effect of budgetary practices on sustainability of NGOs, the simple linear regression model used was of the form.

$$y = \beta_0 + \beta_1 X_1 + \varepsilon \dots\dots\dots (52.3)$$

Where;

y =Sustainability of NGOs

β_0 = Constant

β_1 = Coefficient of budgetary practices

X_1 = Budgetary practices

ε = The error term

To assess the effect of working capital management practices on sustainability of NGOs, the simple linear regression model used was of the form.

$$y = \beta_0 + \beta_2 X_2 + \varepsilon \dots\dots\dots (52.4)$$

Where

y =Sustainability of NGOs

β_0 = Constant

β_2 = Coefficient of working capital management

X_2 = Working capital management

ε = The error term

To assess the effect of adoption of Integrated Financial Management Information Systems on sustainability of NGOs, the simple linear regression model used was of the form;

$$y = \beta_0 + \beta_3 X_3 + \varepsilon \dots\dots\dots (52.5)$$

Where

y =Sustainability of NGOs

β_0 = Constant

β_3 = Coefficient of adoption of Integrated Financial Management Information Systems

X_3 = Adoption of Integrated Financial Management Information Systems

ε = The error term

To assess the effect of Internal Control Practices on sustainability of NGOs, the simple linear regression model used was of the form;

$$y = \beta_0 + \beta_4 X_4 + \varepsilon \dots\dots\dots (53.6)$$

Where

y =Sustainability of NGOs

β_0 = Constant

β_4 = Coefficient of Internal Control Practices

X_4 = Internal Control Practices

ε = The error term

3.9.5 Testing the Moderating Effect

To assess the moderating effect of NGO Regulations on the effect of Financial Management Practices on sustainability of NGOs, the regression model with interactions used was of the form.

$$y = \beta_0 + \beta_1 X_1 + \beta_2 M + \beta_3 (X_1 M) + \varepsilon \quad \dots\dots\dots(53.7)$$

Where

β_0 = Constant

β_1 = Coefficient of financial management practices

X_1 = Financial management practices and NGO regulations

β_2 =Coefficient of NGO regulation

M = NGO regulation (Moderating variable)

β_3 = Coefficient of the interaction term for financial management practices and NGO regulations

$X_1 M$ =The interaction term for financial management practices and NGO regulations

ε = The error term

Where the interaction term for financial management practice and NGO regulation was found to be significant, it implied that there is a significant moderating effect.

In assessing sustainability of NGOs, different ratios were computed. Lewis (2016) recommended that the financial sustainability of an NGO could be calculated using the following ratios:

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}} \dots\dots\dots (54.8)$$

Current ratio compares the Current assets which will become liquid in approximately twelve months with the current liabilities which will be due for payment in the same time period. It signifies the efficient management of resources by the organization. Gitman and Zutter (2015) stated that a current ratio of 2:1 is acceptable and the higher the predictability a firm cash flows, the lower the acceptable current ratio.

$$\text{Donor-dependency Level} = \frac{\text{Total Donor Income}}{\text{Total Income}} \times 100 \dots\dots\dots (54.9)$$

Donor dependency level shows the financing strategy of the firm and its dependence on the donor aid in a given period. It is used to enable the firm to set and monitor their financial targets that are set with the objective of long-term survival. Lewis (2016) asserted that the donor dependency ratio is an important measure that shows how financially sustainable an NGO is at a given point in time. He indicated that 100% ratio would indicate total dependence on donor funds and may pose a risk to the organization. The rate of dependency is guided by the financing strategy of the organization, where less dependency will indicate lower levels of donor funding and more dependency of other generated income.

$$\text{Survival Ratio} = \frac{\text{General reserves}}{\text{Total Income}} \times 52 \text{ weeks or } 365 \text{ days} \dots\dots\dots (54.10)$$

The survival ratio gives an indication of how long the organisation could survive in the coming year if the normal income dried up and levels of activity remain the same and the recommended a survival ratio of a minimum 30 days (Lewis, 2016). Saungweme (2014)

stated that the survival ratio measures the number of days or months an NGO can survive based on its current general reserves, or unrestricted funds.

3.9.6 Diagnostic Tests

Adjusted R^2 was used to assess the explanatory power of the models by measuring the proportion of the variations in the indicators of the response variables that could be explained by the developed models. This implies that $1 - R^2$ gave the unexplained variation, which is mainly associated to pure chance variations and other significant predictor variables that may not have been captured by the analysis/models. As such, the higher the value of Adjusted R^2 , the better the goodness of fit, and vice-versa.

The observations of the variables in a regression model are required to be statistically independent. Dependence or interaction among the observations of a given variable is referred to as autocorrelation or serial correlation. This can occur due to varied reasons; for instance, in a survey, respondents from nearby or same geographic locations may provide similar responses than those who are more geographically distant. It can also occur when the regression model is wrongly specified, causing the regression residuals to be dependent on each other. While scatter plots can be used to detect autocorrelation in a given data, a more accurate and common method used in linear regression analysis is the Durbin Watson test. The procedure tests the null hypothesis that the residuals are not linearly auto correlated using the Durbin Watson statistic (d). The statistic is computed such that $d = 2$ indicates absence of autocorrelation.

To test the statistical significance of the models and their adequacy for prediction, Regression Analysis of Variance (Regression ANOVA) was conducted on the models. The ANOVA facilitates the Fisher's test (F-test) which uses the F-statistic as the test statistic. F-statistic is the ratio of the explained variation to the unexplained/residual

variation. This procedure tests the null hypothesis that the model is NOT statistically significant. The computed F-statistic is compared with the critical F-statistic at the specified significance level; 5% for this study. The null hypothesis is rejected if computed F-statistic \geq critical F-statistic, or if the P-value is less than the significance level i.e., 0.05.

To test the statistical significance of the individual predictors in the models, t-tests were conducted. T-test uses the t-ratio/statistic as the test statistic. T-statistic is the ratio of the estimated regression coefficient to its standard error. A coefficient that has a high standard error yields a small absolute t-statistic rendering it to be non-significant. This implies that the higher the absolute t-statistic, the stronger the predictor variable and vice-versa. T-test tests the null hypothesis that the predictor variable is NOT statistically significant.

The computed t-statistic is compared with the critical t-statistic at the specified significance level. This is a two-tailed test which requires that the critical t-statistic is obtained at half of the significance level, in this case, 2.5%. The null hypothesis is rejected if, computed $|t\text{-ratio}| \geq$ critical t-statistic, or if the P-value is less than the significance level i.e., 0.05.

3.9.7 Analysis of Variance (ANOVA)

ANOVA is a quantitative analysis parametric hypothesis testing procedure that tests for among other statistical attributes, equality of means across various data categories. In this study, the researcher used ANOVA to test the equality of means of the responses across all the five study variables: budgetary practices, working capital management practices, Integrated Financial Management Information System (IFMIS), internal control practices and NGO regulations. A summary of the responses was developed by

determining the average number of responses for each variable under each category; strongly disagree, disagree, neutral, agree and strongly disagree. This summary yielded a cross-sectional table of the average frequencies per variable and the response categories. The ANOVA was then conducted on the data to test the null hypothesis that the means are equal across the response categories.

The decision rule was based on both the Computed F-statistic and the P-Value in which case the null hypothesis was rejected if the computed F-statistic is greater than the Critical F-statistic and the P-value is less than the analysis significant level of 0.05.

3.10 Ethical Considerations

The researcher obtained clearance for the study from the National Commission for Science, Technology, and Innovation (NACOSTI) in Nairobi, Kenya. The researcher also sought consent from the authorities in the NGOs as well as the other relevant stakeholders. The respondents were also assured that all the information collected in the study was for academic purposes only, was used to improve the financial sustainability within the NGOs and was not to be used to victimize them in any way. They were also assured of confidentiality of the information disclosed and the privacy of each respective respondents. The researcher used simple language that was easily understood by the respondents.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND FINDINGS

4.1 Introduction

This chapter provides presentations, analysis, findings, and discussions of the collected data based on the objectives of the study. It presents the study response rate, graphical representations of demographic factors of the respondents and tabulations of frequencies and descriptive statistics as summaries of the Likert data. Further, it presents the findings and discussions of the hypothesis tests conducted, as well as the correlational and regression analysis findings. The chapter further discusses the diagnostic test and ANOVA results.

4.2 Response Rate

Response rate is expressed as the fraction of eligible survey participants that were contacted and interviewed (Bonifas, 2015). In any study, response rate is usually of great concern due to the risk of non-response bias which is the error that results from distinct differences between the people who responded to a survey versus those who did not respond. The higher the response rate of a survey, the lower the risk of non-response bias of the dropped 286 questionnaires, 181 questionnaires were collected, and 172 questionnaires were found to be satisfactory in completeness, relevance, and validity. This yielded 60.14% response rate which was considered good and sufficient for the study. Mugenda and Mugenda (2003) scales 50% as an adequate response rate, suitable and representative enough for analysis, 60% as good response rate while 70% and higher as excellent. Saunders *et al.*, (2003) provided that a response rate variability rate of 52% to 100% is considered adequate for organizations and further, AAOPR (2011) explained that a response rate of over 50% is good while 70% is very good.

4.3 Demographic Factors

Demographic information provides data regarding the characteristics of the study participants. It is necessary since it enables the researcher to understand the heterogeneity (or homogeneity) of the study participants and determine whether the sampled individuals are a representative sample of the target population for generalization purposes. The demographic details examined were; stratification of the respondents according to the main sector served by their NGO, their designations, age of the NGO and the duration that the respondent has served in the NGO. The key sectors that the sampled NGOs serve included health, education, WASH and livelihood, orphanages and rehabilitation and human rights and protection. Figure 3 shows the distribution of the respondents according to the listed strata.

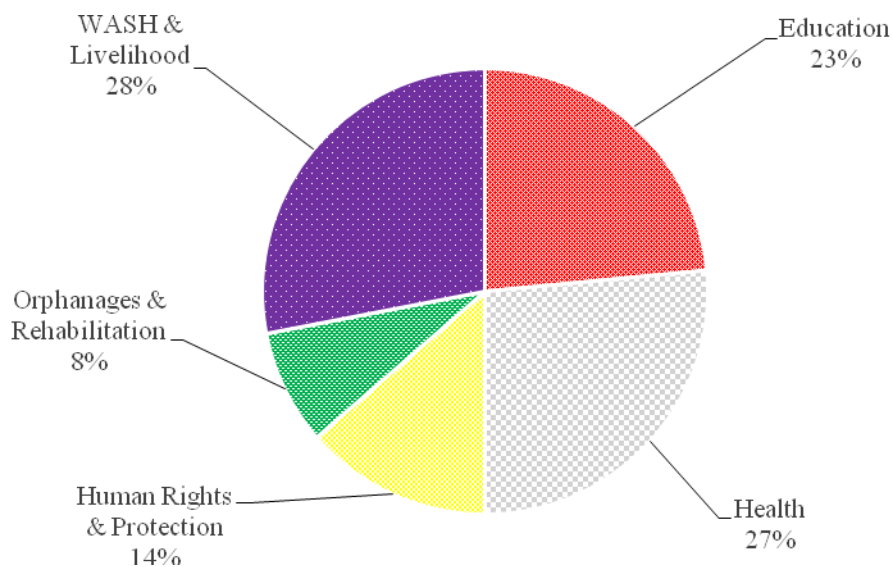


Figure 3: Stratification of the Respondents

It was observed that majority of the NGOs serve in the WASH and livelihood sector, and as such, sampled employees from these NGOs constituted 28% of the entire sample. This was closely followed by NGOs serving the health sector which contributed 27% of the respondents and education at 23%. NGOs promoting orphanages and rehabilitation were

found to be the least in numbers and were able to contribute only 8% of the sample. The remaining 14% of the sample came from the human rights and protection NGOs. Using stratified random sampling technique, the researcher obtained a representative sample of officers who completed the questionnaires with the information required. This cut across the organizational structures from middle level managers to the top management for diversity and proper representation of the views collected. As such, the sampled respondents served in different positions within the NGOs ranging from accountants, finance officers and managers, general managers and even the organizational treasurers as presented in Figure 4 here below.

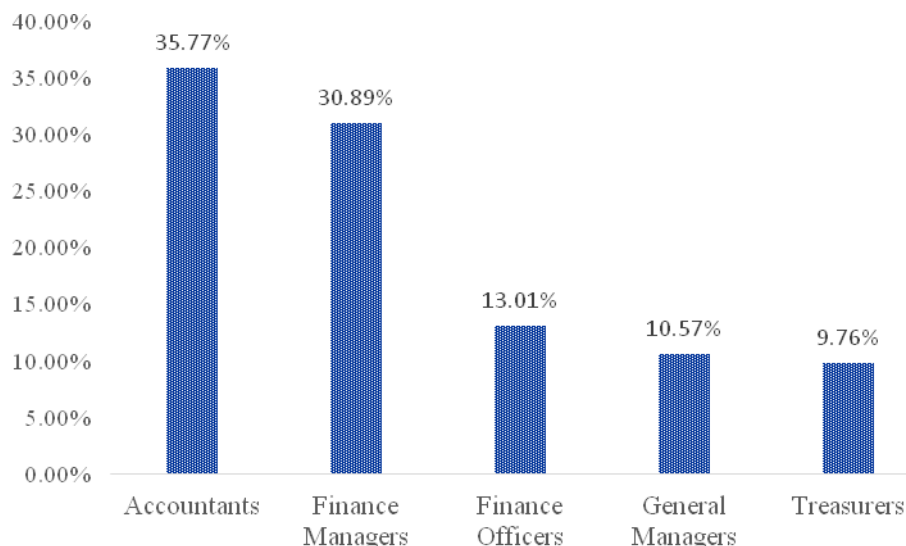


Figure 4: Positions in the Organizations

Majority of the respondents served as accountants constituting 35.77% of the sample. Finance managers constituted 30.89% while the finance officers constituted 13.01%. These three categories aggregated to 79.67% of the respondents which was quite significant since these are the key custodians of the information sought by the study. Other respondents served as general managers constituting 10.57% and the NGO treasurers whose sample proportion was 9.76%.

The study sought to investigate the duration of existence of the sampled NGOs as well as the period for which the respondents have served in the NGOs. This was critical since it gave the background on the extent to which the NGOs have been able to survive which gave an indication on their sustainability. Further, the duration over which an employee has served in the organization was found to be important since it relates directly to sustainability of the organization. An organization whose employees serve for only a short period and then leave may not have a higher survival rate as that which is able to retain its employees for a longer duration. Table 4 shows the distribution of frequency densities (in percentage) of the NGOs according to their age.

Table 4: Frequency Densities of the Age of the NGOs

Age of Organizations (Years)	Frequency densities
6 – 10	13.39
11 – 15	41.73
16 – 20	14.96
21 – 25	12.60
26 – 30	14.96
31 & above	2.36

All sampled NGOs were found to have been in existence for at least 5 years with 2.36% having been operational in Nairobi for over 30 years. A majority of 41.73% were found to be in existence for between 11 and 15 years, followed by those that had served for between 16 and 20 years and those had served for between 26 and 30 years which accounted for 14.96% of the sample each. NGOs aged between 6 and 10 years and those that had served for between 21 and 25 years constituted 13.39% and 12.6% of the sample respectively.

Table 5 shows the distribution of frequency densities (in percentage) of the respondents (sampled employees) according to the duration they had served in their organizations as at the time of the study.

Table 5: Frequency Densities of Employee Duration in the NGO

Duration served in the Organization (Years)	Frequency Densities
0 – 5	54.14
6 – 10	24.06
11 – 15	15.79
16 – 20	3.01
21 – 25	1.50
26 – 30	1.50
31 & above	0.00

All sampled employees were found to have served in their respective NGOs for at most 30 years, with a mere 1.5% having served for between 26 and 30 years. However, a greater percentage were those who had been in engagement with their NGOs for less than 5 years constituting a significant 54.14%. This observation raises concerns on employee retention in the NGOs since it was observed that majority of the NGOs (41.73%) had been in existence for between 11 and 15 years (Table 5). It implies that most of the pioneer employees who worked for these NGOs in the specified capacities had already left and new ones engaged. 24.06% of the respondents had served their NGOs for a period of between 6 and 10 years, while 15.79% had served for between 11 and 15 years. Those who had served for between 15 and 20 years and those who had served for between 21 and 25 years constituted 3.01% and 1.5% of the sample, respectively. Descriptive statistics of the above distributions yielded more statistical information about the age of the NGOs and the duration that the sampled employees had served in their respective organizations. Table 6 shows the descriptive statistics of these durations.

Table 6: Descriptive Statistics of the Age of NGOs and the Employees' Duration of Service

Descriptive Statistics	Organizations (Statistics)	Respondents (Statistics)
Mean	15.92	5.95
Median	14.00	4.00
Mode	12	2
Std. Deviation	5.040	2.036
Coefficient of Variation	0.317	0.342
Skewness	0.898	1.733
Std. Error of Skewness	0.215	0.211
Kurtosis	0.152	3.414
Std. Error of Kurtosis	0.427	0.419
Minimum	6	1
Maximum	37	25

The NGOs were found to have a mean age of 15.92 years associated with a standard deviation of 5.04 years. This yielded a coefficient of variation of 31.7% which indicated significant dispersion since it is significantly above 25% (rule of thumb). Majority of the organizations were aged 12 years (mode) with the youngest NGO aged 6 years and the oldest NGO aged 37 years. The NGO age distribution data yielded a coefficient of skewness of 0.898 associated with a standard error of 0.215. The skewness was investigated to determine whether it was significant or not, to determine the normality of the data.

One way of determining if the degree of skewness is significant is to compare the numerical value for skewness with twice its standard error and consider the range from negative twice the standard error to positive twice the standard error. If the value for Skewness falls within the range, the skewness is considered not seriously pronounced, hence approximate normality. In this case, the interval was found to be [-0.43, +0.43]. The coefficient of skewness 0.898 lies outside this interval indicating that the distribution is significantly positively skewed. On the other hand of kurtosis, the coefficient of

kurtosis was determined as 0.152 with a standard error of 0.427. Using a similar procedure, the interval for non-significant kurtosis was determined as [-0.854, +0.854]. The coefficient of 0.152 lies within the interval indicating that the kurtosis is not significant implying that the distribution was mesocratic.

The sampled employees had a mean duration of service of 5.95 years with an associated standard deviation of approximately 2 years. This yielded a coefficient of variation of 34.2% which indicated significant dispersion within the data (above 25%). Majority of the respondents had a service duration of 2 years (mode) with the lowest having served for 1 year and the highest having served for 25 years. The coefficient of skewness was determined as 1.733 with a standard error of 0.211. The interval of non-significant skewness was the obtained as [-0.422, +0.422]. The coefficient of skewness fell above the interval indicating that the distribution was significantly positively skewed, hence the absence of normality. On the other hand, the coefficient of kurtosis was obtained as 3.414 with a standard error of 0.419. This resulted to an interval of non-significant kurtosis of [-0.838, +0.838]. The coefficient of kurtosis fell above this interval implying that the distribution was leptokurtic hence absence of normality.

4.4 Reliability Analysis

A pilot survey to test the reliability of the data collection instruments was conducted in a sample of 15 NGOs that were not involved in the mains study. Senior officers were sampled one from each NGO and asked to fill the questionnaires on a drop-and-pick approach. The pilot aimed at assessing the consistency of the to assess the consistency of the Likert-items in the questionnaires using the Cronbach's alpha coefficient, where a high coefficient indicates that the items are consistently measuring the same underlying construct. Table 7 shows the results of Cronbach's coefficient tests of reliability on the study on Likert scale items.

Table 7: Cronbach's Alpha Reliability Test Results

Variable	Reliability Cronbach's Alpha	Remark
Budgetary practices	0.901	Excellent
Working capital management practices	0.735	Acceptable
Integrated financial management information system	0.959	Excellent
Internal control practices	0.962	Excellent
NGO regulation practices	0.902	Excellent

As observed in table 7, the Cronbach coefficient values for all variables were found to be greater than 0.7 with majority being greater than 0.9 which indicate acceptable and excellent scales, respectively. As such, the responses collected using the questionnaires were accepted as good, consistent, and reliable for the study.

4.5 Descriptive Analysis

4.5.1: NGO Budgetary Practices

Transparent and inclusive budgetary practices such as budgetary planning, budget support and participatory and budget communication, go a long way in improving trust, employee and client satisfaction since most revenues are used on the prioritized financial needs. Kirmani, Wani and Saif (2015) observed that the use of information systems in the budget processing makes the people to be more responsive to priorities and the management practices, and it also creates flexibility as well as strengthening of the competitive pressure for the organization.

Budgetary planning practices which include issuing of budgetary guidelines before the preparation of the budgets, setting up and using budgetary committees, setting specific goals, and enhancing transparency are essential for effective performance. Participation of internal stakeholders and budget communication practices are also of importance to

organizations. The study sought to unveil the status of budgetary practices in the NGOs in Nairobi County by examining various aspects of these practices and rating them on a Likert scale. Table 8 shows the Likert scale summary statistics on NGO budgetary practices.

Table 8: Likert Scale Frequencies and Descriptive Statistics on NGO Budgetary Practices

Variable Indicators	F/P	SD	D	N	A	SA	Mode
a) Budgetary guidelines are issued before preparing budgets	P	1.7	2.3	19.8	50.6	25.6	4
	F	3	4	34	87	44	
b) The budget committee is functional	P	1.7	6.4	19.2	51.2	21.5	4
	F	3	11	33	88	37	
c) The Organizations budgetary goals are specific and clear	P	1.7	3.5	16.9	51.7	26.2	4
	F	3	6	29	89	45	
d) The budgeting process is transparent and accountable	P	.6	2.3	15.7	52.3	29.1	4
	F	1	4	27	90	50	
e) Heads of various functions take part in the budgeting process	P	2.3	1.7	27.9	45.9	22.1	4
	F	4	3	48	79	38	
f) The Budget holders have an influence on the final budget.	P	3.5	4.7	24.4	48.3	19.2	4
	F	6	8	42	83	33	
g) The implementing partners participate in the budgeting process	P	.6	7.6	20.3	45.9	25.6	4
	F	1	13	35	79	44	
h) The beneficiaries participate in the budgeting process	P	4.7	8.1	23.3	49.4	14.5	4
	F	8	14	40	85	25	
i) Coordination during budgeting process is achieved easily	P	0	2.9	11.0	57.0	29.1	4
	F	0	5	19	98	50	

Mean 3.9464 Standard deviation 0.5454

*P: Percent F: Frequency SD: Strongly Disagree D: Disagree N: Neutral A: Agree SA: Strongly Agree

A total of 131 respondents (76.2%) indicated that budgetary guidelines are usually issued in their organizations before preparations of budget. 34 respondents (19.8%) were neutral on this statement, while 7 respondents (4%) indicated that no guidelines are issued ahead of budgeting in their organizations. However, majority of the respondents (mode = 4)

confirmed that these guidelines are issued. Good understanding of an NGO budget planning and preparation system is advantageous to the organization as it does not only derive expenditure projections, but it is also a useful process that advises the managers, other officers and partners on the feasibility and desirability of specific budget proposals. Ruhara and Moronge (2016) observed that there is a great for proper guidelines, improvement in the budget planning, monitoring and constant adjustment.

An impressive 125 respondents (72.7%) with a mode of 4 (Agree) indicated that budget committees are functional in their NGOs, 33 respondents (19.2%) were neutral while a total of 14 respondents (8.1%) indicated that the committees are not functional in their NGOs. In many organizations, budget committees that are charged with the responsibility of giving the necessary guidelines in the budgeting process. These committees are composed of the executive officers in-charge of major organizational functions including managers and finance officers.

Their key roles include receiving and reviewing individual departmental budget estimates, suggesting changes and modifications in accordance with organizational objectives, approving departmental budgets which act as an authority/target for departmental actions, receiving and analyzing performance reports regarding the implementation of budgets, and suggesting corrective action to improve efficiency and achievement of overall budgetary goal. In agreement to this findings, Skousen and Walther (2009) who recommended the need for a budget committee that would give valuable contribution and guidelines in the budgeting process and the findings by Junge et al (2014) that the organization should clearly demarcate the roles of various committees who are charged with the budget various responsibilities.

Kimunguyi et al. (2015) explained that the underlying philosophy of priority-driven budget lies on the ability of an entity to invest its resources to meet the stated goals and objectives which are set with the aim of ensuring that the budget is understood by the people responsible for the achievement of the set targets. For the case of this study, 134 respondents (77.9%) with a mode of 4 (Agree) confirmed that budgetary goals in their NGOs are usually specific and clear. 29 respondents (16.9%) were neutral and a total of 9 respondents (5.2%) indicated that budgetary goals are not specific and clear in their organizations.

This is in line with the recommendations by Lewis (2015) that supported the need for clear primary goals and objectives and the same sentiments are derived from the study by Yee et al. (2016) who observed that the participation in goal setting enhances goal acceptance, and this is clearer when the organization presents the individuals with goals that they previously rejected if they for had perceived them to be difficult, irrelevant, or unreasonable.

Increased budget transparency results in improved accountability and quality of services rendered. 140 respondents (81.4%) with a mode of 4 (Agree) indicated that budgetary processes in their NGOs are usually transparent and accountable. However, 5 respondents (2.9%) indicated that the processes are not transparent in their NGOs and 27 respondents (15.7%) were neutral on the statement. The Annual NGO Sector Report (2019) emphasised on enhancement of self- regulation, transparency and accountability, a practice that is geared towards improving the budgeting, projects implementation and reporting and ultimately improvement on the overall performance of the NGOs that are registered in Kenya.

Rifqi, Subekti and Rahman (2017) observed that budgetary participation is a process that involves individuals directly and has an influence on the performance objectives as it makes it possible for the stakeholders to negotiate an opinion about the budget targets. 117 respondents (68%) with a mode of 4 (Agree) indicated that departmental and sectional heads are usually involved in budgeting processes. A significant 48 respondents (27.9%) were neutral on the statement, while 7 respondents (4%) indicated that departmental and sectional heads are not involved in budgetary processes raising concerns on effective budgetary participation in the NGOs.

Budget holders are often the implementing agents of the budgetary plans usually guided by the organizational work and strategic plans. Involvement of the budget holders in the budgeting process is an important strategy that would go a long way in bringing about the sense of ownership and inclusion as well as proper understanding of the budgetary targets, goals and objectives. Majority of the respondents, 116 respondents (67.5%), with a mode of 4 (Agree) further indicated that budget holders usually have an influence on the final NGO budgets. However, 14 respondents (8.2%) indicated that the budget holders do not influence the final NGO budgets while 42 respondents (24.4%) stayed neutral on the statement.

Many are times that NGOs work in partnership with other agencies for effective and comprehensive implementation of their programmes and projects. Involvement of the implementation partners is expected to yield positively on performance of an NGO as this minimizes budgetary omissions. 123 respondents (71.5%) with a mode of 4 (Agree) indicated that implementation partners participate in the budgetary processes while a significant 35 respondents (20.3%) stayed neutral on the statement. The remaining 14 respondents (8.2%) indicated that implementation partners do not participate in their NGOs' budgetary processes.

In line with these findings, Campbell, Escobar, Fenton, and Craig (2018), and Wui et al., (2016) observed that the practice of budget participation has spread globally and has potential to empower communities and stakeholders enabling them to be part of the decision making and this participation in setting the necessary the budget influences and motivates the personnel within the organization. In agreement to these observations, Tanase (2013) stated that the participation should be voluntary, with all the parties allowed to participate within a two-way communication model and the subordinates should be motivated and allowed to have a real influence in the decision-making process and made more responsible and accountable.

A total of 110 respondents (63.9%) with a mode of 4 (Agree) confirmed that project beneficiaries are usually involved in budgeting processes. However, an accumulated 22 respondents (12.8%) were of a contrary opinion indicating that project beneficiaries are not involved in budgeting processes. A significant 40 respondents (23.3%) were neutral about the statement. Project beneficiaries cannot be ignored as key stakeholders of the entire process of project planning, implementation, monitoring and evaluation. This includes budgetary planning, setting goals and priorities.

The findings in this study concur with the recommendations by Kimani (2014), and Olurankinse (2013) and Junge et al., (2014) that the management should involve and elicit feedback from other stakeholders during the budgeting process and Ayene et al., (2014) who identified lack of participation as a major challenge in estimating the cash requirements during budgeting at the proposal writing stage. Kerosi (2018) further affirmed that to have a successful budget implementation, the management and the employees must work together to allow good representation of the stakeholders in the budgetary allocation decisions within the organization.

An impressive 148 respondents (86.1%), with a mode of 4 (Agree), confirmed that proper coordination is evident in budgeting processes in their NGOs. 19 respondents (11%) were neutral, while a mere 5 respondents (2.9%) indicated that coordination in their NGO budgeting processes is not achieved easily. This contrasts Yee et al., (2016) findings that there is a likelihood that the managers do receive the necessary information, but they may not have good understanding of how that information would be used in the decision making to the benefit of the organization.

Coordination during a budgeting process helps to achieve the objectives quickly and comprehensively. It helps in minimizing conflicts, rivalries, wastage, delays, and other organizational problems by ensuring smooth working of the budgeting committee and orderly arrangement of group efforts towards the accomplishment of the overall budgeting goals. Olurankinse (2013) also recommended budget coordination, monitoring and evaluation within the organization as part of the process to enhance its effectiveness.

In conclusion, the overall mean rating of the budgetary practices for NGOs in Nairobi County was 3.9464 (approximately 4). This parameter indicates that in general, the respondents agreed to the positive NGO budgetary practices attributes implying that the NGOs are generally well rated on their budgetary practices. These descriptive statistics were associated with a relatively low dispersion/variability of opinions (standard deviation = 0.5454).

4.5.2 Working Capital Management Practices

Rădășanu (2015) explains that working capital management is closely related to the sustainable growth of an organization or institution. As such, just like in other institutions and organizations, establishment of an effective working capital management

framework is a core component of the overall management and decision-making cadres of NGOs. Prasad et al., (2019) observed that, a firm that is highly efficient in its working capital management reduced the possibility of liquidity risk and was better preferred to those who practised poor working capital management. Working capital management is conducted to achieve among other organizational goals, corporate plan goals, efficiencies in performance and understanding of impacts on level of services. Table 9 shows the Likert scale summary statistics on NGO working capital management practices.

Table 9: Likert Scale Frequencies and Descriptive Statistics on NGO Working Capital Management Practices

Variable Indicators	P/F	SD	D	N	A	SA	Mode
a) The organization has management systems for cash and Bank accounts	P	0	0	14.0	51.7	34.3	4
	F	0	0	24	89	59	
b) The cash forecasts are prepared in good time	P	.6	1.7	8.1	59.9	29.7	4
	F	1	3	14	103	51	
c) Appropriate measures are set to govern utilization of cash	P	0	0	10.5	59.9	29.7	4
	F	0	0	18	103	51	
d) To improve the process, NGO must liquidate such expenditure within a reasonable time going by the contract details	P	.6	2.9	35.5	42.4	18.6	4
	F	1	5	61	73	32	
e) There are no delays in remittance of tranches during implementation	P	.6	7.0	27.3	46.5	18.6	4
	F	1	12	47	80	32	
f) There is constant delay in reporting of expenditure	P	5.8	16.9	23.3	43.6	10.5	4
	F	10	29	40	75	18	
g) The delays in the subsequent receipt of funds affect liquidity	P	2.9	5.8	27.9	51.7	11.6	4
	F	5	10	48	89	20	
h) The creditors are paid within the stipulated time	P	1.7	4.7	32.6	46.5	14.5	4
	F	3	8	56	80	25	
Mean	3.8738	Standard Deviation	0.3857				

*P: Percent F: Frequency SD: Strongly Disagree D: Disagree N: Neutral A: Agree SA: Strongly Agree

Cash and Bank accounts management is a critical aspect for every business. Management systems for cash and bank accounts are therefore critical components in promoting sustainability by ensuring optimal liquidity. Impressively, 148 respondents (86%) confirmed that cash and bank account management systems exist in their NGOs with 24 respondents (14%) remaining neutral on this aspect. None of the respondents disagreed to the statement that these management systems exist in their organizations. Abioro (2013) Stated that a mere availability of cash without proper management does not necessarily translate to a favourable performance of an organization. Thus, cash management practices greatly influence the financial performance of a firm. The findings under this study points towards a very positive practice in as far as the management of cash and banking is concerned and therefore the NGOs under discussion are likely to maintain accuracy and effectiveness on their cash and bank balances, a practice that is highly recommended in financial management with any organization.

Timely and accurate cash forecasts are also very critical in ensuring optimal preparedness for future organizational financial needs. 154 respondents (89.6%) indicated that these cash forecasts are prepared in good time within the NGOs in which they serve, while a mere 4 respondents (2.3%) indicated that the forecasts are not prepared in good time. 14 respondents (8.1%) were neutral on this aspect. This is in line with the findings of Ahmed and Ali (2013) who suggested that cash flow forecasts have a great influence on the investor's decisions.

Utilization of institutional or organizational funds should be ultimately well governed and regulated, lest misappropriation of funds creeps in resulting to unmet budgetary objectives and organizational goals. Regarding the application of appropriate measures to govern utilization of cash, and it was found that 154 respondents (89.6%) serve in NGOs that have set measures to ensure regulated utilization of cash. None of the respondents

indicated that there are no such measures in their NGOs, though 18 respondents (10.4%) remained neutral on this aspect of the study.

On the contrary, a study on the small and medium sized businesses by Miroga (2015) observed that most small and medium sized businesses lacked proper procedures in the receipt and disbursement of cash and do not provide other necessary controls in as far as the necessary checks, authorization of bank accounts, periodic reviews and formal authorization of the payments is concerned. They also fail to run separate bank accounts, and this leads to a total compromise on the cash management of such businesses and the failure to have adequate controls in the management of cash and bank accounts can be disastrous to the business, leading to fraud and other related misconduct.

Lewis (2016) observed that the donors require that the recipient of the funds is able to demonstrate financial soundness before the funds are released. This results to an inverse effect on the long-term sustainability of the concerned NGO. In relation to the liquidation of expenditure during the project implementation, the finding in this study showed that 105 respondents (61%) agreed that expenses are liquidated in good time, 6 respondents (3.5%) felt that the expenses are not liquidated in good time, while a significant 61 respondents (35.5%) decided to remain neutral on this proposition. The liquidation of expenditure is critical if the organization is to maintain liquidity and be able to carry out its operations without interruptions.

Achievement of budgetary and general planning goals and objectives can only be realized if the funds to execute the targeted activities and transactions are received in good time. The study endeavoured to determine whether approved grants are usually received by the respective NGOs in good time in relation to the signed agreements. The study revealed that 112 respondents (65.1%) work in NGOs where remittance of tranches

during implementation are done in good time, 13 respondents (7.6%) stated that their NGO remittances delay during program implementation while the status for NGOs for 13 respondents (27.3%) could not be determined since the respondents were neutral on the statement.

Adherence to budgetary guidelines and compliance with set regulatory measures require proper, timely and efficient expenditure mechanisms. This ensures that appropriate corrective measures are promptly taken whenever expenditure tends to divert out of the trajectory. A concern is raised on the 93 respondents (54.1%) indicated that there are constant delays in reporting of expenditure in their NGOs and 40 respondents (23.3%) who decided to remain neutral on this proposition. Only 39 respondents (22.7%) indicated that reporting of expenditure is timely in the NGOs in which they serve.

Most programs and projects are usually implemented in joint phases. As such, funds are released in phases mostly guided by assessment, monitoring and evaluation reports. This implies that if the release of funds for subsequent phases is delayed, then the program's liquidity is affected, resulting to overall project delay, and increased overhead costs. 109 respondents (63.3%) confirmed that delays in subsequent receipt of funds is evident in their NGOs, and this adversely affects liquidity. This raise concerns on effective implementation of programs. 15 respondents (8.7%) indicated that such delays do not occur, while 48 respondents (27.9%) remained neutral. Krivelyova et al. (2013) emphasised on the need for organizations to report their expenditure in good time to the funding institutions.

Effective and efficient working capital management systems should be complete and all inclusive. This includes transactions relating to suppliers and creditors. Timely payment of creditors cultivates cordial and long-term business relationship that supports

sustainability and organizational resilience during strains and financial down turns. This study revealed that, a total of 105 respondents (61%) confirmed that creditors are paid within the stipulated time, 11 respondents (6.4%) indicated that the creditors are not paid within the stipulated time while 56 respondents (32.6%) were neutral.

These findings are in line with the recommendations by Achode and Rotich (2016) that the priority of the senior management should be to manage their trade credit more prudently and so it is the responsibility of the financial officers and the managers to establish a long term relationship with their supplier so that the organization accesses credit more easily and faster as increased trade credit enhances the performance through improved liquidity and profitability as well as increase the competitiveness of the organization. Moodey et al. (2016) also observed that efficient working capital management helps the organization to achieve improved liquidity through effective management of the components of working capital namely, the receivables, inventory, and the payables. In agreement to this findings, Kasiran, Mohamad and Chin, (2016) argued that the management of working capital ensures sustainability of the company and improper management of the working capital would lead to poor asset utilization which in turn would cause a decrease the investment and liquidity crisis.

Generally, the working capital management practices yielded an overall mean of 3.8738 (approximately 4). This indicates that the respondents generally agreed with the positive Likert statements about working capital management practices in their NGOs, which is a good rating. This rating was fairly varied across respondents with a low dispersion; standard deviation of 0.3857.

4.5.3 Integrated Financial Management Information Systems

Chene and Hodess (2009) state that in the recent times, developing countries have been exploring ways of improving the public financial management through the introduction and implementation of Integrated Financial Management Information Systems (IFMIS). IFMIS is a tool of public financial management which helps in monitoring and controlling financial activities systematically. This in turn gives the management strength in financial decision making, reporting and other duties in the public sector (Hendriks, 2013). An NGO that adopts and complies with IFMIS requirements enjoys numerous benefits including accurate collection of financial information, proper reporting, support for policy decisions, financial statements, information for budgeting, planning and analysis and audit trails. In support to this finding, Kirmani, Wani and Saif (2015) stated that the use of ICT within the modern organizations has improved the financial structure and enabled them to improve the quality and quantity thereby increasing the efficiency and the much-needed effectiveness to enable organizations to improve their performance.

Table 10 shows the Likert scale summary statistics on NGOs and adoption of IFMIS.

Table 10: Likert Scale Frequencies and Descriptive Statistics on NGOs and Adoption of IFMIS

Variable Indicators	P/F	SD	D	N	A	SA	Mode
a) IFMIS has contributed positively to the running of the organization	P	7.0	1.7	18.6	41.3	31.4	4
	F	12	3	32	71	54	
b) IFMIS has inbuilt capacity to account for multiple funded projects	P	4.7	.6	18.6	55.8	20.3	4
	F	8	1	32	96	35	
c) Management reports are scheduled and availed on monthly basis	P	3.5	.6	14.0	64.0	18.0	4
	F	6	1	24	110	31	
d) IFMIS has reduced the possibility of misappropriation of funds	P	4.7	0	18.0	63.4	14.0	4
	F	8	0	31	109	24	
e) IFMIS has contributed to project monitoring and evaluation	P	3.5	2.3	16.3	63.4	14.5	4
	F	6	4	28	109	25	
f) IFMIS has reduced data processing and report generation costs	P	3.5	2.3	26.7	48.8	18.6	4
	F	6	4	46	84	32	
g) IFMIS provides an audit trail that is useful for decision making	P	4.1	2.3	21.5	59.3	12.8	4
	F	7	4	37	102	22	
h) IFMIS is accessible to the users remotely	P	5.2	3.5	18.0	61.0	12.2	4
	F	9	6	31	105	21	
Mean	3.7954	Standard Deviation	0.1887				

*P: Percent F: Frequency SD: Strongly Disagree D: Disagree N: Neutral A: Agree SA: Strongly Agree

Hendricks (2012) and Ayene et al. (2014) and Breznik, (2012) argued that a good financial management system makes it easier to be accountable to donors and further observed that the introduction of the Integrated Financial Management Information System (IFMIS) has been a great financial management reform practice that will be greatly used to promote efficiency, effectiveness, accountability, transparency, and the much needed security of data management and comprehensive financial reporting and is currently an important tool that organizations use to aid in decision making. In this study, the findings on the adoption of the IFMIS affirms this observation.

The NGO Coordination Board (2019) reported that 81% of the registered NGOs have employed computers for their data processing, 52% had printers and 97% had good internet connections that enabled them to effectively communicate with the stakeholders and offer quality interventions to their stakeholders. With the numerous expected financial management benefits attributed to deployment of IFMIS, NGO management teams are expected to reap big from the system in running their organizations. Masaku et al. (2018) observed that IFMIS support adequate policy decisions, preparation of financial statements for audit purposes and management reported among other important management responsibilities.

In this study, a total of 125 respondents (72.7%) indicated that IFMIS has actually contributed positively in the running of their organizations with only 15 respondents (8.7%) disagreeing to this statement for their organizations. However, 32 respondents (18.6%) remained neutral about this aspect. The findings by Odoyo et al (2014) support this result as he argued that IFMIS enhanced the efficiency and effectiveness and the much-required transparency for the organization. The same thoughts are shared by Kirmani, Wani and Saif (2015) who stated that the application of the information management has allowed organizations to attain success and efficiency in performing financial transactions and has notably enabled them to produce more acceptable and reliable financial results.

A good financial management system for an NGO is one that has the internal capacity to account for more than one project at any given time since at times NGOs handle more than one concurrent project. On evaluation of the ability of the current IFMIS in the NGOs, this study observed that 131 respondents (76.1%) indicated that the system has inbuilt capacity to account for multiple funded projects, 9 respondents (5.3%) indicated that this capacity lacks in the system, while 32 respondents (18.6%) were neutral.

Patanakul (2015) stated that the major drivers to the effectiveness of the multiple funded projects as the proper management of the resources, proper application of technology, better time management, team oriented organizational culture and managing the interdependencies and interactions among projects.

Mukuni and Price (2014) indicated that accounting for multiple funded projects can be a challenge where various donors demand for reports in specific donor formats, and therefore the adaption of IFMIS is very important as it resolves the dilemma that existed in production of such reports. In agreement, Lewis (2016) observed that an organization that runs multiple projects should find a way of consolidating the multiple budgets to give a useful over-view to aid in decision making. The managers in the management of multiple projects must also be pro-efficient and multitasking to estimate their resource capacity, set priorities and multi-task amongst different projects.

An impressive 141 respondents (82%) confirmed that management reports are regularly availed monthly, while 7 respondents (4.1%) were of a contrary opinion. 24 respondents (14%) were neutral on the system's reporting aspect. These findings are supported by other studies by Muita and Karanja (2018) and Odoyo et al. (2014) and Masaku et al. (2018) that affirmed that IFMIS enhanced the capacity of the organization to produce accurate, timely, effective, and efficient reports that are used by the management for decision making.

Osano and Ngugi (2018) further observed that application of integrated information systems improved the analysis of information for the organization, enabling them to easily trace all the stages of the transactions, automated bank account reconciliation and availed the automated information to the stakeholders. An organization that adopts IFMIS would then be able to collect information in a manner that is accurate, timely,

complete, reliable, and consistent to enhance management reporting to accurate levels. These reports then assist the management in making high-level decisions for the direction of an organization.

A total of 133 respondents (77.4%) indicated that IFMIS has reduced the possibility of misappropriation of funds with only 8 respondents (4.7%) being of contrary opinion. 31 respondents (18%) remained neutral. Harelimana (2017) observed that, IFMIS enhanced standardization of information, automation, and transparency reliability in identifying and investigating unusual transactions as well as accountability. Before the introduction and adoption of IFMIS, finance management practices had been characterized by challenges in revenue mobilization and lack of transparency and accountability with the aspect of misappropriation of funds and corruption being rampant in many organizations in developing countries. In support of these findings, Odoyo et al (2014) and Rajab, Namusonge, and Shaelle (2016) observed that the flexibility of local IFMIS design can decrease chances of failure in cash management and the integrated financial management information systems (IFMIS) is an effective tool in ensuring transparency and accountability. Osano and Ngugi (2018) recommended that IFMIS was useful in streamlining procedures and reduce corruption and other related negative cases in organizations.

Without an efficient and effective monitoring and evaluation system in an organization, complaints of non-implementation or non-completion of highly ambitious projects are often common. But with such a system in place, information collection, analysis and reporting of results are regular and decision making and feedback at all levels are based on verifiable evidence. In this study, 134 respondents (77.9%) felt that IFMIS has contributed to project monitoring and evaluation, 28 respondents (16.3%) were neutral,

while 10 respondents (5.8%) felt that IFMIS has not contributed to monitoring and evaluation of projects.

In support to this findings, Piatti *et al.*, (2017) observed that using the Integrated Financial Management Information Systems in the organization adds great value as the budget threats can be identified and corrected, areas of overspending clearly identified and specifically addressed, more active monitoring of available funds, clearer and more accurate data analysis can easily be done and improved information and other financial controls are set so as to improve the management of the organization and operate more efficiently. Osano and Ngugi (2018) also suggested that IFMIS facilitated effective monitoring and evaluation, and this would improve the effectiveness and efficiency in the program spending (Osano & Karanja, 2018).

An integrated financial data collection system with ability to generate comprehensive financial statements and management reports is expected to bring about significant reduction of data processing and report generation costs. 116 respondents (67.4%) agreed that IFMIS has reduced data processing and report generation costs, a significant 46 respondents (26.7%) were neutral, while 10 respondents (5.8%) were of a contrary opinion. In line with these findings, Njoroge and Wanyoike (2016) expressed that the role of IFMIS ensures improved internal efficiencies by lowering costs and increasing productivity cannot be underestimated. Muita and Karanja (2018) also observed that organizations electronically do procurement planning, monitor the budgets and make the required approvals of the supply chain and also make the necessary payments through IFMIS, as the system has proven to be an effective tool in data management, ensuring transparency and accountability all through the value chain.

An ideal integrated financial management information system should be able to provide an audit trail to facilitate the audit process. By maintaining records of all transactions that occurs within an NGO, IFMIS is expected to make it possible to carry out an audit effectively for meaningful decision making. An aggregate of 124 respondents 72.1% believed that IFMIS provides an audit trail that is useful for decision making, 37 respondents (21.5%) were neutral, while 11 respondents (6.4%) were of a contrary opinion. These findings agree with those of Omeri (2015) who argued that NGOs should institute the traditional internal controls which also form part of the audit trail, such that no one person should have control over the entire accounting cycle to authorize, approve and execute transactions.

In examining the accessibility of information to the remote users, 126 respondents (73.2%) felt that IFMIS is accessible remotely to the users, 31 respondents (18%) were neutral, while 15 respondents (8.7%) felt that IFMIS is not accessible remotely to the users. IFMIS ought to be a security-tight system that safeguards all financial information that it holds as well as its integrity. Controlled remote access by the users of the system is paramount to ensure that footprints of users accessing, modifying, removing, corrupting, or updating any information in the system can always be tracked.

The overall mean rating for IFMIS was determined as 3.7954 (approximately 4). These measures of central tendency indicate that the respondents generally agreed with the Likert statements about the use and impact of IFMIS in NGOs. The dispersion associated with this rating was relatively low with a standard deviation of 0.1887.

4.5.4 Internal Control Practices

The Institute of Chartered Accountants of England and Wales (ICAEW) (2000) stated that internal control is the whole system of controls established by management in order

to carry on the business of the organization in an orderly and efficient manner, and it enables the organization to safeguard its assets and to keep complete records and adhere to the set management policies. Hayles (2005) notes that to mitigate exposure to financial risks which is arguably a consequence of financial imprudence, financial controls and other internal controls must be instituted in organizations to ensure accountability and safeguarding of sensitive information. According to the Ayagre, Ishmael and Nartey (2014), institutions should not be complacent about the need for working internal control systems if they have to achieve effectiveness and efficiency of operations, reliability of financial reporting, and compliance to the set regulations. Table 11 shows the Likert scale summary statistics on NGOs' internal control practices.

Table 11: Likert Scale Frequencies and Descriptive Statistics on Internal Control Practices

Variable Indicators	P/F	SD	D	N	A	SA	Mode
a) The organization has a functional internal audit unit	P	8.7	47.7	8.1	26.7	8.7	2
	F	15	82	14	46	15	
b) External Audits are carried out and reports submitted to the authorities	P	10.5	45.9	11.0	20.9	11.6	2
	F	18	79	19	36	20	
c) There are established structures and reporting lines for objectives.	P	10.5	41.3	21.5	14.0	12.8	2
	F	18	71	37	24	22	
d) Individuals are held accountable for their internal control responsibilities.	P	8.7	41.3	15.1	23.3	11.6	2
	F	15	71	26	40	20	
e) Financial management duties are well distributed to various personnel	P	11.0	30.2	18.0	32.0	8.7	4
	F	19	52	31	55	15	
f) Expenditure approvals are done at various defined levels	P	8.7	29.7	23.3	29.1	9.3	2
	F	15	51	40	50	16	
g) Continuous monitoring and evaluation of internal control systems is done.	P	8.1	34.3	25.0	22.1	10.5	2
	F	14	59	43	38	18	
Mean	2.4235	Standard Deviation	1.0120				
*P: Percent	F: Frequency	SD: Strongly Disagree	D: Disagree	N: Neutral	A: Agree	SA: Strongly Agree	

It is paramount to have an organizational internal audit unit that is functional, effective, and prudent with minimal issues of inefficiencies. This is because an efficient and effective internal control system that has an empowered internal audit serves as the foundation of sustainable financial prudence in an organization. It raises concerns to find that only 61 respondents (35.4%) confirmed that their organizations have functional audit units. 14 respondents (8.1%) were neutral about this aspect, while a notable 97 respondents (56.4%) indicated that there does not exist functional internal audit units in their organizations. Further, Abdulkadir (2014) stated that, there is great need for organizations to establish or enhance strong internal controls that will enable them to improve their overall performance and increase the confidence of their financiers as well as other stakeholders.

External audits provide important and valuable insights into the information that exist within an organization. NGO Coordination Board (2019) report stated that the registered NGOs in Kenya who receive funding in the amount of over 1 million or have an expenditure of at least 1 million Kenya shillings are required to submit their books for audit by a registered auditor and the audited accounts must comply to the international financial reporting standards (IFRS). Lewis (2016) observed that audits demonstrate commitment to transparency and accountability, and it is also a legal requirement in most cases. In this study, 56 respondents (32.5%) indicated that external audits are routinely carried out and reports submitted to the authorities, 19 respondents (11%) were neutral, while an aggregate of 97 respondents (56.4%) felt that this is not the case in the NGOs where they serve. The findings and audit processes give an organization the confidence and reassurance that their information and the way they conduct business is genuine and legitimate.

The findings are contrary to the recommendations made by Ayene et al (2014) who observed that the grant recipients are expected to maintain a state of audit readiness as failure to conduct audit could lead to questioned costs and possible cost disallowances requiring refunds. Saud (2015) also observed that audit helps the organization to effectively manage and accomplish its set objectives by employing a disciplined, systematic approach that enable the organization to improve the effectiveness of risk management, control and governance within their processes and gives valuable recommendations and suggested improvement on the weak areas with the aim of improving effectiveness and efficiency.

Established structures, guidelines, and procedures of efficient and effective reporting in an organization are essential for the achievement of the set goals and objectives. There should exist a combination of authoritative reporting standards set by policy boards which guide recording and reporting of accounting and audit information. 46 respondents (26.8%) indicated that there are established structures and reporting lines for objectives. 37 respondents (21.5%) were neutral, while an alarming 89 respondents (51.8%) felt that such structures are not established in their organizations. This is in line with the observations by Mutinda and Ngahu (2016) who stated that the there exists a positive significant influence of the internal control systems on the financial sustainability of the organization and the NGOs depended to a large extent on internal financial controls structures to meet this important objective which contribute greatly to its survival.

Among the goals of internal control systems are accountability, transparency, and responsibility for any financial deeds by the individuals holding various offices and portfolios in an organization. As such, an effective control system is one that ensures that individuals are held accountable for their internal control responsibilities. The study found that 60 respondents (34.9%) felt that individuals are held accountable for their

internal control responsibilities, 26 respondents (15.1%) were neutral, while a significant 86 respondents (50%) believed that this does not happen.

Dividing financial management duties among the employees is an essential step in running an organization. Clear job descriptions that outline the specific assignments for each employee provides clear guidelines that enable the employee to complete all the tasks appropriately. Assigning specific duties also allows employees to specialize and perform their tasks efficiently. 70 respondents (40.7%) confirmed that financial management duties are usually distributed well among the personnel, 31 respondents (18%) were neutral, while 71 respondents (41.2%) disagreed to this practice happening in their organizations. In support of these findings, Ayene et al., (2014) and Lewis (2015) recommended that it is important to safeguard the assets of the organization by segregating duties to ensure that the responsibilities within the finance function are shared amongst the team members as this reduces the temptation of the misuse of funds and also mismanagement of the resources available to the firm.

Lewis (2016) further said that the segregation of duties is a preventive measure that aims to remove the opportunity for theft and fraud and therefore sharing the duties around the team protects those involved and further minimizes the misuse of funds. He recommended that organizations develop a study matrix that help to organize an effective and practical sharing of such duties. Lack of segregation of duties open doors to misappropriation and other compromise in the management of the organization's resources.

On the approval of expenditure, 66 respondents (38.4%) felt that expenditure approvals are done at various defined levels within their NGOs, 40 respondents (23.3%) were neutral, while 66 respondents (38.4%) felt that these approvals are not done at the

various levels. Organizational expenditure approvals are an important element of expenditure control in budget execution and financial resources management. Through expenditure approvals and the overall expenditure control system, NGOs will not only be able to maintain high-level fiscal discipline but also be able to implement the planned activities within the approved appropriations.

On the contrary, Bhattacharyya, and Bandyopadhyay (2012) concluded that expenditure management is a process that helps the organization to regulate the cost of services and appropriate financial controls and approval systems are significant predictors for good financial management, the NGOs seems to be having a great challenge of little appreciation of expenditure approvals and this may compromise the spending patterns by those organizations. Scott (2019) observed that regarding the expenditure management practices some of the major lapses are likely to occur in the approval systems include the payment of expenditure without the required approvals, fraudulent transactions, and irregular payments.

Continuous monitoring and evaluation of NGO internal control systems identifies trends, measures changes, and captures knowledge to improve the systems' performance and increase transparency. 56 respondents (32.6%) indicated that continuous monitoring and evaluation of internal control systems happens in their organizations, 43 respondents (25%) were neutral, while 73 respondents (42.4%) felt that this does not happen in their NGOs. These findings show a negative trend and deviation from the recommendations by Agbujule (2009) and Kariuki and Reddy (2017) who stated that effective monitoring, evaluation, and continuous controls systems enabled the organization to improve their systemic efficiency. Mary (2017) observed that an effective control system is the one that economically benefits the organization in relation to its nature, the dynamics in terms of management and operations, available resources, and its size. He further

indicated that the management ought to be pro-active and actively engaged to deal with the changes as they occur.

Mutinda and Ngahu (2016), Abdulkadir (2014) observed that internal financial control systems significantly influenced the financial sustainability of the NGOs. The overall mean rating of internal control practices in the NGOs was determined as 2.4235. This implies that generally, the respondents disagreed with the positive statements about internal control practices in NGOs. This is a poor rating which raises concerns about the existence and execution of proper internal control practices. The findings were associated with a standard deviation of 1.0120 which indicates relatively low variability.

4.5.5 NGO Regulation

Committing to principles of transparency, good governance and accountability to donors, beneficiaries and all other stakeholders increases the legitimacy of an NGO by providing a guarantee that they are open and honest about their financial procedures. This commitment is ensured through a regulatory framework by the NGOs Coordination Board. The board is charged with the responsibility of registering non-governmental organizations in Kenya, giving oversight, and advising the government on their contribution to national development, aligning the activities of those organizations with the national priorities and receiving and analyzing NGOs annual reports. Table 12 shows the Likert scale summary statistics on NGO regulation.

Table 12: Likert Scale Frequencies and Descriptive Statistics on NGO Regulation

Variable Indicators	P/F	SD	D	N	A	SA	Mode
a) Annual financial returns are submitted to the NGO coordination board	P F	5.8 10	11.0 19	35.5 61	29.7 51	18.0 31	3
b) The NGO is compliant with the regulations by NGO coordination board	P F	5.8 10	8.1 14	23.3 40	45.9 79	16.9 29	4
c) NGO coordination board issues guidelines on Grants management	P F	4.7 8	9.9 17	33.1 57	40.1 69	12.2 21	4
d) Monitoring and evaluation by the NGO board is beneficial to the organization	P F	4.7 8	10.5 18	29.7 51	32.0 55	23.3 40	4

Mean 3.4924 Standard Deviation 0.1860

*P: Percent F: Frequency SD: Strongly Disagree D: Disagree N: Neutral A: Agree SA: Strongly Agree

In Kenya, the requirement to submit annual returns is articulated in section 24 of the NGOs Regulations 1992. Each NGO is encouraged to submit annual returns 3 months after the end of their financial year. A total of 82 respondents (47.7%) indicated that their NGOs usually file financial returns with the NGO coordination board as required by the law. A significant 61 respondents (35.5%) were neutral, while 29 respondents (16.8%) indicated that their NGOs do not file the financial returns.

NGOs compliance with the set regulations and standards results in greater donor confidence, increased accountability and transparency, effectiveness in project implementation and enhanced resilience and sustainability. 108 respondents (62.8%) indicated that their NGOs are compliant with the regulations by the NGO coordination board, 40 respondents (23.3%) were neutral while 24 respondents (13.9%) felt that their NGOs were not compliant. These findings align with those of Dupuy et al. (2015)

suggested that public regulations do influence the behavior and the long-term survival of an NGO both locally and internationally in certain predictable ways.

Nicola et al (2015) on the contrary felt there seems to be tension between the NGOs and the regulators and their ambitions for greater recognition that what exists today and that the pressure on the NGO to work within certain restrictive national rules are likely to become severe constraints to the NGO performance as they restrict abilities of the sponsors to fund contentious programs or priorities. Among the functions of the NGO coordination board is facilitating, coordinating and aligning the activities of the organization with national priorities. In this study 91 respondents (52.3%) confirmed that the board issues guidelines on grants management, 57 respondents (33.1%) were neutral, and 25 respondents (14.6%) indicated that such guidelines are not issued by the NGO coordination board.

Monitoring mostly involves constant follow up and reporting the progress made within certain activities. By undertaking this regularly, the NGO board can reach the individual NGOs whenever issues of concern arise. This ought to be carried out through consideration of regular operational and financial reports on the NGOs activities. 95 respondents (55.3%) indicated that monitoring and evaluation by the NGO board happens, and it is beneficial to the organization. 51 respondents (29.7%) were neutral while 26 respondents (15.2%) felt that this monitoring and evaluation does not happen and/or is not beneficial to the organization. The overall mean rating of NGO regulation was determined as 3.4924 (approximately equal to 3) which indicates that generally, the respondents were neutral about the regulations. The mean rating was associated with a relatively low dispersion with a standard deviation of 0.186.

The NGO coordination Board (2019) report indicated that it was developing a framework that will encourage all the registered NGOs to disclose all important information on the funding, utilization of funds, projects implementation and the impact made by those implemented projects to the target communities and the coordination board had set strategies to strengthen the monitoring and evaluation systems within the board so as to effectively monitor the registered organizations and promote transparency and the much needed accountability.

4.6 Inferential Statistics

4.6.1 Test for Independence: Chi Square Test

Chi Square test was used to test the independence of the rating of the NGOs and the duration that the NGOs have been in existence (NGO age brackets). The NGO age brackets were categorised in inclusive class intervals of width of 5 years from 0-5 years, 6-10 years, 11-15 years, 16-20 years and ≥ 21 years, while the ratings were based on the Likert scale measurements; strongly disagree, disagree, neutral, agree and strongly agree. The test tests the hypotheses.

Null hypothesis: H_0 : The attributes are independent,

Against Alternative hypothesis: H_1 : The attributes are not independent.

Rejection of the null hypothesis implied that the rating of an NGO was dependent on the duration that the NGO has been in existence. Failure to reject the null hypothesis implied that there was independence. Table 13 shows the test results for each financial management practice as a variable and its indicators.

Table 13: Chi Square Test for Independence

Variable Indicator	Budgetary Practices		Working Capital Practices		IFMIS		Internal Control Practices		NGO Regulation	
	χ^2	P-Value (Sig.)	χ^2	P-Value (Sig.)	χ^2	P-Value (Sig.)	χ^2	P-Value (Sig.)	χ^2	P-Value (Sig.)
a)	16.732	0.403	14.682	0.548	18.298	0.001	13.237	0.655	19.161	0.260
b)	21.355	0.165	19.223	0.257	10.249	0.853	17.478	0.355	28.839	0.025
c)	14.035	0.596	19.498	0.244	17.607	0.347	13.855	0.610	19.447	0.246
d)	12.983	0.674	15.357	0.499	11.890	0.752	18.803	0.279	23.444	0.102
e)	12.508	0.708	15.630	0.479	8.927	0.916	23.961	0.090		
f)	4.777	0.997	18.565	0.292	24.647	0.076	17.537	0.352		
g)	29.358	0.022	18.844	0.277	11.500	0.778	9.643	0.885		
h)	23.632	0.098	15.226	0.508	14.824	0.538				
i)	18.136	0.316								
<i>Crit</i> χ^2	26.300		31.410		37.652		31.410		26.300	

On budgetary practices, the computed Chi Square statistics were observed to be less than the critical Chi Square statistic 26.300 except one value, 29.358. Also, the P-Values (Sig.) were found to be greater than the study significance level of 0.05 except 0.022 corresponding to 29.358. This led to the failure to reject the null hypothesis of independence between the budgetary practices and the age of an NGO, implying that budgetary practices are independent of the duration of existence of an NGO. However, this was with the exception of the aspect of “the implementing partners participating in the budgeting processes” where the hypothesis of independence was rejected (computed Chi Square > 31.410 and P-Value < 0.05). It is therefore important to note that an NGO can ensure best budgetary practices irrespective of its age bracket, and this may go a long way in enhancing its sustainability. Further there is a higher likelihood that the longer the duration of partnership and collaboration between NGOs and implementation partners, the stronger the working relationship which lead to the partners being involved in the NGOs budgeting processes in the long run.

On the working capital management practices, the computed Chi Square statistics were found to be less than the Critical Chi Square statistic (31.410) and the P-Values greater than the significance level (0.05) for all aspects of working capital management practices. For these reasons, the null hypothesis of independence failed to be rejected implying that working capital management practices are statistically independent of NGO age bracket. This led to the conclusion that an NGO does not need to be in existence for a long duration to ensure proper working capital management practices which contributes positively to the sustainability of the organization.

For the IFMIS, all the computed Chi Square statistics were found to be less than the Critical Chi Square statistic (37.652) and the P-Values greater than the significance level (0.05) for all aspects of the use of IFMIS in the NGOs. For these reasons, the null hypotheses of independence failed to be rejected implying that the use of IFMIS is statistically independent of the NGO's age bracket. The indication therefore is that an NGO could adopt and ensure proper functionality of the IFMIS in the management of financial information irrespective of the length of the duration that it has been in existence.

On the internal control practices, the computed Chi Square statistics were found to be less than the Critical Chi Square statistic (31.410) and the P-Values greater than the significance level (0.05) for all aspects of internal control practices in NGOs. Therefore, the null hypotheses failed to be rejected for all attributes tested implying that internal control practices are statistically independent of the NGOs age bracket. As such, NGOs do not have to be in existence for a long time to establish and activate efficient internal control systems and practices. Proper internal controls enhance the sustainability of an organization.

Lastly, on NGO regulations, the computed Chi Square statistics were observed to be less than the critical Chi Square statistic and the P-Values greater than the significance level for all aspects of NGO regulation except for “NGOs being compliant with the regulations by NGO coordination board” (computed Chi Square > 26.300 and P-Value < 0.05). This led to the failure to reject the null hypothesis for the other attributes, implying that NGO regulation is independent of the duration of existence of an NGO. However, the null hypotheses was rejected for the one instance where it was concluded that NGO compliance with the regulations set by the NGO coordination board is dependent on the NGOs age bracket. This implies that an NGO that has been in existence for a longer time is more compliant with the regulations than a new one.

4.6.2 Test for Normality

The study variables that were investigated using correlational and regression analysis aiming at determining the effect of financial management practices on sustainability of NGOs in Nairobi County. The indicators of financial management practices constituted the explanatory variables and they included budgetary practices, working capital practices, adoption of IFMIS and internal control practices. The moderating variable in the analysis was NGO regulations, a task mainly executed by the NGO regulation board. NGO sustainability as a response variable had three indicators namely, Current Ratio, Donor Dependency Level (DDL) and Survival Ratio. Normality of the response variable data is desirable in regression analysis. The study used the Shapiro-Wilks test to assess the normality of the data on the indicators of the response variable at 5% significance level. Table 14 shows the results of test for normality.

Table 14: Normality Test Results

Response Variable Indicator	Shapiro-Wilks Statistics	
	Computed statistic (W)	P-Value
Current Ratio	0.9746	0.9058
Donor Dependency Level (DDL)	0.8744	0.0818
Survival Ratio	0.925	0.2031

It is observed that the P-values for the three indicators of the response variable; Current Ratio, Donor Dependency Level and Survival Ratio were all greater than the tests significance level of 0.05. Therefore, the null hypotheses of the data being normally distributed fails to be rejected implying that the data meet the requirement of assumption of normality under least squares regression analysis.

4.6.3 Correlation Analysis

The existence, nature, and the degree of significant correlation among the explanatory variables and between the explanatory variables and the response variable indicators were assessed using the Pearson's Coefficient of Correlation (r). Table 15 shows the Pearson's coefficients of correlation matrix for all study variables.

Table 15: The Pearson's Correlation Coefficients Matrix

		Budget	Working Capital	IFMIS	Internal Control	NGO Regulation	Current Ratio	Donor Dependency	Survival Ratio
Budget	Corr.	1.000							
Working Capital	Corr.	0.933	1.000						
	P-value	0.000							
IFMIS	Corr.	0.822	-0.752	1.000					
	P-value	0.000	0.000						
Internal Control	Corr.	0.775	-0.791	-0.722	1.000				
	P-value	0.000	0.000	0.000					
NGO Regulation	Corr.	0.770	0.715	0.824	-0.714	1.000			
	P-value	0.000	0.000	0.000	0.000				
Current Ratio	Corr.	0.303	0.737	0.900	-0.710	-0.709	1.000		
	P-value	0.000	0.000	0.000	0.000	0.000			
Donor Dependency	Corr.	-0.827	-0.115	-0.071	-0.723	0.640	0.716	1.000	
	P-value	0.000	0.133	0.355	0.000	0.000	0.000		
Survival Ratio	Corr.	0.899	0.827	0.797	0.820	-0.654	0.673	-0.982	1.000
	P-value	0.000	0.000	0.000	0.000	0.000	0.000	0.000	

It is observed that budgetary practices are strongly correlated to working capital, IFMIS and internal control practices with all correlation coefficient values being greater than 0.7 numerically. Further, the correlation coefficients between budgetary practices and the indicators of the response variable show that there exists significant relationship between budgetary practices and (Donor Dependency Level (DDL) and survival ratio but not current ratio ($r < 0.7$). working capital practices were found to be strongly correlated to budgetary practices, IFMIS and internal control practices and current ratio and survival ratio. On the other hand, IFMIS was found to be strongly correlated to budgetary practices, working capital practices and internal control practices, and current ratio and survival ratio. Lastly, internal control practices were found to be strongly correlated to all other predictors, and a strong predictor of all the indicators of the response variable (NGO sustainability).

The effects of each financial management practice on the respective indicator of NGO sustainability were analyzed, guided by the findings on the significance/strength of the relationship between each practice and NGO sustainability. Regression analysis was conducted for the cases where strong correlations existed between financial management practices and indicators of NGO sustainability.

4.6.4 Regression Analysis

NGO regulation by the NGO regulatory board affects sustainability of the NGOs indirectly through the specific aspects affected by the regulation. These aspects include the financial management practices within the NGOs. This is attributed to the fact that a regulation may affect budgetary practices of an NGO and not the impact of IFMIS or affect internal control practices and not working capital practices and so on. To assess how NGO regulation affects NGO sustainability through the various aspects of financial management practices, regression analysis was conducted without and with NGO regulations interaction was conducted for each of the identified significant relationship.

4.6.4.1 Regression Analysis Results on the Effect of Budgetary Practices on NGO Sustainability

The indicators of the response variable (NGO sustainability) that were identified to be significantly correlated to budgetary practices; Donor Dependency Level (DDL) and Survival Ratio were regressed against budgetary practices. Table 16 shows the Ordinary Least Squares (OLS) linear regression outputs.

Table 16: OLS Linear Regression Output for DDL and Survival Ratio against Budgetary Practices

<i>DDL Model parameters</i>	<i>Coefficients</i>	<i>Std. Error</i>	<i>t value</i>	<i>p value</i>	<i>t crit</i>
Intercept	54.136	24.348	2.223	0.035	2.145
Budgetary practices	-0.486	0.157	-3.087	0.045	2.145
<i>Regression Statistics</i>					
Adjusted R Square	0.516	F statistic	8.767	Durbin Watson	1.860
<i>Survival ratio Model parameters</i>					
<i>parameters</i>	<i>Coefficients</i>	<i>Std. Error</i>	<i>t value</i>	<i>p value</i>	<i>t crit</i>
Intercept	-19.107	8.466	-2.257	0.030	2.145
Budgetary practices	0.503	0.103	4.860	0.015	2.145
<i>Regression Statistics</i>					
Adjusted R Square	0.611	F statistic	14.932	Durbin Watson	2.079

It was observed that the Level of Donor-Dependency that is not affected by budgetary practices is 54.136, though the level decreases by 0.486 for every unit increase/improvement in budgetary practices. The lower the Donor-Dependency Level, the higher the NGO sustainability. This implies that NGOs should endeavor to improve on their budgetary practices in order to minimize the Donor-Dependency Level as much as possible, a practice that enhances NGO sustainability. The model was associated with an adjusted R^2 of 51.6% which implies that the model is a statistically good though not very strong. The indication is that budgetary practices can explain up to 51.6% of the variations observed in the Donor-Dependency Level.

The remaining 48.4% are the variations in Donor-Dependency Level that are attributed to the changes in other predictor variables not captured in the model and pure chance variations. The F and t statistics are higher than the respective critical statistics, hence the rejection of the hypotheses that the model and the predictor respectively are not statistically significant. The computed Durbin Watson is approximately equal to 2 implying that there is absence of auto/serial correlation.

NGO survival ratio that is not affected to variations in budgetary practices is -19.107. However, this ratio increases by 0.503 per unit improvement in budgetary practices. This implies that the better the budgetary practices of an NGO, the higher the survival ratio. This relationship was associated with an explanatory power of 61.1%, leaving 38.9% as the unexplained variance. The model as well as the explanatory variable were found to be statistically significant based on the F-statistic, t-statistic, and the P-value. The Durbin Watson statistic, $d \approx 2$ indicating absence of autocorrelation.

4.6.4.2: Effect of Budgetary Practices on NGO Sustainability with NGO Regulation as a Moderating Variable

Each significant indicator of the response variable (NGO sustainability); Donor Dependency Level and Survival Ratio was regressed against budgetary practices, NGO regulation as the moderating variable and the interaction of budgetary practices and NGO regulation. Table 17 shows the regression analysis with interaction outputs.

Table 17 : Regression with Interaction Output for DDL and Survival Ratio against Budgetary Practices, NGO Regulation and their Interaction

<i>DDL Model parameters</i>	<i>Coefficients</i>	<i>Std. Error</i>	<i>t value</i>	<i>p value</i>	<i>t crit</i>
Intercept	192.951	34.126	5.654	0.019	2.179
Budgetary practices	-1.996	0.887	-2.250	0.031	2.179
NGO regulation	-7.942	3.241	-2.450	0.028	2.179
Interaction	0.141	0.042	3.357	0.016	2.179
<i>Regression Statistics</i>					
Adjusted R Square	0.501	F statistic	6.957	Durbin Watson	2.109
<i>Survival ratio Model parameters</i>					
	<i>Coefficients</i>	<i>Std. Error</i>	<i>t value</i>	<i>p value</i>	<i>t crit</i>
Intercept	41.231	16.249	2.537	0.028	2.179
Budgetary practices	0.732	0.246	2.976	0.017	2.179
NGO regulation	-3.366	1.167	-2.884	0.019	2.179
Interaction	0.069	0.012	5.751	0.018	2.179
<i>Regression Statistics</i>					
Adjusted R Square	0.529	F statistic	10.002	Durbin Watson	1.946

It is observed that the Donor Dependency Level that is not influenced by the explanatory variables and their interaction is 192.951. This level then changes by $0.141(\text{NGO regulation}) - 1.996$ for every unit change in budgetary practices, where M is the measure quantifying the prevailing NGO regulation affecting budgetary practices. However, if the effect of the budgetary practices is eliminated from the equation (set budgetary practices = 0), it is observed that the effect of the NGO regulation on the Donor Dependency Level is that a unit increase in NGO regulation would result to 0.833 decrease in the Donor Dependency Level.

As for the survival ratio, the ratio that is not influenced by budgetary practices, NGO regulation and their interaction is 41.231, and it changes by $0.069(\text{NGO regulation}) - 0.732$ for every unit change in budgetary practices. With the exclusion of the effects of budgetary practices, it is observed that the effect of NGO regulation on survival ratio is a decrease of 3.366 for every unit increase in the regulation. Based on the coefficients of determination, F-statistics, t-values, p-values, and Durbin Watson statistics both models were found to be good ($\text{Adjusted } R^2 > 50\%$), statistically significant and void of auto correlation ($d \approx 2$).

4.6.4.3 Regression Analysis: Effect of Working Capital Management Practices on NGO sustainability

Each indicator of the response variable (NGO sustainability) that was found to be strongly correlated with working capital management practices was regressed against the working capital management practices. These were the current ratio and the survival ratio. Table 18 shows the Ordinary Least Squares (OLS) linear regression outputs.

Table 18: OLS Linear Regression Output for Current ratio and Survival ratio against Working Capital Management Practices

<i>Current ratio</i>	<i>Model</i>				
<i>parameters</i>	<i>Coefficients</i>	<i>Std. Error</i>	<i>t value</i>	<i>p value</i>	<i>t crit</i>
Intercept	-0.192	0.049	-3.918	0.025	2.145
Working capital practices	0.042	0.017	2.471	0.034	2.145
<i>Regression Statistics</i>					
Adjusted R Square	0.560	F statistic	14.201	Durbin Watson	1.922
<i>Survival ratio</i>	<i>Model</i>				
<i>parameters</i>	<i>Coefficients</i>	<i>Std. Error</i>	<i>t value</i>	<i>p value</i>	<i>t crit</i>
Intercept	5.662	2.508	2.258	0.038	2.145
Working capital management practices	0.142	0.043	3.302	0.029	2.145
<i>Regression Statistics</i>					
Adjusted R Square	0.622	F statistic	15.001	Durbin Watson	2.005

The output shows that the current ratio of an NGO that is not influenced by working capital management practices is -0.192. However, this ratio increases by 0.042 for every unit improvement in working capital practices. On the other hand, the survival ratio of an NGO that is not influenced by working capital management practices is 5.662 with an increasing rate of 0.142 for every unit improvement in working capital management practices. The models yielded coefficients of determination (Adjusted R²) above 50% which indicate that the models are statistically good models. The F-test and t-test statistics also indicate that the models' goodness of fit is statistically significant, and the Durbin Watson values are approximately equal to 2 ($d \approx 2$) indicating absence of autocorrelation.

According to Kovaleva, Khvostenko, Glukhova, Nikeryasova and Gavrilov (2016) the contents of budgeting mechanism include the goals setting and information collection and this mechanism is applied by the company to promote good financial performance in an organization, managing the possible risks and enable the organization to reduce the financial crisis to enhance its sustainability. In general, an organization should identify

and implement goals that are clear, specific, and realistic to attain its mission and guarantee sustainability.

4.6.4.4 Regression Analysis: Effect of Working Capital Management Practices on NGO Sustainability with NGO Regulation as a Moderating Variable

Indicators of the response variable (NGO sustainability); current ratio and internal controls were regressed against working capital management practices, NGO regulation as the moderating variable and their interaction. Table 19 shows the regression analysis with interaction outputs.

Table 19: Regression with Interaction Output for Current ratio and Survival ratio against Working capital Management Practices, NGO Regulation and their Interaction

<i>Current ratio Model</i>					
<i>parameters</i>	<i>Coefficients</i>	<i>Std. Error</i>	<i>t value</i>	<i>p value</i>	<i>t crit</i>
Intercept	-32.936	9.843	-3.346	0.016	2.179
<i>Working capital</i>					
management practices	0.609	0.191	3.188	0.018	2.179
NGO regulation	1.828	0.731	2.501	0.039	2.179
Interaction	-0.032	0.013	-2.462	0.039	2.179
<i>Regression Statistics</i>					
Adjusted R Square	0.524	F statistic	9.130	Durbin Watson	1.939
<i>Survival ratio Model</i>					
<i>parameters</i>	<i>Coefficients</i>	<i>Std. Error</i>	<i>t value</i>	<i>p value</i>	<i>t crit</i>
Intercept	-281.239	48.574	-5.790	0.019	2.179
<i>Working capital</i>					
management practices	4.596	1.965	2.339	0.043	2.179
NGO regulation	16.611	6.419	2.588	0.038	2.179
Interaction	-0.263	0.059	-4.450	0.027	2.179
<i>Regression Statistics</i>					
Adjusted R Square	0.504	F statistic	6.983	Durbin Watson	2.006

The current ratio that is not due to working capital practices, NGO regulation and their interaction was found to be -32.936. However, this ratio changes by 0.609 – 0.032(NGO regulation) for every unit change in the rating of working capital management practices.

If the effect of the working capital management practices is eliminated, the effect of NGO regulations on the current ratio would be an increase of 1.828 for every unit increase in the rating of the regulations.

The NGO survival ratio (Y_3) that is not influenced by working capital, NGO regulation and their interaction was determined as -281.239. However, this ratio changes by 4.596 – 0.263 (NGO regulation) for every unit change in the rating of working capital management practices. With the elimination of the effect working capital practices on survival ratio, it is observed that the effect of NGO regulation on the survival ratio is an increase of 16.611 for every unit increase in the rating of the NGO regulation. It was determined that the explanatory power of both models was good (Adjusted $R^2 > 50\%$), and the models were statistically significant, and void of auto correlation based on the adjusted coefficients of determination, F-statistics and Durbin Watson statistics ($d \approx 2$).

Ahmed and Ali (2013) suggested that cash flow forecasts have a great influence on the investor's decisions. Enow and Kamala (2016) recommended that managers should be educated on the gains made and the competitive advantages earned when a firm buys its supplies on credit as this does not only enable the firm to improve the cash flow but also create an environment where there is reliable supplier relationship. On the contrary Matan and Hartnett (2012) indicated that cash-flow management within the NGO was a great challenge to some NGOs and advised that staying a step ahead would enable the organization to sustain itself irrespective of the adverse economic climate at a given time.

4.6.4.5 Regression Analysis: Effect of Adoption of IFMIS on NGO Sustainability

The statistically correlated indicators of the response variable (NGO sustainability), current ratio and survival ratio was regressed against IFMIS. Table 20 shows the Ordinary Least Squares (OLS) linear regression outputs.

Table 20: OLS Linear Regression Output for Current Ratio and Survival Ratio against IFMIS

<i>Current ratio Model</i>						
<i>parameters</i>	<i>Coefficients</i>	<i>Std. Error</i>	<i>t value</i>	<i>p value</i>	<i>t crit</i>	
Intercept	0.041	0.016	2.563	0.039	2.145	
IFMIS	0.034	0.011	3.091	0.031	2.145	
<i>Regression Statistics</i>						
Adjusted R Square	0.523	F statistic	9.128	Durbin Watson	2.101	
<i>Survival ratio Model</i>						
<i>parameters</i>	<i>Coefficients</i>	<i>Std. Error</i>	<i>t value</i>	<i>p value</i>	<i>t crit</i>	
Intercept	6.823	1.517	4.498	0.021	2.145	
IFMIS	0.021	0.009	2.332	0.041	2.145	
<i>Regression Statistics</i>						
Adjusted R Square	0.619	F statistic	14.967	Durbin Watson	2.026	

The current ratio that is not influenced by IFMIS was determined as 0.041 with an increasing rate of 0.034 per unit increase in the impact of adoption of IFMIS. On the relationship between survival ratio and impact of the adoption of IFMIS, it was found that the survival ratio that is not influenced by the impact of adoption of IFMIS is 6.823 which increases by 0.021 for every unit increase in the impact of adoption of IFMIS. These functional relationships were found to pass the tests of goodness of fit having yielded high F-statistic and absolute t-statistic, and Durbin Watson statistic approximately equal to 2.

4.6.4.6 Regression Analysis: Effect of IFMIS on NGO Sustainability with NGO Regulation as a Moderating Variable

Each significant indicator of the response variable (NGO sustainability) was regressed against the impact of IFMIS, NGO regulation as the moderating variable and the

interaction of impact of IFMIS and NGO regulation. Table 21 shows the regression analysis with interaction outputs.

Table 21: Regression with Interaction Output for Current Ratio, and Survival Ratio against IFMIS, NGO Regulation and their Interaction

<i>Current ratio Model</i>					
<i>parameters</i>	<i>Coefficients</i>	<i>Std. Error</i>	<i>t value</i>	<i>p value</i>	<i>t crit</i>
Intercept	9.454	3.024	3.126	0.026	2.179
IFMIS	-0.099	0.041	-2.415	0.036	2.179
NGO Regulation	-0.483	0.184	-2.624	0.022	2.179
Interaction	0.007	0.003	2.333	0.042	2.179
<i>Regression Statistics</i>					
Adjusted R Square	0.505	F statistic	7.512	Durbin Watson	1.956
<i>Survival ratio Model</i>					
<i>parameters</i>	<i>Coefficients</i>	<i>Std. Error</i>	<i>t value</i>	<i>p value</i>	<i>t crit</i>
Intercept	19.609	4.738	4.138	0.015	2.179
IFMIS	-0.358	0.162	-2.204	0.043	2.179
NGO Regulation	-1.316	0.581	-2.265	0.042	2.179
Interaction	0.031	0.013	2.362	0.042	2.179
<i>Regression Statistics</i>					
Adjusted R Square	0.499	F statistic	5.671	Durbin Watson	2.116

The current ratio that is not due to the impact of adoption of IFMIS, NGO regulation and their interaction was found to be 9.454. This ratio the changes by 0.007(NGO regulation) – 0.099 for every unit change in the impact of IFMIS. It was also found that the effect of NGO regulation on the current ratio with the elimination of the impact of IFMIS is a decrease of 0.483 for every unit increase in the rating of NGO regulation.

The Survival ratio of an NGO (Y_3) that is independent of IFMIS was determined as 19.609. The ratio was then found to change by 0.031(NGO regulation) – 0.358 for every unit change in the impact of IFMIS, where M is the measure quantifying an existing NGO regulation affecting the adoption of IFMIS. As for the NGO regulation with elimination of the impact of adoption of IFMIS, a unit increase in the rating of the NGO

regulations would result to 1.316 units decrease in the survival ratio and vice versa. Based on the coefficients of determination, F-statistics, t-values, p-values, and Durbin Watson statistics all the three models were found to have acceptable explanatory power (Adjusted $R^2 > 50\%$), statistically significant and void of auto correlation.

The NGO coordination board, (2016) observed that the adoption of IFMIS in the financial management of the non-governmental organizations improves the communication, save the time to process and access data and information, enable the stakeholders to share the necessary financial information and enable the various parties to respond to the emergencies in the remote offices. These findings on the remote accessibility therefore show a great advantage that the NGOs have resulting to adoption of the IFMIS in their financial management and further it is a great push towards sustainability of the NGOs in Nairobi County.

4.6.4.7 Regression Analysis: Effect of Internal Control Practices on NGO Sustainability

All indicators of NGO sustainability were found to be strongly correlated with internal control practices. As such, each indicator of the NGO sustainability (response variable) was regressed against internal control practices. Table 22 shows the Ordinary Least Squares (OLS) linear regression outputs.

Table 22: OLS Linear Regression Output for Current ratio, DDL and Survival Ratio against Internal Control Practices

<i>Current ratio Model</i>						
<i>parameters</i>	<i>Coefficients</i>	<i>Std. Error</i>	<i>t value</i>	<i>p value</i>	<i>t crit</i>	
Intercept	1.058	0.491	2.153	0.046	2.145	
Internal control practices	0.022	0.007	3.024	0.028	2.145	
<i>Regression Statistics</i>						
Adjusted R Square	0.511	F statistic	8.712	Durbin Watson	1.821	
<i>DDL Model parameters</i>						
<i>parameters</i>	<i>Coefficients</i>	<i>Std. Error</i>	<i>t value</i>	<i>p value</i>	<i>t crit</i>	
Intercept	79.222	26.127	3.032	0.033	2.145	
Internal control practices	-0.038	0.008	-4.920	0.015	2.145	
<i>Regression Statistics</i>						
Adjusted R Square	0.612	F statistic	14.941	Durbin Watson	1.937	
<i>Survival ratio Model</i>						
<i>parameters</i>	<i>Coefficients</i>	<i>Std. Error</i>	<i>t value</i>	<i>p value</i>	<i>t crit</i>	
Intercept	4.955	1.229	4.032	0.016	2.145	
Internal control practices	0.099	0.025	3.916	0.019	2.145	
<i>Regression Statistics</i>						
Adjusted R Square	0.575	F statistic	8.120	Durbin Watson	2.014	

The current ratio that is not influenced by internal control practices is 1.058 and increases by 0.022 for every unit increase in the rating of internal control practices. The Donor Dependency Level that cannot be explained by the rating of internal control practices is 79.222 and decreases by 0.038 for every unit increase in the rating of internal control practices. On the other hand, 4.955 is the survival ratio that is not due to the rating internal control practices though it increases by 0.099 for every unit increase in the rating of internal control practices. The models were found to be statistically significant and void of autocorrelation with high explanatory powers (Adjusted $R^2 > 50\%$) and Durbin Watson statistics approximately equal to 2. Also, the models were found to be statistically significant since they yielded high F-statistic and absolute t-statistics.

4.6.4.8 Regression Analysis: Effect of Internal Control Practices on NGO Sustainability with NGO Regulation as a Moderating Variable

Each indicator of the response variable (NGO sustainability) was regressed against the internal control practices, NGO regulation as the moderating variable and the interaction of internal control practices and NGO regulation. Table 23 shows the regression analysis with interaction outputs.

Table 23: Regression with Interaction Output for Current ratio, DDL and Survival Ratio against Internal Control Practices, NGO Regulation and their Interaction

<i>Current ratio Model parameters</i>					
	<i>Coefficients</i>	<i>Std. Error</i>	<i>t value</i>	<i>p value</i>	<i>t crit</i>
Intercept	-1.122	0.339	-3.310	0.024	2.179
Internal control practices	0.122	0.048	2.547	0.036	2.179
NGO regulation	0.161	0.068	2.364	0.038	2.179
Interaction	-0.006	0.003	-2.235	0.038	2.179
<i>Regression Statistics</i>					
Adjusted R Square	0.527	F statistic	9.233	Durbin Watson	1.897
<i>DDL Model parameters</i>					
	<i>Coefficients</i>	<i>Std. Error</i>	<i>t value</i>	<i>p value</i>	<i>t crit</i>
Intercept	6.353	1.514	4.196	0.015	2.179
Internal control practices	1.624	0.634	2.562	0.036	2.179
NGO regulation	3.394	1.541	2.202	0.039	2.179
Interaction	-0.071	0.029	-2.448	0.038	2.179
<i>Regression Statistics</i>					
Adjusted R Square	0.496	F statistic	5.884	Durbin Watson	1.947
<i>Survival ratio Model parameters</i>					
	<i>Coefficients</i>	<i>Std. Error</i>	<i>t value</i>	<i>p value</i>	<i>t crit</i>
Intercept	-42.706	9.642	-4.429	0.014	2.179
Internal control practices	0.697	0.287	2.429	0.038	2.179
NGO regulation	1.847	0.613	3.013	0.024	2.179
Interaction	-0.006	0.003	-2.299	0.037	2.179
<i>Regression Statistics</i>					
Adjusted R Square	0.501	F statistic	11.012	Durbin Watson	1.973

The current ratio that is not due to internal control practices, NGO regulation and their interaction is -1.122. This ratio would then change by 0.122 – 0.006(NGO regulation) for every unit change in the rating of internal control practices. The effect of NGO

regulations on the current ratio with the exclusion of internal control practices is observed to be an increase of 0.161 units for every unit increase in the rating of the regulations.

On the other hand, the Donor Dependency Level that is not influenced by the internal control practices, NGO regulation and their interaction was determined as 6.353. This would then change by $1.624 - 0.071(\text{NGO regulation})$ for every unit change in internal control services. If the effects of the internal control practices on the Donor Dependency level are eliminated from the equation, it was found that a unit increase in the rating of the regulations would result to 3.394 units increase in Donor Dependency Level.

NGO survival ratio that is independent of the rating of internal control practices, NGO regulations and their interactions is -42.706. This ratio then changes by $0.697 - 0.006(\text{NGO regulation})$ for every unit change in the rating of internal control practices. The effect of NGO regulations on NGO survival ratio with elimination of the effects of internal control practices was found to be an increase of 1.847 for every unit increase in the rating of NGO regulations and vice versa. The three models have coefficients of determination above 50% which indicate that the models are statistically good models. The F-statistics also indicate that the models are statistically significant, and the Durbin Watson statistics are approximately equal to 2 indicating absence of autocorrelation.

Other findings on the internal control practices by Oppong, *et al.* (2016) indicated that the internal controls were a great contributor to the organizational achievement of the long-term goals on the projects and these controls reduced the risks of failing to attain the expected results on a given project or a program and they ensure that the resources by the donor are well employed and used effectively to achieve the desired output.

4.6.5 Analysis of Variance (ANOVA)

An analysis of variance to examine whether the responses were dependent on the various variables was conducted to test the hypothesis that all means are equal. A summary of the responses was developed by determining the average number of responses for each variable under each category; strongly disagree, disagree, neutral, agree and strongly disagree. The summary was developed for the five study variables: budgetary practices, working capital management practices, Integrated Financial Management Information System (IFMIS), internal control practices and NGO regulations. Table 24 shows the summary responses for all variables and the response categories as well as the ANOVA results.

Table 24: Responses Summary and ANOVA

Variable	Responses					Total
	SD	D	N	A	SA	
Budgetary	3	8	34	86	41	172
Working capital	3	7	39	87	36	172
IFMIS	8	3	32	98	31	172
Internal Controls	16	67	30	41	18	172
NGO regulations	9	17	52	64	30	172
TOTAL	39	102	187	376	156	860
ANOVA Results						
F statistic 11.6830	F Critical 2.8661		P-Value 4.68E-05			

It was observed that fewest responses (39) were those indicating that the respondents strongly disagreed with the statements on various aspects of the study variables. This was followed by the responses of those who disagreed (102) then those who strongly agreed (156). The most populous response was found to be ‘Agree’ which had the highest frequency among all study variables.

The ANOVA output yielded an F-computed statistic of 11.6830, higher than the F-critical statistic of 2.8661 and a small P-value (4.68E-05) much less than the analysis significance level of 0.05. These findings led to the rejection of the null hypothesis, thus the conclusion that the means were not equal across the response categories. This implied that the responses were dependent on the variables. It meant that a respondent would evaluate a variable and its attributes and characteristics within or NGO and rate it accordingly. This is an aspect of the responses that enhanced the confidence of the researcher in the responses received, hence the findings of the study. (Equal means would imply that the respondents never evaluated and rated the variables appropriately and therefore would give the same rating or response for all variables).

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents summary of major findings from the study, conclusions, lessons learnt, recommendations and implications for policy makers. The study sought to examine financial management practices and their effect on the sustainability of non-governmental organizations in Nairobi County, in Kenya. It evaluated the effects of NGOs' budgetary practices, working capital management practices, adoption of integrated financial management information systems and internal control practices on the sustainability of NGOs. Further, the study examined the moderating effect of NGO regulations on the relationship between the financial management practices and the sustainability.

5.2 Summary of the Major findings

The study examined primary data collected using structured questionnaires that were administered using the drop-and-pick method yielding a response rate of 60.14%. The Likert scale items were tested for reliability using the Cronbach Alpha Coefficient and were found to be consistent and reliable. The summary of the findings of each of the research objectives are outlined here below.

5.2.1 Demographic Information

The respondents were drawn from various NGOs serving in different sectors including WASH and livelihood that constituted 28%, health constituting 27%, education constituting 23%, human rights and protection constituting 14% and orphanages and rehabilitation constituting 8% of the respondents. Further, the respondents served in various senior management capacities within the NGOs ranging from accountants who accounted for 35.77%, finance managers accounting for 30.89%, finance officers

accounting for 13.01%, general managers accounting for 10.57% and the treasurers who accounted for 9.76% of the responses.

The sampled NGOs were found to have been in existence for at least 5 years with a majority of 41.73% having been in existence for between 10 and 15 years. A minority of 2.36% have been in existence for at least 30 years. On the other hand, the sampled NGO employees had served their NGOs for at most 30 years, with most of the employees having less than 5 years length of service. A minority of 1.5% of the employees had length of service of between 25 and 30 years.

The mean age of the NGOs was determined as 15.92 years with a standard deviation of 5.04 and a mode of 12 years. The youngest NGO was aged 6 years and the oldest 37 years. The distribution of the age of NGOs was found to be mesocratic and lacking significant skewness, hence approximately normal. The mean duration of service of the sampled employees was obtained as 5.95 years with standard deviation of 2.036 years and a mode of 2 years. The newest employee had a length of service of 1 year while the oldest had a length of service of 25 years. The distribution of the lengths of service was found to be leptokurtic with significant positive skewness hence not normal.

5.2.2 Budgetary Practices

The findings based on the first objective of the effect of the budgetary practices on sustainability of NGOs revealed that the NGOs in Nairobi County had appropriate budget practices in various aspects. With the overall mean rating of 3.9464 and a mode of 4, there was a positive indication that there were good budgetary practices in the NGOs within Nairobi County.

A majority of 76.3% of the respondents reported that budgetary guidelines are usually issued in their organizations before preparations of budget while 3.7% indicated the

contrary. Issuing of budgetary guidelines to the various stakeholders in the budgeting process provides direction and the specific parameters within which to operate during the budgeting process. This also means referring to the strategic plan of the organization and aligning the budgeting process to the organization's priorities, thus enabling the budget development to be aligned with the strategic goals and objectives. The results obtained indicate a satisfactory level of guidance in budgetary practices.

On the existence of functional budget committees, an impressive 72.6% of the respondents confirmed that such committees exist in their NGOs, while 8.2% indicated that such committees either do not exist in their NGOs or are not functional. The budget committees give the direction and ensure that the activities to be done are comprehensively carried out and the process concluded successfully. These committees are made up of executives and functional managers who mobilize the various teams and get the relevant estimates, approve the functional budgets, lead in the implementation of the budgets, and constantly evaluate the performance. The positive response on the existence of budget committees as shown in this study is a clear indication that the NGOs in Nairobi County have engaged budget committees who give valuable contribution during the budget development and in the budget implementation, monitoring and evaluation, hence additional value to the financial management of the organizations.

In response to the clarity on the budgetary goals, 77.8% of the respondents confirmed that budgetary goals are usually specific and clear while 5.2% indicated the contrary. The NGOs under the study have set budgetary goals that are specific and clear. Strategic goals and objectives help the managers to monitor the progress during the implementation, measure the output and achievement at a given point in time and manage cash flows appropriately. They also enable the organization to clarify direction and make the necessary assessments-based on the set targets. An organization that has

clear goals would easily monitor the required performance and take corrective measures whenever necessary. The NGOs in Nairobi County are therefore performing within a perfect range as by setting clear and specific budgetary goals.

81.5% of the respondents agreed that budgetary processes in their NGOs are usually transparent and accountable with only 2.9% having a contrary opinion. 68.1% indicated that departmental and sectional heads are usually involved in budgeting processes with 3.7% indicating that such participatory budget processes are not witnessed in their NGOs. Budget transparency means that relevant information is provided in a clear and simple manner that the stakeholders can understand and utilize. It is meant to enhance trust, accountability and inclusiveness and the quality in the budgetary process, and it also builds discipline, accountability, and ownership to the stakeholders within the organization. The budget accountability means that the budgetary process includes reasonable performance metrics that enable accurate measurement and feedback. The report under this study confirms that the budgetary practices in the NGOs within Nairobi County are transparent and there is good accountability within the process.

68% of the respondents agreed that the heads of various functions take part in the budgeting process. Various business functions ensure proper functioning of the organizations and well-coordinated business functions enable the organization to attain efficiency. Involving the heads of the various functions allow the organization to distribute the available resources in a coordinated manner, thereby enhancing synergy and ultimately improved results. The findings of the involvement of the various heads of the various functions within the organization indicate that most of the organizations are involving the functional heads in the budgeting process.

The budget support and participation were also discussed and 67.4% confirmed that budget holders usually have an influence on the final NGO budgets while 8.1% indicated that this is not the case. The budget holders are personnel who are tasked with the responsibility to ensure that the budget is implemented as planned and there is constant monitoring of the actual income or spending as compared to the budgeted estimates and ensures that any variations are addressed in reasonable time. They interpret the budget directives and ensure compliance to the set policies and guidelines and provide the relevant feedback to the management. From the findings obtained in this study, there is a fair participation of the budget holders within the NGOs in Nairobi County, but also there is need for further improvement.

An aggregate of 71.5% indicated that implementation partners participate in budgetary processes while 8.3% indicated that these partners do not participate in the budgeting processes. There are various stakeholders in the budgeting process within the NGOs include the leaders or managers within the organizations, the budget holders who operationalize the implementation of the budget, the beneficiaries in particular projects and the donors. The participation of all these stakeholders is paramount as it allows division of responsibilities, and it also creates ownership in the final budget. Various partners such as donors and the implementing partners play a big role in ensuring that the goal and objectives of an NGO are met, hence the importance to have them actively participate in the budgeting process. The result in this study indicates a fair participation of the partners in the budgetary process.

On involvement of project beneficiaries in the budgeting processes, 64.2% agreed that the beneficiaries are involved while 12.7% felt that it is not the case in their NGOs. The beneficiaries in a project are also referred to as the target groups and are the ones who are meant to benefit in a given project. On many occasions funding organizations require

that the beneficiaries be involved in the budgeting process because the projects implemented are supposed to provide a solution to them. The findings under this study indicate a fair involvement of the beneficiaries in the budgetary process. This is a positive aspect as the beneficiaries would then be actively engaged in ensuring successful implementation of the budget. Involvement of beneficiaries in the budgeting process provide clear guidelines that are essential as they add great value to the entire process.

Lastly, on proper coordination and communication of budgeting processes, an impressive 85.8% confirmed that proper communication and coordination of budgeting processes is evident while a mere 3% indicated such communication and coordination in their budgeting processes is not achieved easily. Communication is an important factor in budgetary process as it allows the various participants to understand the needs and share ideas that are supportive to the process. It also enables the various organizational units to effectively their desired output and the resource requirements for the related needs. This study showed that the NGOs in Nairobi have embarrassed this important practise to a great extent.

Budgetary practices were found to significantly influence the sustainability of NGOs as measured using Donor Dependency Level and Survival ratio. The practices are inversely proportional to Donor Dependency Level and directly proportional to Survival ratio. This implied that an improvement in budgetary practices will result to, a lower donor dependency level and a greater survival ratio. However, the rate at which budgetary practices affect these indicators of NGO sustainability will be influenced to some extent by the regulations put in place by the NGO coordination board. Enhanced regulations would result to, decreased donor dependency level and increased survival rate. These

budgetary practices are independent of the NGOs age bracket except the aspect of the implementing partners participating in the budgeting process, which improves with time.

5.2.3 Working Capital Management Practices

Efficiency in the management of working capital ensures profitability, liquidity and the much-needed financial health for a business. The proper management of the various components of the working capital which are broadly categorised as the cash and bank accounts, the accounts receivables, the accounts payables, and the inventory has a great impact on its operations and sustainability of any business or organization. The working capital therefore requires proper management on a day-to-day basis to achieve good results. Failure to effectively and closely manage any of the components of the working capital could lead to illiquidity or lack of profitability and compromise on the sustainability.

This study reported an impressive 86% of the respondents who confirmed that cash and bank account management systems exist in their NGOs and none of the respondents indicated a different opinion. Cash is the most liquid asset in a business and for the business to run effectively and efficiently, it must set strict measures or policies to safeguard this asset. These cash and bank accounts management systems include policies and procedures set on the bank reconciliations, the handling of liquid cash and, segregation of duties in the cash management function, safeguarding against theft and fraud and approval systems that are designed to ensure that the cash receipt and spending are properly approved by the designated managers or officers. Proper maintenance and management of bank and cash accounts enables the organization to effectively manage the money received and paid out and generate the relevant reports as may be required for the use by the management and the donors.

Also, 89.6% confirmed that cash forecasts are prepared in good time and only 2.2% indicating that the forecasts are not prepared in good time. This is a good gesture as the NGO receive and disseminate huge amounts of cash during the project implementation, and lack of cash forecast could derail the implementation of the projects. Timely preparation of cash forecasts enables the organization to prioritize the cash needs and efficiently employ the available cash to the most important activities at a given time. The response obtained in this study show that most of the NGOs within the scope of this study have a good practice of preparing cash forecasts to enable them to utilize the available cash in the most efficient manner.

Regarding the regulations on the utilization of cash, 89.6% of the NGOs have set measures to ensure regulated utilization of cash and no respondent among the sampled indicated that there are no such measures in their NGOs. Regulations on cash utilization protect the firm from malpractices, cash mishandling, and other unethical practices. These findings show that the NGOs in Nairobi County have put in place good systems in their cash management that enable them to monitor and control the utilization of available funds. NGOs handle large amounts of cash during the implementation of the project and therefore effective measures that are set to regulate the utilization of cash are a great necessity to the stability and sustainability of the organizations.

60.7% of the respondents agreed that approved grants are usually received in good time and 3.7% felt that this is not the case. It is important that the approved grants are received within the time specified in the agreement because the planning on the utilization of cash would be done based on the planned receipt dates. Any delays would interfere with the cash flow of the form and may lead to illiquidity and disruption of the planned activities that were to be funded using such funds. From the findings in this

study, the receipt of grants in the time stipulated is fair but there is room for further improvement.

The study further revealed that in 65.2% of the NGOs remittances of the tranches during implementation are done in good time, but in 7.4% of the NGOs the remittances delay during program implementation. Project that are implemented by the NGOs have strict timelines within which they must be completed, and reports submitted to the funding bodies. Timely remittance of the tranches during the implementation of a project allows the smooth running and compliance to the agreements and the completion of the project within the agreed timelines.

A point of concern is observed where 54.1% of the respondents indicated that there are constant delays in reporting of expenditure in their NGOs with only 22.9% indicating that reporting of expenditure is timely in the NGOs. The experienced delay in liquidating the expenditure is a negative aspect as the subsequent release of funds is greatly tied to the ability of the organization to utilize, record, and report the expenditure within the shortest time possible, according to the signed agreement. The expenditure liquidation delays reported in this study could be associated with many things such as lack of compliance to the set parameters or slow spending on the projects thereby reporting the expenditures later than normal. Such delays adversely affect the organization and are likely to causes major challenges in the release of the subsequent tranches thereby adversely affecting the liquidity of the firm. The findings under this study show that on average there are delays on the liquidation of the expenditure, and this is a challenge which would cause a further delay in the release of further funding from the donor, an action that would lead to negative cash flow effects.

Under this study, 63.8% of the NGOs experienced delays in receipt of funds, a practice that has great potential to adversely affect the liquidity of the organizations. Only 8.2% of the respondents indicated that such delays do not occur. The delays in the liquidation of the expenditure causes major challenges in the release of the subsequent amounts and that adversely affect the liquidity of the firm. Donor organizations believe in the accountability reporting and where there is delay experienced in such reporting, the subsequent tranches could be withheld until such a time when all the requirements have been met. The receipt of funds also demand that the organization has clear guidelines on the remittance process to be followed, the necessary banking address are clearly defined, and both the sender and the recipient are in constant correspondence among other requirements. Illiquidity caused by the delays in the release of the tranches would affect the on-going operations and to the worst affect the daily operations and subsequently lead to closure.

Accounts payable is one of the most important components as far as working capital of an organization is concerned. In this study, 61.5% confirmed that creditors are paid within the stipulated time while 5.9% indicated that the creditors are not paid within the stipulated time. The settlement of credit within a reasonable time is a positive gesture that not only create a good image of the organization, but also improves the credibility of the organization. The working capital management practices are independent of the NGOs age bracket and therefore do not improve or deteriorate with time.

Prudent working capital management requires that an organization negotiate a reasonable period in settling the creditor's payments without compromising on the relationship. The payment of the short-term obligations should therefore be a major concern to organizations that desire to survive in the long run. It is therefore critical that working

capital aspect becomes a major concern in organizations that desire to continue in operation for a long period of time.

Working capital management practices was found to influence NGO sustainability to a significant extent. It was established that improved working capital management practices would result to increased current ratio, and increased survival ratio. However, with NGO regulation by the coordination board, the rate at which working capital management practices influence NGO sustainability would be reduced.

5.2.4 Integrated Financial Management Information System (IFMIS)

Integrated Financial Management Information Systems is an automated system used in the management of financial information within an organization with the main aim of improving effectiveness and efficiency in the financial management. In this study, the findings on the adoption of the IFMIS reported that, 73.4% of the respondents indicated that the adoption of IFMIS has contributed positively to the running of their organizations but 8.2% felt that this is not the case in their NGOs. With the NGOs handling huge financial transaction and being required to do accurate financial reporting, the adoption of the integrated financial information system is a positive step towards achieving that goal of producing and submitting accurate, timely and comprehensive reports.

Further, 76.3% indicated that the system has inbuilt capacity to account for multiple funded projects while 5.1% felt that this capacity lacks in the system. Use of a reliable integrated financial management information system enables the organization to segregate the funds that are designated for various projects, enable the budget tracking, separates the income and expenditure, enables the procurement processes, financial processes as well as human resource processes to run efficiently and to produce results

based on the specific project. It also enables the organization to honour the donor specific requirements by producing reports for the various grants and complying to the specific guidelines of each of the donors. Under this study, the adoption of IFMIS has proven to be a positive contributor towards the management of multiple funded projects, and thereby enabling the organizations to enjoy all the benefits that accrue to running such a system.

Also, 81.5% confirmed that management reports are regularly availed monthly, though 4.4% were of a contrary opinion. The findings in this study show that many NGOs who have adopted the IFMIS have greatly benefited in attaining improved efficiency by processing and availing accurate and timely reports which are useful for decision making. This improves the performance and the general running of those organizations.

77.6% were confident that the adoption of IFMIS reduced the possibilities of misappropriation of funds with only 4.5% being of contrary opinion. IFMIS provide added security to the existing system in as far as the data security is concerned. The systems are password protected and the personnel are trained on the use of such systems ensuring that only authorized personnel can access them, and any unauthorized persons are denied access. This provides improved security and reduces on the possible misappropriation of funds. This study findings show that Adoption of IFMIS has minimized the possibility of the possible loss or misappropriation of funds as the system comes with inbuilt features that detect and highlight any such practices, enabling the management to take corrective action in good time.

Monitoring of projects involve the collection of the relevant information and analysis to assess whether the quality of work, schedule, budgets, and the scope remained on track, while evaluation is periodic assessments carried out by the organization to access the

performance as compared to the set target. Under the study, 77.6% felt that adoption of IFMIS has contributed to project monitoring and evaluation, while 5.9% felt that IFMIS has not contributed to monitoring and evaluation of projects. These findings indicate the adoption of IFMIS has positively contributed towards effective monitoring and evaluation of the projects.

67.2% agreed that adoption of IFMIS has reduced data processing costs and report generation costs, while 5.9% were of a contrary opinion. The integrated financial management system enables the firm the unique opportunity to collect data, process the data, generate reports for use in decision making in an organization. It has proven to be an effective tool in data management, ensuring transparency and accountability, lowering transaction costs and all through the value chain. The reduction in the data processing costs within the NGOs because of adaption of IFMIS is a positive gesture and a great improvement to the operations and ultimately increase in productivity within the NGOs.

An aggregate of 72.2% believed in the adoption of IFMIS provides an audit trail that is useful for decision making, while 6.1% felt that it does not. A well-integrated financial information system provide for the data collection and data processing, would provide accurate and consistent reports, integrate the budgets to the actual spending for comparison purposes, enable the organization to set tight financial controls, facilitate financial reports and provide an audit trail for all these transactions. All these controls ensure that transactions do not go through the system without the necessary approvals, and this reduces fraud and misappropriation of funds. Gathered from this study, adoption of IFMIS provides an audit trail that is very necessary for accountability within the organizations.

Lastly, 73.1% confirmed that IFMIS is accessible remotely to the users, while 8.9% felt that it is not. Many NGOs provided services to groups that are in remote locations and only the coordinating offices are based within the urban centres. On many occasions these organizations are operating in the conflict infested areas and complex settings and so the only way to implement the project is by using remote management. These remote operations are the projects implementation, the monitoring and evaluation which require that the beneficiaries are visited and sometimes interviewed to get first-hand information, the meetings with the communities, cash distribution to the needy communities and other day to day activities all happen at the remote locations. Integrated Financial Management Information Systems are designed to enable the users to transact remotely to reach out to all the stakeholders.

Remote operations enable organizations to keep their presence in the communities where they cannot physically reach, and they are able to continue engaging with the beneficiaries without much interruption. But having the Integrated Financial Management Information Systems may not by itself be enough, the remote operation demand that the organization also must do the skills transfer where they train and equip the personnel at the remote locations with skills and experience that would enable them to interact with the systems. The findings on the remote access are very beneficial as most of the organizations operate field offices and implement projects remotely, and therefore integrated management system that enables them to access those remote locations add great value to the running of the organization and increases effectiveness as well as efficiency.

The relationships between adoption of IFMIS and the indicators of NGO sustainability were also found to be statistically significant. More adoption and effective use of IFMIS would result to increased current ratio and enhanced survival ratio. With the moderating

effect of NGO regulation, it was determined that the rates at which adoption of IFMIS influences current and survival ratios would increase. The adoption and use of IFMIS is independent of the NGOs age bracket and therefore does not improve or deteriorate with time.

5.2.5 Internal Control Practices

Effective financial management embraces application of internal controls which are employed to safeguard its assets and minimize any possible risks and support the organization towards its overall performance. Having functional internal control systems such as audit units in an NGO is key in ensuring that both internal and external requirements in terms of standards are met. The findings in this study raised great concerns that only 35.6% of the respondents confirmed that their organizations have internal audit units with 56.3% indicating that such units do not exist in their organizations. Internal audits provide objective insight and independent assessment of risk within the organization, which enables the organization to proactively take the necessary action and control measures to avert losses but enhance efficiency. It also ensures that the assets are properly secured and protected from possible threat.

Further, on the practice of routine external audits and submission of reports to the authorities, it was noted with concern that only 32.6% confirmed that the practice is carried out in their NGOs, while a significant 56.3% confirmed the opposite. The external audit is a periodic audit conducted by a qualified independent professional to determine whether the books of that firm are complete and accurate. The auditor expresses independent opinion and provides impartiality that cannot be given by the internal audit. The external auditor does the audit in compliance to certain laws, rules and regulations governing his profession, the findings in this study show a big lapse in engagement of external audit as a control tool for the organizations and this presents a

weakness in the NGOs in Nairobi County, which may compromise the use of resources within the registered organization.

Proper reporting structures are key in the achievement of the set organizational objectives. In this study, 26.7% of the respondents indicated that there exist structures and reporting lines for objectives, while 51.9% felt that such structures are not established in their organizations. Good reporting structures creates a clear roadmap on how the work is structured and how the information will be shared within the organization and how the reporting will be done within the various functions and ultimately to the senior management. Lack of appropriate structures would mean that the strategies that are meant to enable the organization do not have an appropriate framework where they can operate, hence the failure to achieve the set organizational goals and objectives. In this study, there seems to be a great challenge within the organization under the study with a very low percentage confirming to be having these important structures and reporting lines.

It is also important to hold individuals responsible for and accountable for their actions in an organization. However, only 34.9% of the respondents felt that individuals are accountable for their managerial responsibilities in the pursuit of objectives while the majority; 50.4% felt that the individuals are not accountable for their responsibilities relating to the internal controls in the organization. Holding the individuals responsible for their actions in an organization is very important and can be achieved through periodic appraisals. However, the appraisals cannot be done if there are no set parameter and defined roles, which would then act as the basis for the much-needed accountability.

In relation to the accountability of the individuals responsible for various responsibilities within the organization, this study showed a negative trend where only a few organizations have established appropriate structures and reporting lines that enhance

accountability. This can pose a great financial management threat and affect the sustainability of the organization negatively. The organizations under this study therefore need to ensure that the roles are clearly defined and monitored, and the managers evaluated to affirm that they take responsibility over their designated assignments

Regarding the segregation of duties, 40.8% of the respondents confirmed that financial management duties are usually distributed well among the personnel, while 41.5% were of a contrary opinion. Segregation of duties involves separating the main functions or activities within the organization to enable an organization to reduce the risk of fraud, error or misappropriation, so as to ensure that any mistakes, either intentional or not do not go undetected by another person. This entails studying and understanding the entire business process within the organization to know the booking process, the approval process, the handling and storage process and the custody of goods and services. The findings on this aspect in this study show that the level of segregation of duties is still very low, at 40.8% and therefore there is a great room for improvement for the NGO to achieve their goals and objectives.

On expenditure approvals, 38.5% felt that the approvals were done at various defined levels while 38.5% felt that this does not happen. To ensure that the necessary approvals are done within the entire values chain, the organizations could set a multi-level system that allows for approval of transactions and expenses by different managers in different levels so that once one approval is made the transaction continue to another level. Lack of the necessary approvals at the various stages in the business operations would compromise of the financial management practices and further affect the long-time survival of the organization. The findings here disclose a poor trend in the approvals of transactions within the NGOs and those points to a serious lapse in the financial management practices within the organizations. The findings in this study indicate a

serious lapse in setting and applying the approval systems and this may lead to unapproved spending and great loss or fraud.

Lastly, continuous monitoring and evaluation of the activities within the system is critical for continuous improvement and enhanced standards. The findings under the study revealed that only 32.6% of the NGOs practice continuous monitoring and evaluation while 42.2% do not monitor the activities within the organization to establish whether the practice is within the set parameters. Monitoring and evaluation would enable the managers to oversee the ongoing activities during the life of the project and at the tail end of the project to ensure that the goal of the project was met.

The findings in this study indicated a compromised position as far as monitoring and evaluation is concerned and points to the great need to improve in the monitoring and evaluation within these organization systems within the NGOs in Nairobi County. The internal control practices are independent of the NGOs age bracket. The study revealed a negative trend in the monitoring and evaluation and general internal controls systems which signals to a lapse in the financial management practices of the NGOs and has potential to influence the sustainability in the existing NGOs in Nairobi County.

The poor internal control indicates a lapse in a very important financial management practice and could pose a great threat to the survival of the organization. Internal control systems were also found to be a statistically significant explanatory variable in the determination of NGO sustainability. It was found that improved internal control systems would result to increased current ratio, decreased donor dependency level, and increased survival ratio. However, the rates at which improved internal control practices influence the indicators of NGO sustainability to increase or decrease would be significantly reduced by the effect of NGO regulation.

5.2.6 NGO Regulation

Regulation of NGOs on their internal as well as their external practices is paramount for productive coexistence, proper conduct, and quality assurance. In this study, the tests on the regulations by the relevant authorities showed that; a weak majority of 47.4% of the respondents confirmed that their NGOs usually file financial returns with the NGO coordination board as required by the law, while 17% indicated that their NGOs do not file the financial returns. Concerns are raised about the significant 35.6% who decided to stay neutral about the matter. The regulations on the NGOs by the NGO board are meant to improve the NGO performance. The annual filling of returns to the NGO coordination board is a statutory function and where the organization fails to file such returns, there is lack of compliance to the set rules and regulations by the board. Great improvement is therefore required in the filling of returns by the registered organizations to the NGO Board Coordination.

Regarding the NGO's compliance to the regulations, policies and procedures set by the NGO coordination board, the findings in the study showed that 62.9% of the organizations were compliant to the set regulations, policies, and procedures. Failure to comply to the set regulations by the board could lead to high penalties and at the worst lead to cancellation of the registration. These findings are a pointer to the need to by the organizations to improve on compliance in relation to the set regulations, policies, and guidelines.

On establishing the need for direction by the board through guidelines on grants management, 52.6% confirmed that the board issues guidelines on grants management, while 14% indicated that such guidelines are not issued by the NGO coordination board. As a regulator, the NGO coordination board is expected to support the NGO by issuing guidelines. The NGO coordination board contains a lot of information that is meant to

guide the registered organization on how to carry out their businesses. There seems to be lack of concentration or understanding of those guidelines by many organizations.

Lastly, 55.6% of the respondents indicated that monitoring and evaluation by the NGO regulatory board happens and it is beneficial to the organization, though 14.8% felt that monitoring and evaluation does not happen and/or is not beneficial to the organization. Monitoring and evaluation are critical elements in promoting transparency and accountability within the NGO sector. Although more than half of the respondents were positive to the monitoring and evaluation by the NGO, there seems to be greater need for improvement so that the NGOs are held to account for their engagements in the various projects.

The NGO regulatory board in Kenya recognizes the importance of monitoring and evaluation in ensuring that the NGOs achieve their set objectives (NGO Strategic Plan 2014-2017). The responses in this study show great appreciation of this monitoring and evaluation aspect and this is likely to lead to sustainability of the organizations. The various aspects of NGO regulations are independent of the NGOs age bracket except the aspect of “the NGOs being compliant with the regulations set by the NGO coordination board” which was found to improve with the age of an NGO.

5.3 Conclusions

This study examined the effect of budgetary practices, the effect of working management practices, the effect of adoption of integrated financial management information systems, and the effect of internal control practices on the sustainability of NGOs in Nairobi County. It also examined the moderating effect of NGO regulations on the relationship between the financial management practices and sustainability of the NGOs in Nairobi

County. The findings obtained showed that there is a statistically significant effect of the various components tested on the sustainability of the NGOs in Nairobi County.

The study concluded that, within the NGOs in Nairobi County, the budget planning practices are commendable as the management issued budgetary guidelines before preparations of budget, the functional budget committees are active, the budgetary goals are usually specific and clear, and the budgetary processes adheres to the principles of transparency and accountability. The budget support and participation are also satisfactory as the departmental and sectional heads were involved in budgeting processes and the implementing partners and the various beneficiaries were involved in the budgeting processes. Budget planning is coordinated, and the involvement of the various stakeholders are likely to create an enabling environment for good implementation of projects and reporting. In addition, good communication and coordination was evident amongst the stakeholders. These practices do not depend on the duration of existence of an NGO. However, the longer the duration an NGO has been in existence, the more the NGO allow its programme and project implementing partners to participate in the budget process.

The study showed that budgetary practices significantly influence the sustainability of an NGO and improvement in budgetary practices will result to, a lower donor dependency level and a greater survival ratio. The enhanced regulations by the NGO coordination board would result to, decreased donor dependency level and increased survival rate, leading to improvement of the sustainability of the NGOs in Nairobi County.

On the effect of working capital management practices on the sustainability of NGOs in Nairobi County, the practices were found to be satisfactory with some areas of improvement recommended. The cash management was found to be within good limits

with the cash and bank accounts well managed, cash forecasts prepared in good time to aid in successful implementation and appropriate measures are set to govern the utilization of cash. The study shows that NGOs have established functional cash and bank account management systems and also facilitates timely cash forecasts that effectively guide the organization during the implementation of the projects. NGOs also set measures, to govern the utilization of cash and the cash withdrawal approvals and management is also done. Concerning the scheduling of the receipts of funds to the organizations, the scheduling of the grants receipts was found to be well planned and implemented, as the approved grants were received in good time, there were no delays in remittance of the planned tranches and the planned remittances were done in good time. The accounts payables are also satisfactorily managed, as the creditors are paid within the stipulated time.

Great concerns were however noted regarding the constant delays in reporting of expenditure, which translated to delays in subsequent receipt of funds, a lapse that would potentially adversely affect the liquidity of the organization. The effect of the delay in the liquidation of the expenditure could result to illiquidity in the organizations and alter the operations, thereby threatening sustainability of the organization. These working capital management practices are not influenced by the duration of an NGOs existence and therefore do not improve or deteriorate with time. The study concluded that working capital management practices significantly influence NGO sustainability where improved working capital management practices would result to improved current ratio, and increased survival ratio. However, enhanced NGO regulation reduces the rate at which working capital management practices influence current and survival ratios.

On the adoption of IFMIS, it is concluded that the practice has enhanced the effectiveness and efficiency in the running of NGOs in Nairobi County and ultimately it

has a significant effect on sustainability significantly of NGOs in Nairobi County. The adoption of IFMIS has greatly contributed towards managerial support and has brought a revolution to the accounting and financial reporting. The systems support in the planning process, have inbuilt capacity to account for multiple funded projects and management reports are regularly availed monthly.

Further, IFMIS has reduced the possibilities of misappropriation of funds, it has contributed to project monitoring and evaluation, it has reduced data processing and report generation costs and it provided an audit trail that is useful for decision making, while at the same time being accessible remotely to the users. The adoption and use of IFMIS is not significantly influenced by the duration of time that the NGO has been in existence, and therefore does not improve or deteriorate with time. The study further concluded that adoption and effective use of IFMIS would result to increased current ratio and enhanced survival ratio. The moderating effect of NGO regulation raises the rate at which IFMIS influences current and survival ratios. The adoption of the Integrated Financial Management Information Systems within the NGOs in Nairobi County would therefore lead to improved sustainability.

On the effect of internal control practices on the sustainability of NGOs in Nairobi County, the findings showed a negative trend where the internal and external audits are not embraced in most of the organization, the segregation of duties is not sufficiently done, and the monitoring of the projects is also rare. Most NGOs do not have functional internal audit units and do not conduct routine external audits and submit reports to the authorities. Further, the structures and reporting lines for objectives in most NGOs are lacking, individuals are not held responsible and accountable for their actions as required in the set standards that would enable the organization to attain its set objectives and the segregation of duties, which is an important finance and accounting requirement for

success in organizations is barely practiced. In a significant number of NGOs, expenditure approvals are not done at various defined levels and there is no continuous monitoring and evaluation of internal control systems.

It is paramount that NGOs in Nairobi County improve on their internal controls as the current state could lead to a lot of compromise and misappropriation of the resources in the organization, which could in the long term affect the sustainability of the organization. Further, the study concluded that internal control practices result to increased current ratio, decreased donor dependency level, and increased survival ratio and ultimately affect NGO sustainability significantly. However, NGO regulation reduced the rate at which improved internal control practices influence the indicators of NGO sustainability.

On the moderating effect of the NGO regulation on the relationship between the financial management practices and the sustainability of NGOs, the filling of the annual returns, the compliance to the set guidelines, the findings indicated that there was a positive trend towards sustainability as the NGOs have fairly responded well to these requirements. A great number of the organizations under this study file financial returns with the NGO coordination board as required by the law and are compliant with the board regulations.

This can be attributed to the fact that the board issues guidelines on compliance to regulations, policies and procedures and there is continuous monitoring and evaluation by the NGO board which is beneficial to the organizations. Further improvement would be required on the monitoring and evaluation by the NGO to ensure that the rules and regulations in relation to filling of financial returns and compliance to the set guidelines are fully adhered to and that there is total compliance to the filling of returns to the NGO coordination board as per the requirements by the law.

In conclusion, from the findings in this study, it is evident that NGOs in Nairobi County have developed and implemented good budgetary practices, have employed appropriate working capital management practices, and have fairly adopted the integrated financial management information systems in their operations. The support by the NGO coordination board is also noted to be a great contributor to the success and sustainability of the NGOs in Nairobi County. However, there is a great challenge in the adherence to the internal control practices as noted under the study and this practice could significantly affect the liquidation of expenditures and the much-needed positive cash flow to run the business at any given time. The internal controls parameters that are lacking in most of these organizations pose a great threat to the sustainability of the NGOs as they may lead to the stagnation or even collapse of many NGOs in Nairobi County.

The study has notably contributed towards the need for the NGOs to embrace good financial management practices. In particular, the involvement of various participants within the budgeting process, the efficiency in the management and liquidation of the expenditure, the management of cash and accounts payables as a means towards improved cash flow management, the adoption of IFMIS to improve the processes and provide remote access in the management of the projects and the urgent need to evaluate managers and hold them accountable for the utilization of resources are relatively unique areas that add new knowledge in the sustainability of NGOs.

5.4 Recommendations

From the findings in this study on the effect of financial management practices on the sustainability of the NGOs in Nairobi County, the following recommendations were made.

5.4.1 Managerial Recommendations

On the effect of budgetary practices on the sustainability of NGOs in Nairobi County, the study recommended that the NGO leadership should strengthen the budgetary committees that give oversight to the development and implementation of the budget and fully involve the budget holders in the budgeting process to give them greater understanding of the budget information that they need to use during the implementation. The study further recommended the involvement of the beneficiaries in the budgeting process so that they can understand the allocations available and motivate them to support the budget implementation.

Regarding the effect of working capital management practices this study recommended that the senior management should set stringent measures on the liquidation of expenditure to reduce the time taken to requisition for the subsequent tranches to enable the organization to maintain appropriate liquidity levels and improved cash flows. Regarding the management of the accounts payable, the management should monitor more closely the settlement of the short-term obligations by the organization to ensure efficiency in the settlement of the account's payables at any given time.

On evaluating the effect of adoption of integrated financial management information systems on the sustainability of NGOs in Nairobi County the study recommended that the NGOs should be encouraged to adopt the IFMIS to improve their efficiency and effectiveness in data processing and financial reporting. The adoption of IFMIS would enhance the timeliness of reporting, accuracy and reliability of the information produced hence improved operational processes. Further, the study recommended adoption of IFMIS to enable the NGOs with remote offices to coordinate the operations remotely through making the necessary approvals, accessing information, and monitoring the day-to-day operations.

To improve the internal control practices on the sustainability of NGOs in Nairobi County, the study recommended that the NGOs should have an active internal audit function that monitors the day-to-day operations and engage the services of an external auditor who conducts periodic external audit to provide objective and independent assessment of the operations and also to constantly monitor and safeguard the assets of the organization. Further, the study recommended that the senior management should improve the reporting structures to provide a clear road map to the achievement of the set strategies, evaluate the managers responsibilities and segregate duties to minimize fraud and misappropriation. The organizations should also have active monitoring and evaluation systems.

On the NGO regulations on the relationship between the financial management practices and sustainability, the study recommended that the management within the NGO should comply to the regulations set by the NGO coordination board on the filling of annual returns and other legal requirements. Non-compliance to the set regulations could lead to penalties and other negative consequences which are detrimental to the sustainability of the organization. Further, the NGO Coordination board should put in place stringent measures to strengthen the monitoring and evaluation of the registered NGOs.

5.4.2 Policy Recommendations

The NGO Coordination board is mandated by the government to harmonize the activities the NGOs and formulate policy guidelines that enable the NGOs to effectively contribute to the national development plans. In this study, various policy matters were identified that would be important to the authorities within the NGOs.

Donor dependency level was identified as an important factor to the sustainability of an NGO. The Study recommends that a policy addressing an allowable level of dependency

is issued, so that NGOs are discouraged from having a 100% donor dependency which could lead them to immediate closure when the donors either withdraws or reduces funding. The governing boards should set policies and procedures that will guide the organization towards improved compliance to the signed agreements to eliminate delays in reporting and future release of funding. To strengthen the internal control practices, the study recommends that a policy should be developed for mandatory internal audit procedures, with the oversight board in the NGO taking full responsibility of the findings of such audit within the year. The leadership within the NGOs are not necessarily experts in finance function. This study recommends that, the regulatory boards within the NGOs should have mandatory, annual capacity building programs where financial management and administration of NGOs is addressed.

5.4.3 Recommendation for Further Research

This study generated great interest in the application of internal control practices and budgetary controls in the NGOs within Nairobi County. Compromised internal controls could adversely affect the management of the resources and lead to misuse, misappropriation, and fraud in the organizations. Further study needs to be done on the of the internal control practices in the NGOs with specific focus on the growing trend of using information technology platforms to effect financial transactions within their operations. Further, a study should also be carried on effect of budgetary controls on the sustainability of NGOs.

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APPENDICES

Appendix I: Letter of Introduction

Dear Respondent,

My name is Lucy N. Mugenyi, a Doctoral student at Kabarak University School of Business and Economics. I am undertaking a study on the Effect of Financial Management Practices on the Sustainability of the Non-Governmental Organizations in Nairobi County, Kenya.

Your organization has been selected for this study. I request you to spare a few minutes of your time to complete the attached questionnaire. The data collected will be used for academic purposes only and in no other way injurious to you, your family, or your esteemed organization. I also ensure you of confidentiality in handling all the information that will be shared pertaining your organization for the purpose of this study. Your participation in facilitating the study is highly appreciated.

Thanking you for your support and cooperation.

Lucy N. Mugenyi

Principal Researcher

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Appendix II: Questionnaire

Section A: General Information

Name of the Organization: _____

Number of years the organization has been in existence: _____

Position in the organization: _____

Number of years you have worked in the Organization: _____

Date of Registration: _____

Main Sector Served	Health	<input type="checkbox"/>
	WASH and Livelihood	<input type="checkbox"/>
	Education	<input type="checkbox"/>
	Human Rights and Protection	<input type="checkbox"/>
	Orphanages and Rehabilitation	<input type="checkbox"/>

Section B: Budgetary Practices

On a scale of 1-5 where: 5- strongly agree, 4- agree, 3- neutral, 2- disagree, 1- strongly disagree, state the extent to which you agree with the following statements concerning budgeting and budget process in your organization

	Statements on Budgetary Practices	SD (1)	D (2)	N (3)	A (4)	SA (5)
	Budget Planning					
1.	Budgetary guidelines are issued before preparing budgets					
2.	The budget committee is functional in my organization					
3.	The Organizations budgetary goals are specific and clear in my organization					
4.	The budgeting process in the Organization adheres to the Organization's commitment to transparency and accountability					
	Budget Support and Participation					
5.	Heads of various functions take part in the budgeting process					
6.	The Budget holders have an influence on the final					

	Organization budget.					
7.	The implementing partners participate in the budgeting process					
8.	The beneficiaries participate in the budgeting process					
	Budget Communication					
9.	Coordination and communication among various departments during budgeting process is achieved easily					

Section C: Working Capital Management Practices

On a scale of 1-5 where: 5- strongly agree, 4- agree, 3- neutral, 2- disagree, 1- strongly disagree, state the extent to which you agree with the following concerning working capital management in your organization

	Statements on Working Capital Management Practices	SD (1)	D (2)	N (3)	A (4)	SA (5)
	Cash Receipt and Management					
1.	The organization has efficient systems that ensure good management of cash and Bank accounts					
2.	The Cash forecasts are prepared in good time to guide in the use of available funds during the project implementation					
3.	Appropriate measures are set to govern the utilization of cash					
	Grants Receipt Scheduling					
4.	Approved grants are received in good time for use in the project					
5.	There are no delays in remittance of the tranches during the implementation					
6.	There is constant delay in reporting of expenditure which lead to delays in the release of subsequent tranches					
7.	The delays in the subsequent receipt of funds affect the liquidity of the organization.					
	Accounts Payable Management					
8.	The creditors are paid within the time stipulated under the agreement					

Section D: Integrated Financial Management Information System

On a scale of 1-5 where: 5- strongly agree, 4- agree, 3- neutral, 2- disagree, 1- strongly disagree, state the extent to which you agree with the following concerning integrated financial management information system in your organization.

	Statements on integrated Financial Management Information System	SD (1)	D (2)	N (3)	A (4)	SA (5)
	Managerial Support					
1.	The IFMIS has contributed positively to the running of the organization					
2.	The financial software has inbuilt capacity to account for multiple funded projects					
3.	The management reports are scheduled and availed on monthly basis					
4.	IFMIS has reduced the possibility of misappropriation of funds through proper recording, information processing and reporting					
5.	Use of IFMIS has contributed positively to the monitoring of the project monitoring and evaluation					
	Accounting and Financial Reporting					
6.	Use of IFMIS has reduced data processing costs and report generation					
7.	The IFMIS provides an audit trail that is useful for decision making					
8.	The system is accessible to the users remotely					

Section E: Internal Control Practices

On a scale of 1-5 where: 5- strongly agree, 4- agree, 3- neutral, 2- disagree, 1- strongly disagree, state the extent to which you agree with the following concerning integrated financial management information system in your organization.

	Statement	SA	A	N	D	SD
	Internal and External Audit					
1.	The organization has internal audit unit that ensures accountability and transparency of all resources.					
2.	The external audits are periodically carried out and reports submitted to the authorities					
3.	Management has established with board oversight, structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of objectives.					
4.	The organization holds individuals accountable for their internal control responsibilities in the pursuit of objectives.					
	Segregation of Duties					
5.	The financial management duties are well distributed to various personnel					
6.	The approval systems on the expenditure are done at various defined levels					
	Monitoring Activities					
7.	The organization does continuous monitoring and evaluation of internal control systems and communicates the deficiencies promptly to those parties responsible for taking corrective action					

Section F: NGO coordination BOARD

On a scale of 1-5 where: 5- strongly agree, 4- agree, 3- neutral, 2- disagree, 1- strongly disagree, state the extent to which you agree with the following concerning NGO Coordination Board

	Statements on NGO coordination BOARD	SD (1)	D (2)	N (3)	A (4)	SA (5)
1.	The organization makes annual financial returns to the NGO coordination board					
2.	The NGO is compliant to the regulations, policies and procedures set by the NGO coordination board					
3.	The NGO coordination board issues useful guidelines on Grants management					
4.	The monitoring and evaluation by the NGO board is beneficial to the organization					

Section G: Data Capture Sheet on NGO Sustainability

Kindly, give the information here below as captured from your audited accounts

		Amount in Kenya Shillings				
		2018	2017	2016	2015	2014
1.	The total amount of Grants received in the last financial year					
2.	Total income generated from other sources					
3.	Current Assets per the last audited accounts					
4.	Current liabilities per the last audited accounts					
5.	General reserves (Unrestricted Funding) balance					
6.	Long- term debt per the audited accounts					

Appendix III: University Authorization Letter



KABARAK UNIVERSITY
Institute of Post Graduate Studies

P.O. Private Bag 20157, Kabarak.
Tel. 051-343234/5 Fax 051-343529

postgraduate@kabarak.ac.ke
www.kabarak.ac.ke

Ref. No. KABU/01/POSTG/018/VOL1/1/2017

26th June, 2018

The Executive Director
NGO Coordination Board
Cooperative Bank House 15th Floor
P.O Box 44617-00100
NAIROBI.

Dear Sir/Madam,

RE: INTRODUCTION LETTER FOR LUCY NYAWIRA KARIUKI GDB/M/1192/09/15

Lucy Kariuki is a bonafide student of Kabarak University pursuing a PhD Degree in Business Administration. She is currently writing her proposal entitled: *'The Financial Management of Local Non Governmental organizations in Nairobi County, Kenya'*.

Towards this end therefore, I kindly request that she be given assistance to access information from newsletters, reports, documents on the following:

- i) The updated list of registered NGOs in Kenya and more specifically within Nairobi county
- ii) The financial assistance received by NGOs in the year 2017
- iii) The challenges facing NGOs in Kenya
- iv) Sustainability of NGOs in Kenya

The assistance accorded to her is highly appreciated.

Yours faithfully,

Dr. Betty J. Tikoko
DIRECTOR POST GRADUATE STUDIES

Kabarak University Moral Code

*As a member of Kabarak University family, we purpore at all times and in all places, to set apart in our hearts,
Jesus as Lord (1st Peter 3:15)*



Kabarak University is ISO 9001:2015 Certified

Appendix IV: NACOSTI Research Authorization Letter



INSTITUTE OF POST GRADUATE STUDIES

Private Bag - 20157
KABARAK, KENYA
E-mail: directorpostgraduate@kabarak.ac.ke

Tel: 0203511275
Fax: 254-51-343012
www.kabarak.ac.ke

16th April, 2019

The Director General
National Commission for Science, Technology & Innovation (NACOSTI)
P.O. Box 30623 - 00100
NAIROBI

Dear Sir/Madam,

RE: LUCY NYAWIRA MUGENYI- REG. NO. GDB/M/1192/09/15

The above named is a Doctor of Philosophy student at Kabarak University in the School Business and Economics. She is carrying out research entitled "**Financial Management Practices and their Effects on the Sustainability of Non- Governmental Organizations in Nairobi County, Kenya**". She has defended her proposal and has been authorized to proceed with field research.

The information obtained in the course of this research will be used for academic purposes only and will be treated with utmost confidentiality.

Please provide her with a research permit to enable her to undertake her research.

Thank you.

Yours faithfully,

Dr. Betty Tikoko
DIRECTOR, POSTGRADUATE STUDIES



Kabarak University Moral Code

As members of Kabarak University family, we purpose at all times and in all places, to set apart in our heart, Jesus as Lord. (1 Peter 3:15)



Appendix V: NACOSTI Research Permit

THIS IS TO CERTIFY THAT:
MS. LUCY NYAWIRA K MUGENYI
of KABARAK UNIVERSITY, 0-200
Nairobi, has been permitted to conduct
research in Nairobi County

on the topic: FINANCIAL MANAGEMENT
PRACTICES AND THEIR EFFECTS ON
SUSTAINABILITY OF NON
GOVERNMENTAL ORGANIZATIONS IN
NAIROBI COUNTY, KENYA

for the period ending:
2nd May, 2020

.....
Applicant's
Signature

Permit No : NACOSTI/P/19/36939/29835
Date Of Issue : 2nd May, 2019
Fee Received :Ksh 2000



.....
Director General
National Commission for Science,
Technology & Innovation

THE SCIENCE, TECHNOLOGY AND **INNOVATION ACT, 2013**

The Grant of Research Licenses is guided by the Science,
Technology and Innovation (Research Licensing) Regulations, 2014.

CONDITIONS

1. The License is valid for the proposed research, location and specified period.
2. The License and any rights thereunder are non-transferable.
3. The Licensee shall inform the County Governor before commencement of the research.
4. Excavation, filming and collection of specimens are subject to further necessary clearance from relevant Government Agencies.
5. The License does not give authority to transfer research materials.
6. NACOSTI may monitor and evaluate the licensed research project.
7. The Licensee shall submit one hard copy and upload a soft copy of their final report within one year of completion of the research.
8. NACOSTI reserves the right to modify the conditions of the License including cancellation without prior notice.

National Commission for Science, Technology and innovation
P.O. Box 30623 - 00100, Nairobi, Kenya
TEL: 020 400 7000, 0713 788787, 0735 404245
Email: dg@nacosti.go.ke, registry@nacosti.go.ke
Website: www.nacosti.go.ke



REPUBLIC OF KENYA



National Commission for Science,
Technology and Innovation

RESEARCH LICENSE

Serial No.A 24449

CONDITIONS: see back page

Appendix VI: List of NGOs in Nairobi- Sampling Frame

Folio	Name of Organization	Folio	Name Of Organization
1	Aadamiga (Humanitarian) Kenya Office	2	Kenya Christian Industrial Training Institute (KCITI)
3	Abandoned Africa Foundation	4	Kenya Community Database Programme
5	Abanyala Floods Relief Services	6	Kenya Debt Relief Network
7	Aber Care International	8	Kenya Eco-Villages Programme
9	Abizeramariya Kenya	10	Kenya Education Communication And Economic Empowerment
11	Acacia Development Initiatives	12	Kenya Education Fund
13	Access Care International	14	Kenya Enterprise Opportunity
15	Access Hope And Development	16	Kenya Grandmothers Care Givers Network
17	Access Initiatives For African Development	18	Kenya Human Service Development Programme
19	Across The World Youth Venture	20	Kenya Medical Women's Association
21	Action For Reform & International Development (Arid)	22	Kenya Muslim Charitable Society
23	Action For Research And Development Programme	24	Kenya Network Of Women With Aids
25	Action For Sustainability Initiative	26	Kenya One World Link Forum
27	Action Green For Trade And Sustainable Development	28	Kenya Orphans Rural Development Programme
29	Action Kenya Network (Aken)	30	Kenya Orphans Support Organization
31	Action Two Africa	32	Kenya Programmes Of Disabled Persons
33	Activate Community International	34	Kenya Restoration International
35	Adopt For Impact International	36	Kenya Road Users Organization
37	Advancing His Kingdom International	38	Kenya Roads And Life Safety
39	Africa Alliance For Health Research And Economic Devtpt	40	Kenya Rural Economic Transformation Programme (Kretrap)
41	Africa Arts Promotion Network	42	Kenya Soil Conservation Society
43	Africa Biomedical Centre	44	Kenya Tourism Concern
45	Africa Capacity Alliance	46	Kenya Trenchless Future Organisation
47	Africa Center For People Institutions And Society	48	Kenya Vincentian Volunteers
49	Africa Centre For Leadership And Missions	50	Kenya Widows And Orphans Support Programme
51	Africa Community Development Organization	52	Kenya Women And Youth League
53	Africa Community Leadership And Development	54	Kenya Women In Action Programme
55	Africa Global Wealth Creation	56	Kenya Youth Development Assistance
57	Africa Health And Nutrition (Ahan)	58	Kenya Youth Motivators
59	Africa Health & Social Economic Development Organization	60	Kenyan Childhood Cancer Trust
61	Africa Human Organization For Education & Social Devtpt	62	Kenyan Girl Sanitization
63	Africa Initiative For Media & Journalists Safety	64	Kenyan Network Of Cancer Organization
65	Africa Initiatives For Food And Economic Security	66	Kept Aside Community Programme
67	Africa Inland Child And Community Agency For Development (Aiccaad)	68	Key Affected Population Health And Legal Rights Alliance
69	Africa Inspiration International	70	Kiambaa Welfare Foundation
71	Africa Institute For Global Health Research And Development	72	Kibera Canopy
73	Africa Joy Centre	74	Kibera Education Support Initiative (Kesi)
75	Africa Resource Development Agency	76	Kibera Slums Community Development Program
77	Africa Self Empowerment Institute	78	Kibera Slums Youth Development Programme
79	Africa Solutions	80	Kieni Green Organization
81	Africa Sustainable Agribusiness Initiative(Asai)	82	Kiharu Constituency Development Organization
83	Africa Talent And Change Foundation	84	Kijani Forests For Change
85	Africa Tuangaze Resource Centre	86	Kinangop Children's Centre
87	Africa Welfare Programme	88	Kisa Rural Development Organization
89	Africa Youth Leaders Forum	90	Kisima Ministry
91	African Aid Initiatives (Aai)	92	Kisumu Environmental Network
93	African Centre For Environment And Development	94	Kitui Rural Development Agency
95	African Centre For Transitional Justice	96	Kizuri Bethel Of Hope

97	African Civil Society Network On Water And Sanitation	98	Kochola Development Group
99	African Council For Communication Education	100	Kommunalatooon Organization For Development Assistance
101	African Cultural Network	102	Konyon Wenditai Empowerment Network
103	African Film And Arts Network	104	Kounkuey Design Initiative Inc
105	African Financial And Technical Assistance	106	Kyeni
107	African Foundation For Community Development	108	Lady Kipawa Initiative
109	African Institute Of Criminology	110	L'ancre International
111	African Mathematics Millenium Science Initiative	112	Legal Research And Information Centre
113	African Media And Governance Research Centre (Amgrec)	114	Leko Arts Initiative
115	African Mental Health Foundation	116	Lelmal Enterprise For Community Development
117	African Network For Agriculture, Agroforestry And Natural Resources Education	118	Lena Foundation
119	African Network For Sustainable Development Innovation Foundation	120	Lend A Hand Foundation
121	African Orphan And Vulnerable Children (Afrovac)	122	Life And Peace Institute
123	African Policy Centre	124	Life Care And Support Centre Kenya
125	African Prisons Project Kenya	126	Life In Abundance- Kenya
127	African Proppoor Tourism Development Centre	128	Life Link International Foundation
129	African Realization Regional Out Watch	130	Life Reformation International
131	African Relief And Development Programme	132	Life Skills Community Programmes
133	African Research Institute For Peace And Development	134	Lifeboat Foundation
135	African Wildlife Foundation	136	Lifeline Foundation
137	African Wildlife Protection Fund	138	Linguistic Cultural Mission Centre
139	African Women Alliance For Tobacco Control	140	Literature Africa Foundation
141	African Youth Rejuvenation Network	142	Little Bees International
143	Africare – Kenya	144	Livelihood For Pastoralist Communities (Lipac)
145	Afro Vision Foundation	146	Livelihoods Empowerment Advocacy And Development Initiative (Lead Kenya)
147	Agano Youth Foundation	148	Livelihoods, Environment And Peace Organization
149	Aged And Children Pastoralists Association	150	Liwa Childrens Centre
151	Aged And The Vulnerable Support Foundation	152	Local Urban Forum Network (Luf Network)
153	Agency For Disability And Development In Kenya	154	Lower Yatta Development Agenda (Lyda)
155	Agency For Rangeland Information And Development In Kenya (Arid-Kenya)	156	Lutheran World Federation Department For World Services
157	Agency For Technical Co-Operation And Development Kenya (Acted-Kenya)	158	Lutheran World Relief East And Southern Africa Regional Office
159	Agnes Flora Oluoch Foundation	160	Maasai Assistance Association
161	Agri And Aquatic Livelihoods Support Organization	162	Maendeleo Mapya Grassroots Initiative
163	Agriconsult Solutions International	164	Maendeleo Ya Wanaume Organization
165	Agrosphere	166	Maendeleo Ya Wanawake Organization
167	Alliance For Care And Prevention Of Tuberculosis In Kenya*	168	Mahwi Educational Charity Fund
169	Alliance For Food Security	170	Mai (Water) International
171	Alliance Of Champions	172	Mainyoito Pastoralist Integrated Development Organisation
173	Al-Maktoum Foundation	174	Maji International Kenya Project
175	Al-Momin Foundation	176	Malachi Education Foundation
177	Alpha Foundation	178	Malaria Prevention And Control Society
179	Amani Child Care Organization	180	Malkia Foundation
181	Amb. Mohamed Affey Foundation	182	Malteser-Germany
183	America-Kenya Connections Organization	184	Mama Action
185	Amka Space For Women's Creativity	186	Mama Ibado Charitable Foundation
187	Amnesty International Kenya	188	Mama Najah Foundation
189	Ananda Marga Universal Relief Team	190	Mangers For Orphans And Widows
191	Andreas Manna Foundation Nairobi	192	Margaret Wanzuu Foundation
193	Angel Wings International	194	Market Development Trust
195	Another Change Initiative-Kenya	196	Mashinani For Health And Development
197	ANPPCAN - Kenya.African Network For The Prevention And Protection Against Child Abuse And Network*	198	Massaba Rural Development Organization

199	Anti-Drug International Organization	200	Mathare Centre For Hindered Children
201	Appropriate Poverty Reduction Action	202	Mathare Foundation
203	Appropriate Technologies For Enterprise Creation	204	Mathare Social Justice Centre
205	Approtec	206	Mathare Youth Sports Association
207	Aqua Afrika Development Program	208	Mbeere Economic Development Initiative
209	Ara Afya Research Africa	210	Medecins Du Monde (France)
211	Arche Nova- East Africa	212	Medecins Sans Frontiers - Belgium
213	Ariane International	214	Medecins Sans Frontiers - France
215	Arid Lands Integrated Programs*	216	Media Development In Africa (Medeva)
217	Arise Africa International	218	Medical Response For The Diplomatic Corps (Mrdc International)
219	Arise For Change (Afc)	220	Medicare Health Organization
221	Art For Action Foundation	222	Medicins Du Monde(France)
223	Artsen Zonder Grenzen - Holland (Msf Holland)	224	Medicins Sans Frontieres - Belgium
225	Aspiration Africa International	226	Medicins Sans Frontieres - France
227	Augustinian Community Foundation	228	Medicos Del Mundo Spain
229	Autism Society Of Kenya	230	Medicos Sin Fronteras Spain (Msf Spain)
231	Avsi Foundation	232	Meet The Need International
233	Awake Rural Development Initiative*	234	Mellon Educate Organization
235	Awareness And Support International	236	Men Engage Kenya Network (Menken)
237	Back To Basics (Btb)	238	Mental Health Awareness Centre (Mhac)
239	Badili Kwa Wema Youths Initiatives	240	Mentoring Moms Development Foundation
241	Baobab International Africa	242	Micro Enterprise And Environmental Development Network
243	Baptist Community Organization Partners	244	Millenium Empowerment Organization
245	Basic Needs Watch	246	Millicent Ahato Children's Foundation
247	Bathopele Hope Foundation	248	Mines Awareness Trust
249	Beacon Humanitarian International	250	Minhaj-UI-Quran Welfare Foundation
251	Beacon Of Hope	252	Minority Communities In Africa
253	Benk Africa Foundation	254	Minto Empowerment International Foundation
255	Bethel Investment Network	256	Misionaries Of Mercy Kenya
257	Better Chance Initiative	258	Mission Africa Aid Organization
259	Better Future Empowerment & Development Organization (Befedo)	260	Mission For Empowering Rural Poor
261	Better Globe Forestry Foundation	262	Mission Outreach Development Centre
263	Better Poverty Eradication Organization	264	Missionaries Of Mercy Kenya
265	Betzy Lucy Foundation	266	Missions Of Hope International
267	Bible League International- Kenya	268	Mitigation Against Illiteracy Due To Aids
269	Biblica	270	Mkokoteni Aid Development Organization
271	Bicycle Mission World Inc	272	Mlango Farm Foundation
273	Biggy Foundation	274	Mobile Health Services
275	Bishop Gassis Relief And Rescue Foundation	276	Models For Social Economic Transformation
277	Bishop Joshua Mulinge Foundation International	278	Moramati Foundation Network Of Interveners For The Sustainable Development Of Africa
279	Boa Wild - Life Care Kenya	280	Mormich Foundation
281	Boma Welfare Organization	282	Mother Child Inclusion Network
283	Brainshine Children International	284	Mothers Love Outreach
285	Bridge Africa-Agency For Development Concerns	286	Mount Elgon Community Organization (Meco)
287	Bridge For Africa International	288	Movement For International Rights
289	Bridges Development Agency	290	Movement Of Men Against Aids Inkenya
291	Bright Sky Organization	292	Mukuru Promotion Centre
293	British Institute In Eastern Africa	294	Mukuru Slums Development Project
295	Broad Initiative Intervention Foundation	296	Mulei Kilonzo Foundation
297	Buckner Kenya	298	Multiscope Centre For Change And Empowerment
299	Budalangi Food Relief And Rehabilitation Organisation	300	Muslim Women In Development

301	Building Africa	302	Muongano Environmental Resources Management Alliance (Merma)
303	Business Guidance And Counseling Foundation	304	Mwananchi Road Safety Action
305	Camp Counsellors Africa	306	Mwanzo Bora Initiative
307	Cana Family Life Education Hiv/Aids Programme	308	Myra Memorial Counselling Organisation
309	Candle Of Hope Foundation	310	Nairobi Hospice(Nairobi Terminal Care Centre)
311	Candles For Girls Initiative	312	Nairobi Slums Project
313	Cap Youth Empowerment Institute - Kenya	314	Nasir Community Development Agency
315	Capture Foundation Int	316	National Aid For Pastoral Change
317	Care International	318	National Alliance For The Protection Of Minorities And Marginalized Persons
319	Carolina For Kibera	320	National Organization For Private Public Partnership
321	Catholic Organization For Relief And Development	322	Natural Health Organization
323	Catholic Youth Network For Environmental Sustainability In Africa	324	Neema Children's Home
325	Center For Public Health And Development	326	Network of Community And Orphan Support Initiative
327	Center For Vulnerable And Disadvantaged Children Organization (Cevudisco)	328	Network Of People Living With HIV/AIDS In Kenya
329	Centre For Advancement And Transformation	330	Network of Aids Research
331	Centre For Advocacy And Gender Equity	332	New Dawn For The Physically Challenged In Kenya
333	Centre For Citizen Empowerment Programme	334	New Dawn Rehabilitation Centre
335	Centre For Disaster Management And Humanitarian Assistance	336	New Life Foundation Against Drug Abuse
337	Centre For Domestic Training And Development	338	New Start HIV Services
339	Centre For Education Of Disaster Survivors	340	Ngomongo Community Medical Centre
341	Centre For Enterprise Development & Innovation	342	Nile Hope Development Forum
343	Centre For Humanitarian Outreach And Inter-Cultural Exchange	344	Njaaga Child Hope Kenya Chapter
345	Centre For Ict Services	346	Njabini Development Foundation
347	Centre For Initiatives On Rural Development	348	Njia Mpya Organization For Sustainable Agriculture And Environment
349	Centre For Innovative Technology In Environment And Sustainable Development International (Cited)	350	Nobeah Technologies Foundation
351	Centre For Natural Resources Management	352	Nomadic Aid-Kenya
353	Centre For Pastoral Women Empowerment(Cepawe)	354	North Imenti Development Network
355	Centre For Profitable Agriculture (Cpa K)	356	Northern Kenya Pastoralist Den Agency
357	Centre For Research And Innovations In East Africa	358	Novelty Intervention (Kenya)
359	Centre For Strategic Development	360	Nufaika Water Development And Afforestation Centre
361	Centre For Support Of Prisoners	362	Nutrition For Health And Development Initiative
363	Centre For Sustainable And Economic Empowerment	364	Nutrition For Life Organization
365	Centre For The Promotion Of Life Skills Education	366	Nyamulu Africa Foundation
367	Centre For The Study And Practise Of Direct Democracy	368	Nzia Women Organization Kitui District
369	Centre For Tobacco Free Education Development	370	Okoa Foundation For Development
371	Cephas Foundation	372	Okoa Ndugu Foundation
373	Cerebral Palsy Society Of Kenya	374	Olympia-Wafula Foundation
375	Cesvi - Cooperazione Sviluppo	376	Ondiri Swamp Conservancy Trust
377	Chalbi Women Health Organization	378	One Challenge Africa
379	Chamber For Best Practice	380	Onelife Africa
381	Chameria Children Support Centre	382	Ongoza Initiative Kenya
383	Chanda Chema Organization	384	Onhappy Africa
385	Chandawa Centre For Research,Development And Training	386	Open Arms International
387	Change A Life International Agency	388	Organisation For The Conservation Of Natural Resources And The Combat Of Hiv/Aids
389	Changes Rehabilitation And Resource Centre	390	Organisation For Women And Children Rights
391	Chariots Of Destiny Organization	392	Organization For Assisting Hearing Impaired Persons
393	Charismatic Community Foundation	394	Organization For Nutrition, Food Production And Child Welfare
395	Charity Camp Children Centre	396	Organization For Pastoralists Education Economic Development
397	Chaza Children Resource Center	398	Organization For Research And Health Improvement Systems
399	Child Life Missions Of Kenya	400	Orphans And Street Children Foundation Kenya

401	Child To Child Network Of Eastern And Southern Africa	402	Outreach International
403	Childhood Cancer Initiative	404	Outreach Mission Team (Omt)
405	Children In Freedom	406	Overflow Of Hope Organization
407	Children Of Deaf Adults Kenya- (Coda Kenya)	408	Pace Setters Foundation
409	Children Of God Relief Institute	410	Pact Inc
411	Children Of Southern Sudan	412	PAIS Project Kenya
413	Children Play And Edutainment Network(Cpen)	414	Pan African Climate Justice Alliance
415	Children Restoration Family Organisation	416	Pan African Relief And Development Organization
417	Childrens Fortress Africa	418	Participatory Research And Development Concern
419	Children's International Summer Villages, Kenya	420	Partners Of The World Network
421	Chinese Cultural Organization	422	Partners For Care
423	Christadelphian Meal -A-Day Fund	424	Partners In Tea Initiative
425	Christian Aid For Sudan	426	Passing Ancestral Knowledge Along
427	Christian Hostels Fellowship	428	Passionate Expression Foundation
429	Christian Sports Contact Kenya	430	Passionate Funds International
431	Christians For Human Rights	432	Pastoral Community Aid
433	Circle Of Friends For Kids	434	Pastoralist Legal Aid Organization
435	Clean And Green Footprints Kenya	436	Pathway For Livelihoods Initiatives-Kenya
437	Coalition Of Researchers In Development	438	Paulines Prison Outreach And Rehabilitation Services
439	Coffee Servalife Programme	440	Peace And Charity Organisation Of Kenya
441	Communities For Africa Network (Can-K)	442	Peace And Developmentpartners
443	Community Initiatives Support Services	444	Peace And Environmental Development Concern Organization
445	Community Aid International	446	Peace And Unity International
447	Community And Evangelism Development Programme	448	Peace For Kenya Organization
449	Community Based Development Services	450	Peace Officers For Christ International
451	Community Development Assistance	452	Peace-Keepers Organization Of Kenya
453	Community Development Partnership	454	Peniel Support Programme
455	Community Integrated Programme On Poverty Alleviation	456	People Against Poverty
457	Community Integrated Development International	458	People For Progress Foundation Of Kenya
459	Community Oriented Project Support (Copso)	460	People Health Development Programme
461	Community Outreach International	462	Perimart International
463	Community Recreation And Sport Development Programme	464	Philanthropy Centre Of East Africa
465	Cross Currents Indigenous Network	466	Pillars Of Hope Women Development Program
467	Dagoreti Community Health And Development Progamme	468	Polythene Waste Recycling And Children's Rehabilitation
469	Danchurchaid	470	Positive Living Aids Orphans Support Organization
471	Daud Medical Foundation	472	Potters Clay Africa
473	Deaf Media,Kenya Chapter	474	Poverty Alleviation Partners For Africa
475	Deco International (Kenya Chapter)	476	Poverty Reduction Foundation
477	Dental And Oral Care Initiative	478	Powerbelt Africa
479	Desert Rose Organization	480	Practical Action
481	Destined Youth Initiative (Deyi-K)	482	Prisoners Care Programme
483	Development Aid For Mothers And Children (Macda)	484	Prisons Outreach Resource Centre
485	Development And Micro Credit Organisation	486	Programme Action And Community Development Centre
487	Development Management International	488	Programme For Positive Living With Hiv/Aids
489	Devolved Governance Institute	490	Project Gaia Kenya
491	Diabetes Awareness Support Initiative	492	Project House Support Organization
493	Diamond Mothers Centre	494	Prometra Kenya
495	Dignify Womanhood Initiative	496	Protection International Kenya
497	Direct Aid International	498	Provide International
499	Disability Caucus For Empowerment And Development	500	Psycho Social Solutions
501	Disabled Child Monitor	502	Public And Land Affairs Advisory Initiative
503	Discordant Couples Of Kenya	504	Public Health Education And Humanitarian Aid
505	Doctors Of Africa (Medicins D'afrique)	506	Rafiki Bora Initiative
507	Dorcas Aid Int. Kenya	508	Rainbow Department Of Relief And Development

			International
509	Dream Development Initiative	510	Raincatcher Organization
511	Dream Education Center Organization	512	Rauka Trust
513	Dream Learning Centre	514	Raven Hill Community Health And Development Services
515	Dream World Healthcare Programme	516	Rayan Foundation
517	Dreams Empowerment Programme	518	Rays Of Hope
519	Drylands Learning And Capacity Building Initiative	520	Reach Out Disabled Foundation
521	E.A (K) Community Development Agency	522	Reach The Destitute For Better Destiny
523	East Africa Philanthropy Network	524	Real Factor
525	East Africa Youth Forum	526	Received As Blank From Lucy
527	East African Civil Society Organizations Forum - Kenya	528	Regional Center For Combating Trafficking In Persons
529	East And Central Africa Soccer Journalists Organization	530	Regional Centre For Health And Development
531	Eastern Africa Development Agency International	532	Regional Counselling And Psycho Social Org
533	Eastern Africa Development Services	534	Regional Disaster Information Centre
535	Eastern And Central Africa Fairtrade Network	536	Regional Initiative For Sustainable Environment (Rise)
537	Eastern And Southern Development Forum	538	Rehabilitation Initiative Programme
539	Eco Activists For Governance And Law Enforcement	540	Rejoice Orphanage Center International
541	Eco Growth Development Organization	542	Research Approach To Development And Advancement
543	Eco-Conquest Development Innovations	544	Resource Centre And Development Agency (Rcda)
545	Economic And Social Standards Advancement Programme	546	Resource Development Foundation For Africa
547	Economic Development And Community Programmes	548	Resource Exchange In The Advancement Of Community Health
549	Economic Governance Initiative	550	Resource Institute For Peace And Legal Education
551	Ecoz Terra Kenya	552	Resources Management Foundation
553	Ecumenical Pharmaceutical Network	554	Restoration And Rehabilitation Centre
555	Education Beyond Borders Kenya	556	Restore Man's Integrity Foundation
557	Education Centre For Women In Democracy	558	Results Japan Kenya Office
559	Education Effect Africa	560	Reto Mara Devlpt Org
561	Education For Africa	562	Reverse Momentum Foundation Inc
563	Education Professions Of Kenya	564	Revival Line International
565	Edumed Trust	566	Riziki Kenya
567	Ekongo Development Organization	568	Road Safety Network Of Kenya
569	El Camino Africa Outreach Organization	570	Roots Africa Development Organization
571	Elah Hope Foundation	572	Roots Of Love Charitable Trust
573	Electoral Institute For The Sustainability Of Democracy In Africa	574	Rotuga Organization For Empowerment (Roem)
575	Electronic Waste Collection Organization	576	Royal Priesthood Foundation
577	Elephant Neighbors Centre	578	Rural Pamoja Integrated Development Programme
579	Elika Rescue Team International	580	Rural Agency For Pastoral Initiative And Development
581	Elimu Bora	582	Rural Aid Kenya
583	Embakasi Community Development Organization	584	Rural Heart- Kenya
585	Emmanuel Rescue Centre	586	Rural Services For Orphans Disabled And Widows
587	Emmy Rutto Memorial Foundation	588	Rural Water Aid Focus
589	Empower Hands Organization	590	Sabena Development Association
591	Empowering The Women Organization	592	Safe And Sound Initiative
593	Empowerment Capacity Building Support Services	594	Safeguard Young Lives Org
595	Engender Health	596	Sagana Conservancy
597	Enterprise Development Agency	598	Salitogenesis Services Programme
599	Enterprise For Young Entrepreneurs (Eye)	600	Samaki Child Care And Rescue Project
601	Environment Conservancy Africa (Eca)	602	Samaritan Organization For Advocacy And Empowerment
603	Environmental Compliance Institute (Eci)	604	Samaritan People's Vision
605	Environmental Concern	606	Sanaa Art Promotions
607	Environmental Interaction Organization	608	Sarangbat Kenya Inc
609	Environmental Liason Education And Action For Development	610	Save A Child Mission For Africa

611	Environmental Network Of Tiriki	612	Save A Life Community Development Initiative
613	Environmental Technologies Initiative (Environtech)	614	Save A Life Foundation Kenya
615	Equipped Teens Organization	616	Save The Aged Africa International
617	Equipped Teens Organization	618	Save The Children Centre
619	Ethiopian Relief And Rehabilitation Organization	620	Save The Children Fund (Uk)
621	Eugene Angolo Charity Foundation	622	Save The Children International (Kenya)
623	Evergreen Environmental Conservation Programs	624	Save The Youth International(Styi)
625	Every Child Counts	626	Saving The Environment Foundation
627	E-Waste Initiative Kenya	628	Seeds Of Help Counselling Centre
629	Excel Kenya	630	Self Defense Initiative Africa
631	Ex-Spring Valley Kayole Community Development	632	Self Initiative Support Institute (Sisi)
633	Eye On Legal Aid And Human Rights	634	Senior Women Citizens For Change
635	Ezekiel Kombech Community Mental Health Foundation	636	Seraphim Child And Community Development Initiative
637	Face Of Harvest Kenya	638	Sere Africa Int
639	Fadlcarda Leukemia Foundation	640	Serve Women And Children Empowerment And Development Agenda
641	FAIR TRADE ORGANIZATION OF KENYA	642	Shakila Abdalla Foundation
643	Family Advancement In Development Affairs	644	Shakini Country Saho
645	Family And Law Center	646	Shelter Forum
647	Family Birth And Community Support (Fabcos)	648	Shelter Self Initiatives Approach
649	Family Care Relief Org	650	Shelter Womens Of Kenya
651	Family Health Int	652	Shield Women Empowerment Programme
653	Family Health Options Kenya	654	Shirika La Vijana Imara
655	Family Helpline Org	656	Shirikisho Men And Women Development Programe
657	Family Life Educators And Counselors (Falec)	658	Simbula Centre For Development
659	Family Mental Health Kenya	660	Simple Action For Vision And Empowerment
661	Family Support Institute	662	Sisdo Micro Finance
663	Faraja Empowerment And Hope Initiative (Fehi)	664	Sisters Development Foundation
665	Farm Practice Initiative	666	Skybrighters International Relief Org
667	Farming Reinforcement And Arid Lands Reclamation Programme	668	Skyrock Foundation
669	Fawek	670	Slum Library Initiative
671	Feed Kenya Development Organization	672	Small Enterprise Development And Information Center
673	Fh Association	674	Social Dimensions Against Poverty Kenya
675	FHI 360	676	Social Economic Mobilization Agency
677	Firm Foundation In Christ Against Aids International	678	Social Plan International
679	Fitness For Health Initiative-Africa	680	Social Protection Alternative Initiative (Spai)
681	Flying Lawyers International	682	Society For Women And Aids Kenya
683	Flight Safety Eastern Africa	684	Society Of Development And Care (Sodeca)
685	Flying Kites Kinangop Childrens Centre	686	Solidarity And Advocacy With Vulnerable Individuals In Crisis (Savic)
687	Focus Africa Community Empowerment And Development Programme	688	Solidarity For Eco-Friendly Efforts In Kenya
689	Focus On Pastrolist Communities	690	Solutions For Humanity International (Sfh)
691	Focused Action On Community Transform Services	692	Som Kpanmi Childrens Home
693	Focussed Mission On Development Organization	694	Somali Diaspora And Community Link International
695	Food And Trade Network For East Africa (Fatnea)	696	Somali Youth Development Foundation (Sydf)
697	Forum For Agricultural Advisory Services-Kenya	698	Somalia Peace And Development Initiatives (Sopdi)
699	Forum For International Co-Operation	700	Somalikind
701	Forum For Reproductive Rights Initiative	702	Sos Children Village
703	Foundation Centre For Education And Development	704	Sote Information And Communications Technology
705	Foundation Of Hope Development Support Programme (Fosp)	706	Soul To Soul International
707	Foundation Of People Living With Hiv/Aids In Kenya (Fophak)	708	Sources Of Light - East Africa
709	Fountain Of Grace	710	Southern And Eastern African Trade Information And Negotiations Institute
711	Fountain Of Hope Relief Center	712	Special Needs Children Resource Development
713	Freedom Guardians Organization	714	Spice Without Borders

715	Freely In Hope	716	Sporting Change Int
717	Friends Of Kenya Foundation	718	Sports Outreach Ambassadors
719	Futbol Mas Kenya	720	St Michael Community Development International
721	Future Hope Community Development	722	St. Martins Rescue Centre - Kibera
723	Future Hope For Korogocho	724	Stable Community And Better Environment
725	Gallamoro Network	726	Stara Peace Women Organization
727	Garcia Probation Centre	728	Stay Alive Community Organization
729	Garden Of Mercy Foundation	730	Strategic Development Africa
731	Gardens Of Hope Centres International	732	Streakline Group
733	Gargaar Kenya	734	Stride Kenya
735	Gatoto Integrated Development Program	736	Students For Education Empowerment And Development
737	Gender And Youth Socio-Economic Transformation Initiative	738	Sudan Relief And Rehabilitation Association
739	Gender Empowerment Network	740	Sudan Relief And Rehabilitation Commission
741	Gender Equity And Poverty Eradication Centre	742	Sudan Service International Kenya
743	Gendernet Kenya	744	Summer Institute Of Linguistics
745	Geno Community Development Initiative*	746	Sunton Estate Residents Association
747	Geriatric Empowerment Programme	748	Support Initiative For Health Education Development
749	Gikuni Multipurpose Development Centre	750	Supporters For The Needy - Kenya
751	Girl Child Concern International	752	Sustainable African Development Initiative
753	Githange Community Development Organization	754	Sustainable Community Enterprises And Environment Promotion Initiatives
755	Global Alliance For Improved Nutrition	756	Sustainable Development And Environment Network Of Kenya
757	Global Aid International	758	Sustainable Ecological Models For Africa (Sema)
759	Global Animal Health-Tanzania	760	Sustainable Economic Development
761	Global Business Coalition On Hiv/Aids	762	Sustainable Initiatives For Poverty Reduction
763	Global Civic Sharing International	764	Sustainable Initiatives For Vulnerable People In Kenya
765	Global Community Concern Partners	766	Sustainable Integrated Services For Communities
767	Global Deaf Connection /Kenya	768	Sustainable Opportunity Training Epidemiology Networking
769	Global Development Initiative	770	Sustainable Utilization Of Food And Development Organization
771	Global Development Of Peaceful Environments	772	Synergized Development Foundation
773	Global Empowerment Initiative	774	Synergy For Local And International Development
775	Global Enrichment Foundation	776	Tabasamu Africa Foundation
777	Global Forces Support Programme	778	Take Pride In Africa
779	Global Green Solutions	780	Talent Empire
781	Global Hope Rescue And Rehabilitation Centre	782	Tambua Empowerment Program
783	Global Nutritional Health & Environment Preservation	784	Taplule Foundation
785	Global Partnership For Change (Africa) (Gpc)	786	Tapping Untapped Talent Initiative
787	Global Pastoralist Organization	788	Team Work Community Foundation
789	Global Programs For Research & Training	790	Tear Fund
791	Global Rescue Emergency Disaster Victims & Development	792	Tulia Royal Organization
793	Global Vision International	794	Tumaini Fund For Economic Development
795	Global With Hope Org	796	Tunaweza Foundation
797	Glowforsafety Initiative	798	Turasha Water Network
799	Goal Ireland	800	Tusaidiane Health Care And Research International
801	Gold Star Kenya	802	Tushinde Aids Programme
803	Golden Hearts Kenya	804	Tuwalinde Watoto Organization
805	Good Samaritan Children's Home	806	Twins International (Kenya)
807	Good Works International	808	Two Wings Social Development Initiative
809	Gospel Support Network International	810	Ubuntu For Life
811	Grace Concern For All Gender Kenya	812	Ubuntu Youth Organization For Dignity
813	Grace Foundation International	814	Ugenya Educational Foundation
815	Gracious Life Touch International	816	Umoja East Africa Fund - Kenya
817	Gradation Centre	818	Una In Kenya
819	Great Global Development Initiative	820	United Muslim Relief Eastern Africa

821	Green Belt Movement	822	Universal Empowerment Programme
823	Green Builders Organization	824	Universal Intervention And Development Organization
825	Green Kenya - Buruburu	826	Unto Africa
827	Green Nature Organization	828	Upeo Wa Macho
829	Green Operations In Leadership And Development (Gold)	830	Urban And Rural Development Organization
831	Green View	832	Urban Rural Initiative For Overal Development
833	Green Watch Foundation (Gfw)	834	Urban Settlement Improvement Programme
835	Greenlife Development Initiative	836	Urban Volunteers Organization
837	Growth Project	838	Usawa Goal Network
839	Habiba International Women & Youth Affairs	840	Ushindi Development Foundation
841	Habitat For Humanity In Kenya	842	Ushirika Wa Maendeleo Na Maisha Kianda
843	Hadassah Initiative	844	Uwezo Wetu Initiative
845	Haemophilia Society Of Kenya	846	Uzima Foundation Africa
847	Hand To Hand Community Kenya	848	Value For Human Life International
849	Handicap Int	850	Values Interdevelopmental Network Techniques
851	Harambee Philanthropy Kenya	852	Veronica Akinyi Foundation
853	Hashash Weaver-Center For Women And Girls Education And Empowerment	854	Veterinaires Sans Frontieres(Switzerland)
855	Hayat Organization For Humanitarian And Development	856	Veterinaries Sans Frontiers (Vsf) Switzerland
857	Heal Kenya Initiative	858	Vijiji Projects
859	Health And Hunger Aid	860	Vinbel Foundation
861	Health And Social Transformation Initiative	862	Virtuous Woman Program
863	Health Care Rescue Centre	864	Vision Advisory Centre
865	Health International Training Research And Resource Centre	866	Vision For Health And Environmental Programs
867	Health Ngo's Network	868	Vision Of The Good Samaritan Centre
869	Health Serve Kenya	870	Vision Plan Africa
871	Healthy Adaptation And Life Skills Organization (Halo Kenya)	872	Vision Professional Counselling Org
873	Hear Women Organization	874	Vision Without Sight
875	Heart Of Love Foundation	876	Voice Of Passenger & Pedestrian Initiative
877	Hearts United For Humanity	878	Volunteers Placement Community Development
879	Help A Poor Child Kenya	880	Volunteers Without Borders
881	Help Reach Africa	882	Wale Wale Kenya
883	Helplife Africa	884	War Child Kenya Programme
885	Her Story Centre	886	Water For Life (Wfl)
887	Hera Support Programme	888	Watoto Education Initiative
889	Herbal Research Consortium	890	We Effect
891	Heri Foundation	892	Welfare And Development Concern Organization
893	Highlands Community Assessment Programme	894	Wellspring Missions,Inc Kenya
895	Highlands Community Assistance Programme	896	Wema Centre
897	Highlands Community Development Organization	898	Wema International
899	Hilde Back Education Fund	900	Wema Women Development
901	Hiv/Aids Respond Network-Hivnet	902	West Kenya Development Organization
903	Homeless Children's Funds	904	Western Kenya Mental Health Organization
905	Homeless Persons Organization	906	Western Relief And Environmental Care
907	Honken Global Volunteering For Change	908	Western Women's Network
909	Hope - Craft Skills Development Centre	910	Wezesha Watoto Wa Kenya
911	Hope Aid Organization (Hao)	912	Widow Development
913	Hope And Care For The Human Life	914	Wings Of Compassion Organization
915	Hope Art Theatre Nairobi	916	Wiqaya Women Charitable Organization
917	Hope To The Needy International	918	Wisdom Services For People Of East Africa (Wispea)
919	Hope Worldwide Kenya	920	Wise Counsel Empowerment Program
921	Horn Aid	922	Woman & Children Welfare Organization
923	Horn Of Africa Aid And Rehabilitation Action Network Kenya	924	Woman And Child Initiative

925	Horn Of Africa Community Based Health Project	926	Woman Guard International
927	Horn Of Africa Community Based Health Project	928	Woman To Woman Africa
929	Horn Of Africa Rescue Committee	930	Women Against Alcohol Abuse Forum
931	Hospital Waste Disposal	932	Women Against Poverty International
933	Hossana Mission International Foundation In Kenya	934	Women Center For Peace And Development
935	Huduma Afrika Rural Empowerment Programme	936	Women Federation For World Peace Kenya
937	Humanitaires Sans Frontieres	938	Women Fighting Aids In Kenya
939	Humanity Beyond Border	940	Women For Cancer Early Detection And Treatment
941	Humanity For Orphans ,Youth And Widows Initiatives Kenya	942	Women For Improved Rural Health And Nutrition
943	Humanity Rescue Foundation	944	Women For Water And Sanitation
945	Human life Initiative	946	Women In International Security (Wiis)
947	Hydrophath Kenya Initiative	948	Women Of Empowerment And Development Organization
949	I Choose Life Africa	950	Women United Against Poverty In Kenya
951	Jawabu Ark Centre	952	Women,Orphans And Youth Empowerment Forum
953	Jaymin Consortium Community Empowerment	954	Womens Grassroots Development Programme
955	Jebaibai Initiative	956	Wordeed International
957	Jerusha Nyakerario Cancer Awareness	958	World Corps Kenya
959	Jisaidie Development Network	960	World Hope International Kenya
961	Jitegemee Kenya	962	World Opportunities International
963	John Mututho Sobriety Movement International (Musomo)	964	World Poverty Alleviation Organisation
965	Johnbosco Kite Foundation	966	World Relief International
967	Jopekotra	968	World Renew
969	Joy Homes Africa Services	970	World Vision Kenya
971	Juba Vision,Inc	972	World Wide Fund For Nature Kenya (Wwf-Kenya)
973	Jubba Land Women And Children Handicap Organization	974	Worldview International Foundation
975	Juja Constituency Development Initiative	976	Yatima Outreach Organization
977	Julikei International Women And Youth Affairs	978	Yes To Kids(Y2k)Health Services
979	Junior Achievement Kenya	980	Young Media Foundation
981	Kagwa Cultural Environmental Devlpt Org	982	Young Muslim Association
983	Karibuni Kenya International	984	Young Volunteers For The Environment Kenya (Yvek)
985	Kayole Starlets	986	Young Women Campaign Against Aids
987	Kegati Nyakoe United Support Advancement Foundation (Kenusa)	988	Young Women's Christian Association (Ywca)
989	Kenya Aids Education And Training	990	Youth Aflame Trust
991	Kenya Aids Primarchy Prevention Society	992	Youth Against Cancer In Kenya
993	Kenya Arid Region Children Fund	994	Youth Agribusiness Development Initiative
995	Kenya Association Of Professional Counsellors (Kapc)	996	Youth Alive Kenya
997	Kenya Canada Pamoja Foundation	998	Youth Arise Africa
999	Kenya Centre For Informal Sector Promotion	1000	Youth Initiatives Kenya

Appendix IV: Sample Data Extract

Folio	Name Of Organization	Position in the Organization	Hers in Organization	Sector (Health, Wash & Livelihood, Education, Human Rights, Orphanages & Rehabilitation)
1	Ara Afya Research Africa	Finance Manager	10	Health
2	Sunton Estate Residents Association	Manager	20	Wash And Livelihood
3	Beacon Of Hope	Finance Manager	10	Health ,Wash And Livelihood, Education
4	Sos Children Village	Finance Manager	4	Orphanages And Rehabilitation
5	Mukuru Slums Development Project	Accountant	3	Wash And Livelihood, Education, Orphanages And Rehabilitation
6	Elimu Bora	Director	7	Education
7	Stara Peace Women Organization	Chairperson	15	Wash And Livelihood
8	Highlands Community Assessment Programme	Manager	10	Wash And Livelihood
9	Andreas Manna Foundation Nairobi	Accountant	5	Health,Wash And Livelihood, Education
10	Approtec	Manager	7	Wash And Livelihood
11	Gracious Life Touch International	Finance Manager	10	Orphanages And Rehabilitation
12	Ecoz Terra Kenya	Finance Director	7	Wash And Livelihood
13	Jopekotra	Manager	14	Education
14	Neema Childrens Home	Director	10	Orphanages And Rehabilitation
15	Northern Kenya Pastoralist Den Agency	Director	10	Wash And Livelihood
16	Kenya Centre For Informal Sector Promotion	Director	11	Wash And Livelihood
17	Wema Women Development	Organizing Secretary	11	Wash And Livelihood
18	Shelter Womens Of Kenya	Chairperson	17	Wash And Livelihood
19	Vision Proffessional Counselling Org	Organizer	9	Education
20	Unto Africa	Finance Manager	6	Wash And Livelihood
21	Biblica	Manager	7	Education
22	Global A Lliance For Improved Nutrition	Country Director	1.5	Health
23	Africa Capacity Alliance	Acting Executive Director	22	Education
24	Children Of God Relief Institute	Chief Manager	25	Orphanages And Rehabilitation
25	Children Of God Relief Institute	Chief Manager	25	Orphanages And Rehabilitation
26	Mukuru Promotion Centre	Head Of Finance	4	Health, Education, Human Rights ,Orphanages & Rehabilitation
27	Edumed Trust	Trust Secretary And Ceo	8	Education
28	Hilde Back Education Fund	Executive Director	6	Education
29	FHI 360	Senior Finance Officer	7	Health
30	Received As Blank From Lucy	Finance Manager	2	Education
31	East Africa Philanthropy Network	Finance And Administration	1	Serving Other Foundations
32	Family Support Institute	Manager	4	Health, Wash And Livelihood
33	New Start Hiv Services	Accountant	3	Health
34	Partners For Care	Fm	5	Health
35	Amka Space For Women's Creativity	Accountant	3	Wash And Livelihood
36	Eco Growth Development Organization	Accountant	8	Human Rights And Protection
37	Organization For Nutrition, Food	Accountant	6	Wash And Livelihood

	Production And Child Welfare			
38	Support Initiative For Health Education Development	Fm	5	Health
39	Baptist Community Organization Partners	Accountant	2	Education, Wash And Livelihood
40	Camp Counsellors Africa	Accountant	3	Health
41	Medecins Sans Frontiers – Belgium	Accountant	11	Health
42	Roots Africa Development Organization	Accountant	12	Wash And Livelihood
43	Network Of aids Research	Fm	13	Health
44	Tulia Royal Organization	Finance Officer	4	Health, Education
45	Society For Women And Aids Kenya	Treasurer	12	Health
46	Better Poverty Eradication Organization	Accountant	3	Wash And Livelihood
47	Family Health Options Kenya	Finance Manager	4	Health
48	Kenya Restoration International	Fm	8	Education, Human Rights And Protection
49	Organization For Assisting Hearing Impaired Persons	Accountant	3	Human Rights And Protection
50	Lutheran World Dederation Dept	CFO	8	Wash And Livelihood
51	African Prop poor Tourism Development Centre	Accountant	4	Health
52	Community Based Development Services	Fm	4	Education
53	Capture Foundation Int	Finance Officer	6	Health
54	Africa Centre For Leadership And Missions	Accountant	2	Education
55	Jawabu Ark Centre	Finance Manager	4	Education
56	Life Care And Support Centre Kenya	Fm	6	Human Rights And Protection
57	Sporting Change Int	Treasurer	2	Education
58	Her Story Centre	Accountant	4	Human Rights And Protection
59	Regional Counselling And Psycho Social Org	Director	10	Health
60	Restoration And Rehabilitation Centre	Finance Officer	4	Orphanages And Rehabilitation
61	Homeless Persons Organization	Secretary	4	Wash And Livelihood, Human Rights And Protection
62	Cross Currents Indigenous Network	Fm	1	Human Rights And Protection
63	Green View	Accountant	2	Education
64	Lifeline Foundation	Finance Officer	4	Education
65	Kenya Arid Region Children Fund	Treasurer	6	Health, Wash And Livelihood
66	Kenya Widows And Orphans Support Programme	Chairperson	6	Wash And Livelihood. Education
67	Goal Ireland	Fm	4	Wash And Livelihood. Education
68	Passionate Funds International	Accountant	4	Health, Education
69	Uzima Foundation Africa	Fm	5	Education, Health
70	Nyamulu Africa Foundation	Finance Manger	3	Human Rights And Protection
71	Kagwa Cultural Environnemental Devlpt Org	Accountant	3	Wash And Livelihood
72	Young Women Campaign Against Aids	Finance Manager	3	Health
73	Safeguard Young Lives Org	Accountant	3	Human Rights And Protection
74	Youth Initiatives Kenya	Finance Manager	2	Wash And Livelihood
75	Reto Mara Devlpt Org	FO	2	Wash And Livelihood
76	Embakasi Community Development Organization	Accountant	2	Wash And Development
77	Focussed Mission On Development Organization	Accountant	2	Human Rights And Protection
78	Gold Star Kenya	Finance Officer	3	Health

79	Women Of Empowerment And Development Organization	Chairperson	9	Wash And Livelihood
80	Community Recreation And Sport Development Programme	FM	1	Wash And Livelihood
81	Worldview International Foundation	Snr Manager	16	Human Rights And Protection
82	Ecnemical Pharmaceutical Network	Accountant	2	Health
83	Kenya Women And Youth League	Treasurer	4	Wash And Livelihood
84	Kenya Orphans Support Organization	Secretary	2	Education
85	Mission For Empowering Rural Poor	Accountant	14	Wash And Livelihood
86	Githange Community Development Organization	Accountant	11	Education
87	Handicap Int	Finance Officer	6	Human Rights And Protection
88	Ananda Marga Universal Relief Team	CFO	13	Human Rights And Protection
89	Stay Alive Community Organization	Accountant	2	Health
90	Tumaini Fund For Economic Development	Credit Officer	4	Wash And Livelihood
91	Kibera Canopy	Accountant	2	Education
92	Child Life Missions Of Kenya	CFO	9	Education
93	Reach Out Disabled Foundation	Finance Manager	3	Wash Livelihood
94	Woman And Child Initiative	Accountant	3	Health
95	Global Business Coalition On Hiv/Aids	FM	4	Health
96	Tushinde Aids Programme	FM	2	Health
97	Growth Project	Accountant	1	Education
98	Kibera Slums Community Development Program	Accountant	2	Wash And Livelihood

Appendix V: Sample Likert Data Extract

Folio	B a	B b	B c	B d	B e	B f	B g	B h	B i	Su m	Wc a	Wc b	Wc c	Wc d	Wc e	Wc f	Wc g	Wc h	Su m	I F a	I F b	I F c	I F d	I F e	I F f	I F g	I F h	Su m
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Folio	B a	B b	B c	B d	B e	B f	B g	B h	B i	Su m	Wc a	Wc b	Wc c	Wc d	Wc e	Wc f	Wc g	Wc h	Su m	I F a	I F b	I F c	I F d	I F e	I F f	I F g	I F h	Su m
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73	5	5	5	5	3	3	3	2	3	34	4	4	4	4	3	3	3	3	28	5	5	4	4	4	4	4	4	34
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93	4	4	4	4	4	4	4	4	4	36	4	4	4	4	4	3	4	3	30	5	4	4	4	4	4	4	3	32
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95	4	4	4	4	4	4	4	4	4	36	4	3	4	3	4	3	3	3	27	5	4	4	4	4	4	4	5	34
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99	4	4	4	4	3	3	3	3	3	31	4	4	4	4	4	3	3	2	28	4	4	4	3	4	4	4	4	31
100	4	4	4	4	3	3	3	3	3	31	4	5	4	4	4	4	4	4	33	3	4	4	4	4	4	4	4	31

Appendix VI: Raw SPSS Analysis Output Extract

Crosstabs

	Case Processing Summary					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Age * B1	172	100.0%	0	0.0%	172	100.0%
Age * B2	172	100.0%	0	0.0%	172	100.0%
Age * B3	172	100.0%	0	0.0%	172	100.0%
Age * B4	172	100.0%	0	0.0%	172	100.0%
Age * B5	172	100.0%	0	0.0%	172	100.0%
Age * B6	172	100.0%	0	0.0%	172	100.0%
Age * B7	172	100.0%	0	0.0%	172	100.0%
Age * B8	168	97.7%	4	2.3%	172	100.0%
Age * B9	172	100.0%	0	0.0%	172	100.0%
Age * B10	171	99.4%	1	0.6%	172	100.0%
Age * B11	172	100.0%	0	0.0%	172	100.0%
Age * B12	172	100.0%	0	0.0%	172	100.0%
Age * B13	171	99.4%	1	0.6%	172	100.0%
Age * B14	171	99.4%	1	0.6%	172	100.0%

Age * B1

Crosstab

Count		B1					Total
		1	2	3	4	5	
Age	a	0	0	1	6	0	7
	b	1	0	5	9	10	25
	c	0	7	9	34	16	66
	d	3	0	6	9	7	25
	e	0	0	11	24	14	49
Total		4	7	32	82	47	172

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	16.732 ^a	16	.006
Likelihood Ratio	17.004	16	.004
N of Valid Cases	172		

a. 15 cells (60.0%) have expected count less than 5. The minimum expected count is .16.

Age * B2

Crosstab

Count		B2					Total
		1	2	3	4	5	
Age	a	0	1	0	6	0	7
	b	1	1	3	11	9	25
	c	0	4	17	29	16	66
	d	3	6	4	7	5	25
	e	0	1	10	29	9	49
Total		4	13	34	82	39	172

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	21.355 ^a	16	.001
Likelihood Ratio	21.411	16	.003
N of Valid Cases	172		

a. 15 cells (60.0%) have expected count less than 5. The minimum expected count is .16.

Age * B3

Crosstab

Count		B3					Total
		1	2	3	4	5	
Age	a	0	0	1	6	0	7
	b	1	0	3	10	11	25
	c	0	4	11	30	21	66
	d	3	3	4	9	6	25
	e	0	1	10	27	11	49
Total		4	8	29	82	49	172

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	14035 ^a	16	.029
Likelihood Ratio	15.200	16	.030
N of Valid Cases	172		

a. 15 cells (60.0%) have expected count less than 5. The minimum expected count is .16.

Age * B4

Crosstab

Count

		B4					Total
		1	2	3	4	5	
Age	a	0	0	1	6	0	7
	b	0	1	3	14	7	25
	c	0	2	9	34	21	66
	d	3	0	6	10	6	25
	e	0	0	7	25	17	49
Total		3	3	26	89	51	172

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	12.983 ^a	16	.039
Likelihood Ratio	13.923	16	.091
N of Valid Cases	172		

a. 15 cells (60.0%) have expected count less than 5. The minimum expected count is .12.

Age * B5

Crosstab

Count

		B5					Total
		1	2	3	4	5	
Age	a	0	0	1	4	2	7
	b	1	0	6	7	11	25
	c	0	1	21	32	12	66
	d	3	0	6	9	7	25
	e	1	3	9	25	11	49
Total		5	4	43	77	43	172

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	12.508 ^a	16	.081
Likelihood Ratio	13.518	16	.101
N of Valid Cases	172		

a. 13 cells (52.0%) have expected count less than 5. The minimum expected count is .16.

Age * B6

Crosstab

Count

		B6					Total
		1	2	3	4	5	
Age	a	0	0	1	4	2	7
	b	1	1	4	15	4	25
	c	3	4	18	25	16	66
	d	3	2	5	11	4	25
	e	3	2	10	23	11	49
Total		10	9	38	78	37	172

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	4.777 ^a	16	.940
Likelihood Ratio	5.654	16	.927
N of Valid Cases	172		

a. 13 cells (52.0%) have expected count less than 5. The minimum expected count is .37.

Age * B7

Crosstab

Count

		B7					Total
		1	2	3	4	5	
Age	a	0	1	0	3	3	7
	b	1	1	5	14	4	25
	c	3	1	10	36	16	66
	d	0	3	5	8	9	25
	e	0	0	11	20	18	49
Total		4	6	31	81	50	172

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	15.192 ^a	16	.128
Likelihood Ratio	15.658	16	.082
N of Valid Cases	172		

a. 15 cells (60.0%) have expected count less than 5. The minimum expected count is .16.

Age * B8

Crosstab

Count

		B8					Total
		1	2	3	4	5	
Age	a	1	0	1	3	2	7
	b	0	2	5	7	11	25
	c	0	6	14	36	10	66
	d	0	4	3	10	4	21
	e	0	2	14	16	17	49
Total		1	14	37	72	44	168

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	29.538 ^a	16	.000
Likelihood Ratio	25.442	16	.062
N of Valid Cases	168		

a. 13 cells (52.0%) have expected count less than 5. The minimum expected count is .04.

Age * B9

Crosstab

Count

		B9					Total
		1	2	3	4	5	
Age	a	0	0	0	3	4	7
	b	0	2	3	13	7	25
	c	0	3	13	36	14	66
	d	3	0	5	11	6	25
	e	0	0	8	28	13	49
Total		3	5	29	91	44	172

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	16.256 ^a	16	.025
Likelihood Ratio	14.870	16	.072
N of Valid Cases	172		

a. 15 cells (60.0%) have expected count less than 5. The minimum expected count is .12.

Age * B10

Crosstab

Count

		B10					Total
		1	2	3	4	5	
Age	a	0	0	1	5	1	7
	b	0	1	5	17	2	25
	c	12	4	10	28	11	65
	d	1	8	7	8	1	25
	e	1	3	16	21	8	49
Total		14	16	39	79	23	171

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	14.220 ^a	16	.000
Likelihood Ratio	16.938	16	.001
N of Valid Cases	171		

a. 13 cells (52.0%) have expected count less than 5. The minimum expected count is .57.

Age * B11

Crosstab

Count

		B11					Total
		1	2	3	4	5	
Age	a	0	0	0	5	2	7
	b	0	3	4	9	9	25
	c	0	2	26	24	14	66
	d	3	0	4	9	9	25
	e	0	1	5	30	13	49
Total		3	6	39	77	47	172

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	23.632 ^a	16	.000
Likelihood Ratio	20.384	16	.001
N of Valid Cases	172		

a. 13 cells (52.0%) have expected count less than 5. The minimum expected count is .12.

Age * B12

Crosstab

Count

		B12				Total
		2	3	4	5	
Age	a	0	0	5	2	7
	b	3	3	13	6	25
	c	2	9	40	15	66
	d	3	1	11	10	25
	e	0	10	21	18	49
Total		8	23	90	51	172

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	14.106 ^a	12	.093
Likelihood Ratio	15.946	12	.051
N of Valid Cases	172		

a. 10 cells (50.0%) have expected count less than 5. The minimum expected count is .33.

Age * B13

Crosstab

Count

		B13				Total
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		2	3	4	5	
Age	a	0	0	4	3	7
	b	1	4	15	4	24
	c	1	16	36	13	66
	d	4	3	12	6	25
	e	0	9	21	19	49
Total		6	32	88	45	171

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	11.704 ^a	12	.020
Likelihood Ratio	12.023	12	.037
N of Valid Cases	171		

a. 10 cells (50.0%) have expected count less than 5. The minimum expected count is .25.

Age * B14

Crosstab

Count		B14				Total
		2	3	4	5	
Age	a	0	0	7	0	7
	b	1	2	16	5	24
	c	1	12	37	16	66
	d	4	3	7	11	25
	e	0	3	23	23	49
Total		6	20	90	55	171

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	18.136 ^a	12	.001
Likelihood Ratio	19.317	12	.001
N of Valid Cases	171		

a. 10 cells (50.0%) have expected count less than 5. The minimum expected count is .25.