**FINANCIAL ACCOUNTABILITY AND PERFORMANCE OF NON-GOVERNMENTAL**

**ORGANIZATIONS (NGOs) IN UGANDA: A STUDY OF MEDICAL**

**TEAMS INTERNATIONAL (MTI)**

**BY**

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# DECLARATION

I **TUMUSIIME BRENDA ANN** declare that this dissertation under the topic “the role of financial accountability on performance of non-government organisations, focusing on a case study of Medical Teams International” is my original work and has never been presented to any university or institution of higher learning for any academic award. Where the works of others have been used, due acknowledgement has been done.

Signature: …………………………..

Tumusiime Brenda Ann

# APPROVAL

This dissertation titled “Financial accountability and performance of non-government organisations, focusing on a case study of Medical Teams International” was under my supervision and has been submitted for examination with my approval.

Signature: ………………………

Mr. Owino Joshua (Supervisor)

Date: …………………………….

# DEDICATION

I dedicate this piece of work to my Husband, lovely daughters Melody and Twinkle, My Family Asaph, Frank, Oscar, Aunt Norah, Deborah, my friends like Kiiza Joel Paul, Allen Tumwebaze, Moses Vera, Mubiru Jonathan, Anselm Livingstone, Charity, Kisitu and Moreen who have encouraged me throughout this wonderful journey.

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# LIST OF ABRREVIATIONS

MTI : Medical Teams International

NGO’s : Non-government organisations

VFM : Value for Money

# ABSTRACT

The study examined the role of financial accountability on performance of NGO’s in Uganda basing on a case of Medical Teams International. It was guided by three objectives i) to examine how accountability ensures sustainability of projects of Medical Teams International, ii) to examine how accountability ensures value for money in Medical Teams International, iii) to examine how accountability ensures efficiency in service delivery in Medical Teams International.

The study adopted a phenomenological approach and was divided in section of research strategy with quantitative and qualitative data, research duration and the research classification. The study population was 92 and a sample size of 75 respondents. It is also shown that the Adjusted R square is .513 which is an indication that 51.3% of the changes that do occur in performance of MTI are due to changes in financial accountability.

In conclusion, the study notes that financial accountability has positive and significant effect on performance of nongovernmental organizations. It was also concluded that individually and combined, financial accountability, staff experience and organization of NGOs have positive effect on NGO performance.

In recommendation, the study suggested that policies should be formulated by the relevant regulatory bodies to ensure that the NGOs can account for all the spending. In addition, the study suggested that MTI to adopt flat organization structure to enhance communication and improve efficiency.

# CHAPTER ONE

# INTRODUCTION

# Background to the study

The study is about the role of financial accountability on performance of non-government organisations in Uganda, focusing on Medical Teams International (MTI) as a case study.

The study about financial accountability and performance of non-government organisations in Uganda is important because it is observed that the concept is a key control procedure within a financial transaction process. Intensified interest in NGO accountability is due to insufficient government oversight on NGOs; absence of the direct voter or stakeholder dynamics of the public and private sectors; it is therefore a necessity, whether or not formally requested.

Medical Teams International is significant to this study because it is a good representative for other non-government organisations in Uganda. The NGO has been active in meeting critical health needs for various refugee camps including Rohingya refugees, these operations have been funded by various donors with an aim of improving local medical care and restoring faith in health facilities, however, the provision of funds comes with a responsibility of upholding the requirements of accountability.

Non-government organisations perform an important role in the economic development of developing countries by providing services to society through welfare works for community development, assistance in national disasters, sustainable systems development and popular movements. In recent years, funding constraints, calls for accountability, media exposure and development of a control culture have brought demands for increased performance measurement and control within the development sector.

As a result, NGOs are currently under pressure to undertake increased monitoring and evaluation and present measurable indicators of output, impact and capacity (Lewis, 2003). Many NGOs including medical teams international command significant economic resources yet accounting literature has largely ignored this important sector.

In a broad sense, accountability is frequently used to mean responsiveness, responsibility and effectiveness. Ebrahim (2003) explains that accountability is the means which individuals and organisations report to recognized authority or authorities and are held responsible for their actions. Accountability is the obligation of an individual or organization to account for its activities, accept responsibilities for them and to disclose the results in a transparent manner. It also includes responsibility for money or other property. This means that accountability is not only a reactive response to overseers, but also proactive one linked to ensuring that public trust is served. Ebrahim and Wesband (2007) identify four core components of accountability, transparency, answerability/justifications, compliance and enforcement or sanctions. Transparency describes the collection of information, which is made available for public investigations, answerability or justification calls for accurate reasoning for all performed actions and decisions.

According to Viswesvaran (2006) financial accountability is the requirement to provide information to parties both inside and outside the organization. It is the process of identifying, measuring and communicating economic information to permit informed and rational decisions to be made. Therefore, it can be said that accountability refers to the final responsibility for the success or failures of an organization. However, on the other hand, the Association of Certified Fraud Examiners (2010), define performance as the ability to operate efficiently, profitability, survive grow and react to the environmental opportunities and threats. In agreement with this, Lee, Ali and Kandasamy (2008c) assert that, performance is measured by how efficient the enterprise is in use of resources in achieving its objectives.

It should be noted that compliance intends to monitor and evaluate procedures and outcomes. Concerning the components, transparency and compliance all findings should be reported to the public. Enforcement or sanctions relate to sanctions or penalties that are necessary in case of default in compliance, justification or transparency. According to Ebrahim and Wesband (2007) each of the explained components are based on one another. Consequently, to define accountability, all four components must be taken into account.

Lee et.al (2008) points out that today globalization is not just affecting giant companies but also non-governmental organisations, which are beginning to recognize the importance of finance systems that can manage multi-lingual, multi-currency requirements. This means that national borders are losing their importance as the multinational corporate world develops at a rapid pace. Ambitious NGOs are expanding internationally, and finance managers working in this multinational environment face increasingly complex issues which escalate from poor financial accountability.

Lin et al., (2003), state that fiscal or financial accountability is about making sure that organizational or personal funds have been spent as agreed and according to appropriate rules and regulations. It can be noted that the concept of financial accountability calls for financial honesty and avoidance of fraud that makes sure that money is spent and recorded as agreed and according to appropriate rules and that accurate reports are given to stake holders in a timely manner.

Fremont-Smith (2004) asserts that financial accountability can give NGOs such as Medical Teams International legitimacy and credibility, contributes to their reputation and adds to their sustainability. Good financial accountability limits fraud and mismanagement and also empowers beneficiaries and other stakeholders since information is power.

Becker, (2003) opined that for any organization, well-defined financial accountability structure serves as the foundation for establishing effective financial processes. Accountability is officially delegated from a governance group, such as the Regents, or from an individual having delegated authority to a specific individual. An individual accountable for the successful completion of a key control procedure may, as policy allows, assign the responsibility, but not the accountability, for completing the procedure to another qualified individual.

Wells (2003) explains that since NGOs get most of their funding from donors, accountability for NGOs is usually to the donors, the beneficiaries, the employees and other stakeholders. This means that financial accountability tells what policies organisational boards should adopt or has adopted to meet their responsibility for ensuring that the organization they govern is financially sound. Furthermore, Kingoro and Bujra (2009) noted that financial accountability has been one of the most problematic and prevalent issues for business worldwide for a long time. Increase in financial misappropriation and number of corporate scandals has an important impact on understanding and analyzing financial accountability and in turn on audit of the same and its regulation.

According to Association of Certified Fraud Examiners (2010), performance refers to the ability to operate efficiently, profitability, survive grow and react to the environmental opportunities and threats. Performance is measured by how efficient the enterprise is in use of resources in achieving its objectives. In terms of NGOs, performance is therefore the measure of attainment of overall organisational objectives or goals, Pincus (2009), explains that appropriate performance measures are those which enable NGOs to direct their actions towards achieving their strategic objectives. Performance is measured by either subjective or objective criteria, arguments for subjective measures include difficulties with collecting qualitative performance data from small firms and with reliability of such data arising from differences in accounting methods used by firms.

According to Mwangi (2014), performance in NGOs is measured in terms of the 3 E’s of efficiency, effectiveness and economy and understanding these measures enables managers to evaluate performance and indicates ways on how it can be improved. Coelli, (2005) explains effectiveness in terms of what is achieved, this is about whether targets are met or not and whether the right work is being completed. It is further noted that it is the responsibility of management set out clear objectives before work starts and then evaluates whether the objectives have been met or not.

In addition, Coelli, (2005) points out that efficiency is measured in terms of the inputs required to generate the out puts, this means that efficiency means the way in which work is completed and it is the role of the manager to improve this performance measure. Under efficiency, future work is measured against the benchmark to see if it has taken more or less resources and as such is a useful tool in measuring one’s team’s efficiency against another. Coelli, (2005) further explains the 3 E measure of performance, economy; he asserts that this model covers the financial aspects of work being done. It is noted that economy is just one of the factors to consider when improving efficiency, but because finance is so important in organisations, economy has become the third element and is measured by looking at the cost of the resources consumed and the value of the output delivered.

In this study therefore, it is important to establish priorities that will best drive the most appropriate measures to be used and lead to the best understanding of effectiveness, efficiency and economy mix in NGOs.

This study was guided by resource mobilisation theory as explained by Tom and Kany (1992). The theory states that which states that resources are solicited by the program and provided by donors and partners. The theory assumes that the process of mobilizing resources begins with the formulation of a resource mobilisation strategy which may include separate strategies for mobilizing financial and in kind resources.

Medical Teams International is a non-profit humanitarian aid and global health organization. Formerly Northwest Medical Teams, Medical Teams International was founded in 1979, however it was chosen partner for providing refugee healthcare in Uganda by the UN Refugee Agency (UNHRC) in 2009. Since 1979, there are over 2,240 volunteer teams and shipped more than $1.5 billion in lifesaving medical supplies around the world. Medical Teams International has done care for the vulnerable in South Sudan and Democratic Republic of Congo by providing basic health care, sanitation, and water facilities are overwhelmed, and refugees are left trapped in dangerous living situations.

Mogan (2011) observed that a vital measure to evaluate the quantitative parameters of accountability and efficiency is the financial statements of organizations. These statements provide the stakeholders with an insight on the financial situation of the organization and facilitate better planning and monitoring of activities. With soliciting and using the donor funds comes the responsibility of being able to justify and provide clarity on the usage of funds and also plan for effective utilization of the limited resources. Therefore transparency is an essential condition for accountability. NGOs are striving to gain the confidence of their donors and internally create a committed organization.

According to NGO Forum of Uganda financial accountability (2016) in NGOs has the following framework objectives:

1. To limit fraud and mismanagement of funds
2. To improve legitimacy and credibility of NGOs
3. To enhance accountability of all resources for attainment of core goals.
4. To ensure transparency in management of funds
5. To improve service delivery to the targeted people
6. To ensure sustainability of projects
7. To ensure compliance and enforcement

The study therefore based on three objectives from the list above to examine whether Medical Teams International is achieving the set objectives

# Statement of the problem

Financial accountability has been one of the most problematic and prevalent issues for business in particular NGOs in the last decade; therefore, the success of NGOs is largely dependent on the effectiveness of their financial accountability practices because these organisations generate most of their income from donations and grants from various donor agencies or organisations.

Financial manager of Medical Teams International in a letter dated 24th April 2017 to the branch managers and field coordinators implored them to provide detailed statement of fund allocated to them and supporting documents to the effect. This follows disbandment of some of their project due to lack of funding as a result of donors withholding funding due to non-accountability of funds of over $42,000.

According to an audit report (2017) it was revealed that Medical Teams International currently has a large outstanding amount of money approximately 124,000,000 million shillings unaccounted for in relation to various activities in the organization’s projects in northern Uganda. It was also observed that the organization lacks funding for some of its ongoing projects in the refugee camps in Northern Uganda. This could be attributed to accountability issues

It is based on the above evidence that the study intends to examine the role of financial accountability on performance of Medical Teams International.

# Purpose of the study

The purpose of the study was to examine the role of financial accountability on performance of non-government organisations in Uganda. It based on a case study of Medical Teams International.

# Research objectives

The study was guided by the following objectives;

1. To examine how accountability ensures sustainability of projects of Medical Teams International.
2. To examine how accountability ensures value for money in Medical Teams International.
3. To examine how accountability ensures efficiency in service delivery in Medical Teams International.

# Research questions

The study was guided by the following research questions;

1. How has accountability ensured sustainability of projects in Medical Teams International?
2. How has accountability ensured value for money in Medical Teams International?
3. How has accountability ensure efficiency in service delivery in Medical Teams International?

# Hypotheses of the study

H0: There is no significant relationship between financial accountability and performance in Medical Teams International.

H1: There is a significant relationship between financial accountability and performance in Medical Teams International.

# Scope of the study

# Content scope

The study focused on financial accountability as the independent variable and performance as the dependent variable. Financial accountability was discussed in relation to its influence on the dimensions of project sustainability, value for money and efficiency in service delivery in Medical Teams International.

# Geographical scope

The study was carried out in Medical Teams International located in Naguru, Katalima Road in Kampala, Uganda.

# Time scope

The study mainly explored data for four operational years of Medical Teams International that is from 2016 up to 2018 because this is the period when Medical Teams International experienced financial accountability problems.

# Significance of the study

**Management of Medical Teams International**: The study findings and conclusions were formed a basis upon which the management of Medical Teams International may assess their performance ratio in terms of financial accountability, identify gaps and adopt best practices to improve on their performance.

**NGOs:** This study may provide relevant information to the other NGOs about the role and impact of financial accountability in the attainment of better performance, this may enable the stakeholder to not only understand the aspect but also appreciate the importance of the concept in attainment of organisational objectives and success.

**Donors**

The study findings intend to provide donors with an insight about all aspects of financial accountability under Medical Teams International since they are the major funders. This may also act as a guide for ensuring efficient and effective allocation of resources by the various stakeholders.

**Other researchers:** This study may also contribute to the body of knowledge in form of additional literature and may be used as reference material by other researchers intending to research in areas of financial accountability.

# Arrangement of the study

The study is arranged in eight chapters

**Chapter one**

This chapter presents the introduction of the study, background of the study, purpose of the study, objectives of the study, research questions, the significance of the study, and the arrangement of the study

**Chapter two**

This chapter presents the study literature and it is made up of two sections. Section one presents the literature survey, this documents a comprehensive review of the published and unpublished work from secondary source data in the area of study. Section two is the literature review which discusses the concept of financial accountability.

**Chapter three**

This chapter contains the research methodology that was used to accomplish the research undertaking outlined above. It presented research design and data collection tools and techniques.

**Chapter four**

This chapter presents on examining how accountability ensures sustainability of projects in Medical Teams International.

**Chapter five**

This chapter discusses examining how accountability ensures value for money in Medical Teams International.

**Chapter six**

This chapter examined how accountability ensures efficiency in service delivery in Medical Teams International.

**Chapter seven**

This chapter links the study findings with the current practices established in the study literature.

**Chapter eight**

This chapter presents on the summary of findings, conclusions and recommendations.

# Definition of key terms

**NGO:** Non-governmental Organization (NGO) refers to an association, society, foundation, charitable trust, non-profit corporation, or other juridical person that is not regarded under the particular legal system as part of the governmental sector and that is not operated for profit.

**Performance:** According to Association of Certified Fraud Examiners (2010), performance refers to the ability to operate efficiently, profitability, survive grow and react to the environmental opportunities and threats.

**Financial Accountability:** Viswesvaran (2006), refer to financial accountability as the requirement to provide information to parties both inside and outside the organization. It is the process of identifying, measuring and communicating economic information to permit informed and rational decisions to be made.

# CHAPTER TWO

# STUDY LITERATURE

# Introduction

This chapter is presented in three key sections. Section one deals with the literature survey which is concerned with local studies that have been conducted in the same area. Section two dealt with the review and models in line with the study objectives. Section three presents the conceptual framework.

# Literature survey

Ahereza (2013) carried out a study about the effects of financial accountability on the efficiency of non-governmental organisations in governance sector in Uganda. The study revealed that the increasing attention devoted to NGO accountability has increased the pressure for NGOs to “perform” relative to each other. Different initiatives have been tried to develop standards to assess NGO effectiveness and efficiency, sustainability and accountability. However, there is a lack of systematic comparisons across time and among organizations. Perhaps the most systematic, objectively quantifiable and abundant measure available out there to compare the efficiency and accountability of organizations is their level of “financial accountability.” The study also revealed that this measure of accountability is based on the assumption that accountable organizations devote the greater part of their donations to their promised missions. Another assumption is that the 80/20 ratio model to allocate financial resources, derived from practices in the corporate world (80% of resources for projects and 20% for administration), seems to be the most appropriate model for setting a standard to compare organizations. However, her study did not mention on how accountability ensures sustainability of projects in an organization, it is the aim of this current study therefore to fill this identified gap.

Muhanguzi (2011) carried out a study about the role of financial accountability on performance of NGOs, in Uganda. He focused on a case study of Malaria Consortium. The study revealed that accountability represents an obligation to perform and to account for the organization’s performance. Organizations achieve a level of accountability when individual managers agree to execute their duties within an environment of trust and high ethical standards. His study also suggested that accountability involves three elements: (a) financial sustainability, (b) social responsibility, and (c) value creation and discussed operationalized accountability by focusing on three activities including (a) measuring and reporting on performance, (b) was developing a process to handle complaints, and (c) measuring client satisfaction. While organizations must be accountable, accountability requires a commitment at the individual manager level. Accountability implies that there are people and groups who are on the receiving side of an organization’s accountability. In addition, the study showed that the greater the complexity in transactions and corporate strategy, the more important accountability becomes. Accountability also adds to the transparency of management decisions. However, his study did not mention on how accountability ensures value for money. It is the aim of this current study to fill the identified gap by providing relevant literature about it.

Justine et.al (2012) also carried out a study about the relationship between financial accountability and performance of NGOs. The study indicated that poor economic management and governance by African Governments resulted in donors shifting their attention and increasing funding to NGOs from the early 1990s. Furthermore, it was noted that increased disbursements through NGOs led to the mushrooming of NGOs, who in turn used local community organizations as their entry point for development work at the grassroots. This resulted in proliferation of organizations in the development space; however the growth has been sluggish due to the mismanagement of funds in the NGOs institutions which has led to donors shying away. With many fraud and corruption scandals and individuals abusing disaster relief, donations have subsequently slowed for many organizations. If this funding was to dry up, it would likely mean that the NGOs would no longer be fiscally viable and would cease to operate. However, the study failed to mention on how accountability ensures efficiency in service delivery in an organization, this current study will fill the identified gap.

# Literature review

# Theoretical review

In the past, researchers of financial accountability have relied on Agency and Stewardship theories to explain the phenomena that may hinder the exchange of financial information in the accountability process. According to Greiling et.al (2010) accountability mechanism following the assumptions of principal-agent theory focused on monitoring procedures in order to reduce information asymmetry. This enhances the disclosure of information but may result in information overload problem on the part of the accountors’ and the accountees.

# Principal-Agent Theory

Agency theory describes strategic interactions between two parties, called the principal and the agent (Halachmi, 2004). The agent acts on behalf of the principal; with the assumptions that the actors are utility maximisers driven by self-interest who act in situations of bounded rationality and normally differ in their aversion to risk (Eisenhardt 1989). The theory assumes that the principal’s access to information is limited, and that the principal cannot perfectly and without costs monitor the agent’s actions (Jacobides et.al, 2001). Principal-agent theory is concerned with the problem of the conflict of goals between the principal and the agent and the difficulty or the inability of the principal to verify what the agent is doing. Despite the fact that agency theory is an inappropriate framework for activities or services that are not easily measured and observed, the theory has been usefully applied to understanding a variety of organizational phenomena (Van Slyke, 2006). The theory has been suggested as a conceptual foundation for examining the vertical relationship between the government (agent) and the public (principal).

# Tenets of Agency Theory

According to Van Slyke (2006), the main tenets of agency theory focus on information asymmetry (when one party has information the other party does not possess); pre-contractual opportunism (when one party knows more about attribute of a product or service than another and, as a result the uninformed party runs the risk of purchasing a product or service of low quality), and moral hazard or post-contractual opportunism (when a party to the contract uses information and expertise and act in its own self-interest, to the exclusion of the agreed upon goals).When the agent’s behaviour is not controlled or restrained, the goals of the principal are unlikely to be attained; to counteract the agency conflicts that principal-agent relationship may bring about, theoretical research has focus on mechanisms that may help the principal to control his agent (Caers et al., 2006). This is the reason why CAT is receiving much attention from accounting researchers.

# Stewardship Theory

Within the broader concept of corporate governance, stewardship theory has been developed as an explicit counterpart to principal-agent theory. Stewardship theory which develops from organizational psychology and organization sociology serves as an alternative to the reasoning of principal-agent theory (Donaldson & Davis, 1991).

Van Slyke, (2006) explains that stewardship theory fails to consider the lack of trust within government agencies, the risk-averse dispositions of public managers and the lack of incentives for public officers; the deeply politicized environment and scrutiny for oversight and accountability create pressures for not developing trusting relationships because of external perceptions of corruption. According to Sinclair et al. (2009) stewardship style of governance is only relevant for small organizations; stewardship model is incapable of meeting the equity needs of all stakeholders within a large organisation.

# Critical Accounting Theory (CAT)

Critical Accounting theory focuses explicitly on the reasons for unintentional reluctance to provide information; in contrast to principal-agent theory or stewardship theory, CAT does not focus on the tactical or strategic unwillingness of the account or to give a full account, but rather on his or her inability to do so. Greiling and Spraul (2010) examines two phenomena that may hinder the exchange of financial information in the accountability process, these includes the reluctance to disclose relevant information and deliberate and intentional information overload. The paper builds on the assumption that too much or too little information can be a challenge for public sector financial accountability. They believe that until now the problem of reluctance to disclose information has been addressed in the accountability literature only as a secondary topic or by using only one theoretical framework, mostly principal-agent theory. To overcome the problem of reluctance to disclose information in the public sector accountability arrangements Greiling and Spraul (2010) notes that, principal-agent and stewardship theories has little to offer for the case of public services.

# Dogma of Critical Accounting Theory

O’Regan (2003) identified two main branches of Critical Accounting dogma. The first group in the movement seeks self-justification in the reductivism of modernist dogmas such as Marxism, Maoism, environmentalism, or third world. A second group comprises those who reject such grand narratives, and seek to push the boundaries of their radical critique into the cultural milieu characterised by “events that are transitory, selves that are fragmented, ideas that are constantly changing, all without any underlying universal laws or guidelines” (Montagna, 1997, p.125). The radical cries of both wings of the movement sound remarkably similar in their opposition to the free market and to traditional social structures. The author concludes that despite the criticism of mainstream accountants against critical accounting, the Critical Accountants have pressed for valuable reform in both behaviour and institutions. It has helped to encourage practical reforms in areas like the structures of corporate governance, the reliability of financial data, and the accountability of institutions. The movement has also changed the tone and terms of debate in the key area of external auditing.

# Resource Mobilization Theory

In voluntary organization /NGO /NPO, of all the resources required, a resource in the form of ‘money’ is the most important one. Without this resource we cannot activate the other resources in the agency / community. In the market oriented economy like ours, it is the monetary resource, which determines the expansion or contraction of other resources. The success of any NGO / community organization agency lies in its ability to raise enough funds (monetary resources), or to convert other resources in such a way that it can be exchanged for the money, or to plan its activities into fundable projects (Tam and Kiang, 1992).

In the earlier days when ‘Alms Giving’ and charity was held a high and respected place, the persons who were concerned with community affairs, were able to collect the necessary funds from the wealthy people. But at present the motives behind giving charity as well as the dimensions of the community problems have drastically changed. The resultant effect is that the resources are drying. At the same time more and more money is required for welfare services of meeting the changing needs and adopting better methods of helping the people. To get over this crisis, Neocleous (2000) points out that either the state aid is to increase or the agencies have to depend largely upon the community’s support. It is not possible to step up the aid from the Government. This necessitates a change in our outlook and we should think of more suitable ways and means of raising money from the public.

In resource mobilization theory, Mobilization is the process of forming crowds, groups, associations, and organizations for the pursuit of collective goals. Organizations do not "spontaneously emerge" but require the mobilization of resources Resource mobilization is a sociological theory that forms part of the study of social movements. It stresses the ability of movement's members to acquire resources and to mobilize people towards the furtherance of their goals. In contrast to the traditional collective behavior paradigm that views social movements as deviant aberrations, resource mobilization which emerged in the 1970s views social movements as formed by rational social institutions and social actors taking political action (Lin et al., 2003).

# Fraud Theory/ Differential Association Theory

Researchers and practitioners in different fields that involve the study of fraud acknowledge three key factors associated with the probability of whether an individual will commit fraud. The three factors, which constitute the fraud model, are perceived pressure facing the person, perceived opportunity to commit fraud, and the person's rationalization or attitude. The fraud model has its roots in the research and classical differential theory of noted criminologist Harrison et al., (2011). According to Cressey (1973), dishonest employees will infect honest employees. A non-sharable financial need affects the behaviour of one who violates a trust to commit fraud. What is deemed non-sharable is in the eyes of the offender. These ``nonsharable'' needs are divided into six basic types: violation of ascribed obligations, problems resulting from personal failure, business reversals, physical violation, status gaining, and employer-employee relations (Cressey, 1973). Cressey's model helps explain the nature of many, but not all occupational offenders.

According to Fremont-Smith (2004) the elements of fraud are as follows: false representation of a material fact; and representation made with knowledge of its falsity. According to an editorial of Fremont-Smith (2004) it was reported that increased time pressure has led independent auditors doing shopping in their audits. As Harrison et al., (2011) pointed out; management fraud represents one instance of the agency problem where managers are interested in increasing their own wealth at the expense of the shareholders.

# Non-governmental organizations (NGOs)

Non-governmental Organization (NGO) refers to an association, society, foundation, charitable trust, non-profit corporation, or other juridical person that is not regarded under the particular legal system as part of the governmental sector and that is not operated for profit – viz., if any profits are earned, they are not and cannot be distributed as such. It normally does not include trade unions, political parties, profit-distributing cooperatives, or churches, which are usually regulated under separate legislation, (The International Journal of Not-for-Profit Law, 2009). Non-Governmental Organizations (NGOs) have played a significant role in the socio-economic development of rural communities in Africa since colonial times. In the post-independence period, and particularly from the 1980s to the present, an increase in NGO activities followed the demonstrated failure of the state. Across the African continent the NGO activities became a credible provider of basic needs services to the urban and rural poor people (Porter, 1993).

NGOs have varied areas of functional operation. In a study conducted by (Smith and Kida, 2003) in Uganda, the following functional areas of operation were frequently mentioned: (1) Capacity building, (2) Advocacy, (3) Education, (4) Water and (5) Humanitarian interventions. A frequency count designed to determine the main areas of operation for NGOs cited the following areas (from highest to lowest): (1) Health, (2) Education, (3) Welfare, (4) Environment, (5) Relief, (6) Informal sector, (7) Water, (8) Population and (9) Agriculture. In developing countries and especially African, the perception of NGOs as service providers is now well established (Wells, 1997). To provide all these services, NGOs have commonly depended on funding from donor agencies, multilateral lenders, charitable institutions, and government ministries for their own administration and for conducting programs.

# Financial Accountability

Viswesvaran (2006), refer to financial accountability as the requirement to provide information to parties both inside and outside the organization. It is the process of identifying, measuring and communicating economic information to permit informed and rational decisions to be made. Accountability refers to the final responsibility for the success or failures of an organization. This final responsibility is usually with the governing body, which delegates this function to the Chief Executive. Accountability is a key requirement of good governance. Not only governmental institutions but also the private sector and civil society organizations must be accountable to the public and to their institutional stakeholders. An organization or an institution is accountable to those who will be affected by its decisions or actions. Since NGOs get most of their funding from donors, accountability for NGOs is usually to the donors, the beneficiaries, the employees and other stakeholders (Wells, 2003).

Lin et al., (2003), state that fiscal or financial accountability is about making sure that funds have been spent as agreed and according to appropriate rules and regulations. Harrison et al., (2011) states that financial accounting is financial responsibility or operational transparency that requires demonstrating how donations to your organization have been used and how effective your organization is in achieving its goals. Koh and Woo (2008) contend that financial accountability is the fiscal or financial honesty and avoidance of fraud that makes sure that money is spent and recorded as agreed and according to appropriate rules and that accurate reports are given to stake holders in a timely manner. Financial accountability is made by preparing and circulating financial statements or reports to stakeholders. According to Fremont-Smith (2004), financial accountability gives NGOs legitimacy and credibility, contributes to their reputation and adds to their sustainability. Good financial accountability limits fraud and mismanagement. It also empowers beneficiaries and other stakeholders since information is power.

# Compliance

Schiavo et.al (2002), argue that accountability is the provision of information and disclosure on the financial activities and performance to the concerned parties (stakeholders). Furthermore, financial accountability is responsibly of public institutions to use public funds (public money) economically, efficiently and effectively, there is no wastage and leakage of funds, as well as the corruption so that accountability requires public agencies to make financial reports to describe the organizational financial performance to outsiders.

The financial report is a form of transparency which is a condition of their support in the form of openness of government accountability over public resources management activities (Mardiasmo, 2006). The role of financial reporting has changed from purely administrative process into a form of accountability (Indra Bastian 2006: 49). In the management of public finances, the Law No. 17 of 2003 demands for transparency and accountability in public finance and as such financial statement is indeed one of the results of the transparency and accountability of public finances.

The concept of internal control system has been viewed as an integral part of any organization’s financial and business policies and procedures. It consist of all measures taken by the organization for the purpose of protecting its resources against waste, fraud and inefficiency thereby ensuring accuracy and reliability of accounting and operating data, compliance with policies and procedure and evaluating the level of performance in all the units of the organization (Bashir, 2015). This definition does not only mean internal control system involves all the means undertaken by the management of an organisation in safeguarding its resources against waste, fraud , inefficiency and compliance with applicable laws to obtain accuracy of financial data but also to assess the level of performance of the whole organisation.

Control activity is categories into three, namely; preventive, detective and corrective. The preventive control is essentially to prevent errors and fraud from occurring and it includes the following control elements; authorization and approval procedures, segregation of duties, control over access to resources and records. The detective control is to detect errors and fraud that have occurred. It includes such control elements as verifications/reconciliation, review of operating performance and supervision. The corrective controls help to identify and reduce or eliminate the causes of a problem that resulted into errors, omission, misstatement and any malicious act from happening. It is an adequate balance between detective and preventive controls necessary to complement control activities in order to achieve the organizational objectives. Errors that failed to be prevented and detected are corrected through corrective controls (Labaran, 2008)

Aramide and Bashir (2015) opined that the process of financial accountability can only be effective through proper internal control activity which is supposed to be a useful mechanism for financial accountability and transparency at non-government organisations. Litvack, (2016) documented that the higher the level of accountability, the more transparent the non-government organisations is perceived to be. Transparency depends on accountability and the latter on the effectiveness of internal control activity in operation.

# Transparency

Wells (2003) notes that in societies where the people will respond and follow up on their rights of action, the decisions and actions of officials from the public and in the future there is nothing hidden from the people they affect. Because officials are trying to answer and thus, systems and processes to occur, such as a new public accounting in America to promote the role of government accountability have been significant changes. Accountability and transparency are one that is if the breakdown in response is not required to prove what you are looking for. Officials with transparency and make the case that people have access to information and decisions taken by the authorities, also have their own accountability and public confidence and maintain.

Wilks (2004) explains that transparency means the free flow of information and its availability to all those who are connected with the decisions. Transparency is meant to empower citizens to become millions of auditors in society and the right to expression and access to a free press. In contrast, the lack of transparency means that every person working as a senior, public institutions, mainly to prevent access to information or provide false information. The cause was the lack of transparency of information asymmetry between the people and the officials of the community and expands the field to corruption. Studies show that lack of transparency led to the formation of the financial crisis, administrative and policy-making and transparency in the public sector, less corruption and better governance and economic performance. Also, the public scrutiny of decision-making and public sector performance and participation in the affairs of a balance and an important tool to fight corruption and improve governance; this makes the process transparent for the people and the powers of the state to play an active role as citizens.

Tam et.al (2002) opines that in the public sector financial reporting, budgeting is essential and the budget performance report, prepared with the aim of responding governments. Transparency for this report is a qualitative feature. The information presented in a way that can be understood by observing the actual performance of state and government activities to be evaluated. Budget transparency, accountability and strengthen the political risk associated with insisting on the policy against the national interest, and thus increases the amount of credit increases as well as budget support for macroeconomic policies to make public. In contrast, non-transparent management of the funds may be instability, inefficiency or exacerbate inequality lead. In the global village, the budget crisis in one country could potentially spread to other countries.

Rose (2007) observed that based accounting, the recognition of income and expenses to determine; By comparing the cash accounting and accrual accounting as the two ends of a spectrum, and a guide to action in the state, we find cash basis (recognition of revenues and expenses during the exchange of cash) in the past years simply because it has been used to understand and use is. But over time the cash basis because it did not provide any information about how to manage the government's assets and liabilities, accrual basis of accounting has moved to the new government. On the basis of accrual accounting costs and revenues generated in or tolerated at school or realization, recognition. At this point, the actual revenues and expenses reported for each period is appropriate. Thus, it is claimed that the use of accrual accounting can be expected to improve financial transparency, integrity and reliability of the financial information reported also be upgraded. The nature of the asset management integrated accrual accounting system, a significant increase in the level of supervision of assets, and by increasing the transparency of government activities, corruption and fraud will be reduced.

According to the information gap between government and people in democratic systems, mechanisms thought that people as the real owners of the property, they can inform their decisions and the results of the activities and the government. Governmental accounting and financial reporting, perhaps the most important mechanisms of transparency and pave the official information to the public, if transparency is defined as a condition where people can have access to the government's decisions and activities (Relly & Sabharwal, 2009)

Transparency and accountability are two basic concepts in the last two decades in the field of accounting and financial reporting literature is considered. Accounting and financial reporting aspects of the theory in the transparency of information on the one hand and on the other hand, needed to achieve and improve public accountability and responsible society's elite. According to ( Vatter, 1974) using the theory of limited funds and the assets and liabilities related to a specific field or area of operation and identify the areas of accounting and preparing financial reports as to the scope or region, the transparency in the provision of financial information respect for justice and fairness to all stakeholders is information. Theoretical aspects play an important role in promoting the transparency of financial information and the realization of financial accountability.

The concept of accountability refers to the manner how resources are used in relation to objectives (Mohammed, 2015). Accountability draws its origin from financial accounting which is focused on checking the way the books are kept and how the money is spent. It is the obligation for public officials to report on the usage of public resources and to achieve performance standards as it relates specifically to the public sector. Apaza (2011) opined that an individual who is assigned a task need to be constrained over the power exercised. Financial accountability therefore, is concern with tracking and reporting on allocation, disbursement and utilization of financial resources, using the tools of auditing, budgeting and accounting (Brinkerhoff (2001).

# Enforcement

Lavok (2002) asserts that formal and informal mechanisms of transparency and accountability encourage officials to act in the public interest, or in the case of companies, in the interests of their shareholders. Without public access to records of governance and other information, scarce resources may be squandered or mismanaged. In the agricultural trade environment, producers require transparent systems of land ownership and transfer and access to public resources (such as water for irrigation and roads for transport), as well as consistent, predictable treatment by officials charged with licensing, inspecting, or otherwise regulating their work. Processors and traders require clarity and consistency in how they are regulated by government, as well as accuracy in the information provided by government. Potential suppliers, customers, and investors need to trust the representations of firms with which they do business to equip themselves adequately to trade on world markets.

According to Ogwang et.al (2016) enforcement and accountability are considered critical not only to the workings of government, but also to the success of commercial enterprise, including in the agriculture sector. Through the practice of internationally established standards of corporate governance, private and state-owned enterprises can support robust foreign investment in agribusiness, along with economic growth.

Enforcement is the manner in which power is exercised in the management of organizational resources in order to achieve the organizational mission (CAFS, 2001). It is concerned with the processes, policies, procedures, systems and practices, the manner in which they are applied and followed and the relationships that these processes create. Good governance is essential for order and equality in an organization, efficient delivery of goods and services and accountability (CAFS, 2001).

In a review of not-for-profit accountability literature, Brody (2001) defines financial accountability as fiscal honesty and avoidance of fraud. Governance and financial accountability are strongly related. In broad terms, governance can set standards and provide checks and balances that enhance financial accountability. Kogan (1986) equates financial accountability to financial reporting. He argues that it is through financial reports that organizations portray their financial accountability.

# Conceptual framework

**Independent variable** **Dependent variable**

**Financial accountability**

* Compliance
* Transparency
* Enforcement
* Answerability/justification

**Performance of NGO**

* Efficiency in service delivery
* Sustainability of projects
* Value for money

Effectiveness

Efficiency

Economy

 **Intervening variables**

* Government policy
* Management skills
* Funds availability

 Intervening variable

# Figure 2.1: Conceptual framework

**Source: Adopted from Harison et.al (2011) and modified by the researcher**

The conceptual framework reflects two variables namely financial accountability as the independent variable and performance of NGOs as the dependent variable. In other words, it’s conceptualized that performance of NGOs depends on financial accountability. In this study, the indicators of financial accountability are compliance, transparency, enforcement and answerability/justification can lead to a direct impact performance of NGOs by affecting performance indicators such as efficiency in service delivery, sustainability of projects and value for money, efficiency, effectiveness and economy. However, despite the relationship between the independent variable and dependent variable, other intervening variables exist and can ultimately affect both variables.

All the above elements of the independent variable are assessed and their relationship with performance of non-government organisations.

# CHAPTER THREE

# METHODOLOGY

# Introduction

This chapter gives the research methodology that was used to accomplish the research undertaking. Methodology refers to the detailed procedures used to realize the objectives of the study. Methodology includes the clarification of the research design, sampling techniques, instruments as well as the data analysis procedures (Asmin 2005). Research is a systematic and purposive investigation of events or phenomena or development with respect to their origin, nature, causes and effects or possible future implications.

# Research design

The study used a cross sectional survey design because data was gathered from respondents at one point in time inorder to establish the relationship between financial accountability and performance. The researcher therefore evaluated and analyzed the adequacy of information in answering the research questions through coding of data, identifying categories and parameters that emerge in the responses to the variables of the study. Qualitative data was then presented using narrative text.

# Research approach

In the research approach the researcher posed phenomenological approach where researcher directly asked questions to the respondents. This research approach allowed the interviewer to probe the richness of respondent’s emotions and motivations of related to the topic. The research approach is important because it can be used to test the validity of the research hypothesis

# Research strategy

The study used a case study as the research strategy and for purposes of this study it was Medical Teams International. This involved an up-close in depth and detailed examination of the case study’s financial accountability policy as well as its related contextual conditions. The case study strategy was used to analyse persons, events, decisions and policies in financial accountability and its effect on performance. Amin (2005) explains that a case study allows the researcher to have an in-depth understanding of the subject being studied.

# Research duration

The study explored data from a time period of four years of operation that is from 2015 up to 2018 because this is the period when Medical Teams International experienced financial accountability problems.

# Research classification

The study used quantitative research which is generally associated with the positivist paradigm. It involved collecting and converting data into numerical form hence use of statistical calculations where conclusions were drawn. In order to predict possible relationship between the variables the study and used various instruments such as self-administered questionnaire and interview.

# Data collection

Data collection is a process of gathering and measuring information on variables of interest. The variables of the study are financial accountability and performance and data was collected in a systematic way that enables the researcher to answer stated research question and as well tests the hypothesis and evaluate the outcomes.

# Study Population

Koffi (2002) defines population as the totality of respondents from which the sample size is derived. The study population comprised of 92 employees of Medical Teams International. These included among others the management, monitoring and evaluation, field offices, audit, and country managers. These were chosen because they were expected to have enough knowledge required in understanding the financial accountability policy at Medical Teams International since their responsibilities and roles reflect directly back to them and its relationship with performance.

# Sample size and selection method

This is the act of choosing part of the observations to include in a statistical sample. In this study therefore, a sample size of 75 was selected from the population of 92. Respondents from financial accountability team were most emphasized given that they are at the forefront of financial accountability success. Coffi (2002) observes that in many cases, a researcher is un-able to cover the entire population, in which case he/she takes part of the population known as a sample. He further expounds that the researcher is forced to sample in order to save money, time and other resources.

The sample size was determined using the following formula by Yamane (1967:886).

n = N

**Where**

n = Sample size

N= Population size

e = margin of error at 95% confidence level

e = Margin of error/0.05

 1 + N (e2)

n= 92

 1 + 92 (0.052)

n= 92

 1 + 92 (0.0025)

n= 75

# Table 3.1: Population and sample size distribution

|  |  |  |  |
| --- | --- | --- | --- |
| **Respondents**  | **Population**  | **Sample size** | **Sampling techniques** |
| Management | 9 | 9 | Census  |
| M&E | 19 | 17 | Simple random sampling |
| Field officers | 38 | 29 | Simple random sampling |
| Audit | 10 | 10 | Census  |
| Country managers | 16 | 10 | Purposive sampling |
| **Total**  | **92** | **75** |  |

**Source: primary data (2019)**

# Background information of respondents

In this section, respondents were asked to provide their background information and their responses are presented in tables.

# Gender of respondents

Respondents were asked to identify the gender in which they belong. Responses to this question are presented in table 3.2

|  |
| --- |
| Table 3.2: Gender |
|  | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Male | 31 | 45.6 | 45.6 | 45.6 |
| Female | 37 | 54.4 | 54.4 | 100.0 |
| Total | 68 | 100.0 | 100.0 |  |

**Source: Primary data (2019)**

As seen in table 3.2, results revealed that 54.4% of the respondents were females while 45.6% were males. The results show that all respondents were well represented in terms of gender and therefore did not suffer from gender bias.

# Age group of respondents

Respondents were asked to identify the age group they belonged to. Responses were are summarised in table 3.3

|  |
| --- |
| Table 3.3: Age group |
|  | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | 20-30 years | 12 | 17.6 | 17.6 | 17.6 |
| 31-40 years | 25 | 36.8 | 36.8 | 54.4 |
| 41-50 years | 29 | 42.6 | 42.6 | 97.1 |
| Above 50 years | 2 | 2.9 | 2.9 | 100.0 |
| Total | 68 | 100.0 | 100.0 |  |

**Source: Primary data (2019)**

As seen table 3.3, results indicate that 17.6% belonged to the age group between 20-30 years, 36.8% were aged between 31-40 years, and 42.6% were aged between 41-50 years while 2.9% were aged above 50 years. 42.6% were the majority response aged between 41-50 years, this means that this is the most active and mobile age group which the NGO uses in the financial accountability process.

# Number of years served in Medical Teams International

The respondents were asked to identify the number of they served in Medical Teams International. Responses to this question are summarised in table 3.4

|  |
| --- |
| Table 3.4: How long have you served in Medical Teams International |
|  | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Less than a year | 14 | 20.6 | 20.6 | 20.6 |
| 1-4 years | 30 | 44.1 | 44.1 | 64.7 |
| 5-7 years | 18 | 26.5 | 26.5 | 91.2 |
| 8 years and above | 6 | 8.8 | 8.8 | 100.0 |
| Total | 68 | 100.0 | 100.0 |  |

**Source: Primary data (2019)**

As seen in table 3.4, results indicate that 20.6% had served for a period of less than one year, 44.1% had served for a period between 1-4 years, and 26.5% between 5-7 years and 8.8% had served for a period of 8 years and above. Majority of respondents had served for quite a number of years in the NGO, they were familiar with the financial operations and position hence had a relevant level of understanding to provide valid and reliable information about the study.

# Highest level of education attained

Respondents were asked state the highest level of education attained and the responses are summarised in table 3.5

|  |
| --- |
| Table 3.5: Highest level of education |
|  | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Masters | 15 | 22.1 | 22.1 | 22.1 |
| Bachelor | 24 | 35.3 | 35.3 | 57.4 |
| Diploma | 22 | 32.4 | 32.4 | 89.7 |
| UACE | 7 | 10.3 | 10.3 | 100.0 |
| Total | 68 | 100.0 | 100.0 |  |

**Source: Primary data (2019)**

As seen in table 3.5, results show that 22.1% had masters, 35.3% had bachelor, 32.4% had diploma while 10.3% had UACE. Since majority of the respondents had a higher level of education that is masters and bachelor, respondents provided reliable and assumed to be accurate information.

# Sampling techniques

The study used the following sampling techniques;

The researcher used purposive method of sampling to select country managers as respondents. This was because this category of respondents was expected to have direct and relevant information about the study.

The study used random sampling technique to select M&E and filed officers. Random sampling involved selecting respondents from the study population with each having an equal chance of appearing in the sample.

Census and stratified sampling are used in organising the units in the population into strata using common characteristics. In this way the different characteristics of the population were represented.

# Data collection procedure

In order to collect required data from Medical Teams International, the researcher obtained an introductory letter from the Dean of School of Business Administration of Nkumba University. The letter was delivered to the manager of Medical Teams International to seek permission to conduct the research in their organisation.

# Data collection methods

The study used both survey method and review of related literature. The survey method employed both questionnaires and interviews to collect primary data from valid respondents.

Primary data are data are is collected by a researcher from first-hand sources. In this study, primary data was collected directly from primary sources with the aim of gathering richness of information from most reliable and informed respondents about the current situation of the study problem.

Secondary data were collected through document reviews and other sources such as textbooks, so as to get enough relevant information about the variables of the study and this strengthened the authenticity of primary data.

# Data collection instruments

The instruments for data collection were self-administered questionnaire and interview guide

**Self-administered questionnaires (SAQs)**

The study used self-administered questionnaires (Appendix 1) to collect data from the primary respondents. The self-administered questionnaires contained questions on variables compliance, transparency and enforcement. The instrument was administered to valid respondents. The questionnaire comprised of statements requiring the respondents to opt for one out of the five opinions using the 5-point Likert scale with strongly disagree=1, disagree=2, not sure=3, agree=4 and strongly agree=5.

Saunders et al (2003), points out that the questionnaire collects a lot of data in a short period of time from scattered respondents and it allows the respondents time consult their records where necessary and enables busy respondents to fill at their convenience.

**Interview guide**

Andrea (2014) states that interview are a verbal conversation between two or more people with the objective of collecting relevant information for the purpose of research. For management respondents face to face interviews were conducted alongside self administered questionnaires so as to enhance response to questions generally regarded as sensitive. The interview was conducted to fill the information groups that might arise through the use of questionnaires. The researcher used structured and face to face interviews because they provide first-hand information. The researcher was able to clarify questions to the respondents where they were not clear. In this method, interview guides were drafted and questions were asked and then responses noted corresponding to the questions asked.

# Validity of the instruments

According to Mugenda and Mugenda (1999), validity is the extent to which the instruments that are used during the study measures the issues they intend to measure. A pre-test of the research instrument to establish its validity was done. The instrument was given to two experts who provided their opinions on the relevance of the questions using a 5- point scale of relevant to not relevant. It was further pre-tested by administering it to probable respondents (n=10) and tested their understand ability of the items. Items that were found not to be relevant and then eliminated and those found not to be understood were adjusted for understandability for the final research instrument that were used.

CVI= No of items \*100

 Total Items

CVI= 68 \* 100

 75

CVI= 90.6%

The content validity ratio index was computed and obtained as 0.906 or 90.6% as a basis for ironing out randomness within the factors considered in the instrument. Thus with 90.6% score the researcher remained confident that the instruments used in the study were valid for adoption and use since it is above the 0.5 or 50% recommended by Kothori (2004).

# Reliability of the instrument

Reliability of the questionnaire items has been tested using the Cronbach’s alpha coefficient. Reliability of this study’s instruments was ascertained by pre-testing the questionnaires and interview guide in the field. The researcher established the reliability of the questionnaire by using pre-testing. The researcher gave questionnaire guides to the same groups of respondents and re-testing was done. The instrument was used to collect data from the respondents were dependable and reliable and also yield good results. The researcher established the reliability of the questionnaire using reliability analysis r value which was represented by r<0.994. The results of the Cronbach’s alpha are captured in table 3.6

|  |
| --- |
| **Table 3.6: Reliability Statistics** |
| Cronbach's Alpha | N of Items |
| .994 | 33 |

# Data processing

The collected data was edited, coded and cross checked for completeness using Ms Excel and exported to SPSS for analysis.

# Data analysis

After processing the summarized data was analysed using both descriptive statistics and inferential statistics made use of frequencies and percentages while inferential statistics were based on regression analysis to test the hypothesis for generalization.

# Ethical issues

The researcher ensured voluntary participation of the respondents and avoided the use of offensive, discriminatory, or other unacceptable language in the formulation of data collection instruments. In addition, the researcher will maintain the highest level of objectivity in discussions and analysis throughout the research.

# Limitations of the study

Non-response: The researcher faced a problem of non-response from the respondents probably because they were too busy. The researcher overcame this limitation by administering many questionnaires as possible so as to eliminate any chance of bias.

Subjectivity of each respondent in a survey research is the inherit limitation and each survey has its own interpretation of the questions, but survey method was used, the limitation was identified and accepted in the current study. It was recognised that some responses were as a result of individual indifferences, unwillingness to participate by some respondents, but all the same the study was able to reach significant conclusions with regard to financial accountability and performance of Medical Teams International.

Financial constraint: The researcher also faced a problem of inadequate funds to cater for transport and stationery. The researcher used a relatively small sample so as to minimize on the cost.

# CHAPTER FOUR

# ACCOUNTABILITY AND SUSTAINABILITY OF PROJECTS

# Introduction

This chapter deals with the first objective of the study; how accountability has ensured value for money in Medical Teams International. It therefore aims at examining the situation in Medical Teams International with the intention of establishing whether the NGO has made efforts to ensure value for money through accountability.

Out of the 75 questionnaires distributed, 68 respondents filled and returned the questionnaires representing 90.7% response rate. The 68 filled questionnaires are the basis of reporting in this chapter and the subsequent chapters.

In many areas of activity there is recognised 'good practice' or 'best practice', although this may be contested. In general terms, all organisations want to adopt such good practice as appropriate to their own circumstances, as a recognised way not only of achieving value for money but also of demonstrating that value for money has been both sought and achieved. Good practice will often require a well-planned, thorough and clear approach to an activity. The use of good practice is rarely seen as a waste of effort by those who adopt it, provided that it is adapted to their own circumstances.

As public sector officers became more conscious of the need to ascertain the actual utilization of resources, the concept of value for money started to emerge. Ene (2000:10) indicated that value for money involves the appraisal of pursuit of the economy’s efficiency and effectiveness in utilization of organizational resources.

In an attempt to explore whether Medical Teams International accountability process enhances sustainability of projects, respondents were asked the following questions and responses are presented in the following tables.

# MTI ensures accountability of all projects

Respondents were asked whether MTI ensures accountability for all projects. Responses were summarised in table 4.1

|  |
| --- |
| Table 4.1: MTI ensures accountability for all projects |
|  | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Strongly disagree | 5 | 7.4 | 7.4 | 7.4 |
| Disagree | 8 | 11.8 | 11.8 | 19.1 |
| Not sure | 11 | 16.2 | 16.2 | 35.3 |
| Agree | 25 | 36.8 | 36.8 | 72.1 |
| Strongly agree | 19 | 27.9 | 27.9 | 100.0 |
| Total | 68 | 100.0 | 100.0 |  |

**Source: Primary data (2019)**

Results in table 4.1 indicate that 5(7.4%) strongly disagreed with the statement that MTI ensures accountability for all projects, 8(11.8%) disagreed, 11(16.2%) were not sure, 25(36.8%) agreed and 19(27.9%) strongly agreed. The majority 44(64.7%) generally agreed. Since this and this means that a breakdown of the entire operations at MTI is effectively accounted for. Respondents stated that all departments in the NGO are responsible of keeping records for stakeholders about the NGO’s financial position and financial performance in an effort to ensure project sustainability and implementation of project success.

# Financial accountability is effective in ensuring long term sustainability of projects

Respondents were asked whether MTI’s financial accountability is effective in ensuring project’s long term sustainability. Responses are presented in table 4.2

|  |
| --- |
| Table 4.2: Financial accountability is effective in ensuring long term sustainability of projects |
|  | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Strongly disagree | 5 | 7.4 | 7.4 | 7.4 |
| Disagree | 9 | 13.2 | 13.2 | 20.6 |
| Not sure | 5 | 7.4 | 7.4 | 27.9 |
| Agree | 23 | 33.8 | 33.8 | 61.8 |
| Strongly agree | 26 | 38.2 | 38.2 | 100.0 |
| Total | 68 | 100.0 | 100.0 |  |

**Source: Primary data (2019)**

Results in table 4.2 indicate that majority of the respondents generally agreed to the statement, this was presented by 38.2% and 33.8% who strongly agreed and agreed respectively. This can be interpreted to mean that MTI has continued to perform and deliver project benefits to the primary target group after the funding from donor is even terminated.

During an interview session, one respondent from management team expressed that;

*“Over recent years, MTI has faced challenges in attaining donor funds in a very untimely manner, however, this did not stop the efforts and aims of the NGO in maintaining and continuing its efforts after the funding is over. Our management clearly understands that sustainability can only be achieved through effective financial accountability, and this requires long term planning to facilitate diverse donor engagement. You see, sustainable planning is an important step for MTI to deliver positive outcomes in the absence of primary funding”*

# MTI ensures transparency in financial accountability process

Respondents were also asked whether MTI ensures transparency in financial accountability process. The results to this question are captured in table 4.3

|  |
| --- |
| Table 4.3: MTI ensures transparency in financial accountability process |
|  | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Strongly disagree | 15 | 22.1 | 22.1 | 22.1 |
| Disagree | 27 | 39.7 | 39.7 | 61.8 |
| Not sure | 5 | 7.4 | 7.4 | 69.1 |
| Agree | 11 | 16.2 | 16.2 | 85.3 |
| Strongly agree | 10 | 14.7 | 14.7 | 100.0 |
| Total | 68 | 100.0 | 100.0 |  |

**Source: Primary data (2019)**

Results in table 4.3 indicate that majority of the respondents generally disagreed to the question; this was presented by 22.1% and 39.7% who strongly disagreed and disagreed respectively. Since majority of respondents generally disagreed, it can be said that there are uncertainties in how funds are accounted for within the NGO. Respondents stated that most high staff personnel in the NGO do not follow transparency rules established in utilisation of funds evaluation. Respondents expressed that all too often, well-intentioned development programs in MTI have been undermined by inefficiency, wrong-headed priorities, and outright graft. As a result the NGO is largely missing review of expenditures in a serious way. It was also stated that evaluation of utilised funds with transparency is a challenge due to MTI ineffectiveness in the form of inefficiency and embezzlement.

# All activities in ongoing project are effectively allocated enough funds.

Respondents were asked whether all activities in ongoing project are effectively allocated enough adequate funds. Responses to this question are contained in table 4.4

|  |
| --- |
| Table 4.4: All activities in ongoing project are effectively allocated enough funds |
|  | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Strongly disagree | 11 | 16.2 | 16.2 | 16.2 |
| Disagree | 8 | 11.8 | 11.8 | 27.9 |
| Not sure | 4 | 5.9 | 5.9 | 33.8 |
| Agree | 27 | 39.7 | 39.7 | 73.5 |
| Strongly agree | 18 | 26.5 | 26.5 | 100.0 |
| Total | 68 | 100.0 | 100.0 |  |

**Source: Primary data (2019)**

Results in table 4.4 indicate that majority of respondents generally agreed, this was presented by 26.5% and 39.7% who strongly agreed and agreed respectively. Since this was the majority, it means that MTI effectively assign resources/funds to each activity in the activity list. Respondents stated that MTI uses various tools and techniques for effectively allocating funds to activities and the most common being expert judgment, alternative analysis which considers several different options for how funds are to be allocated and finally the bottom-up estimating which is basically breaking down complex activities into pieces and working out the fund assignments for each activity. This means that MTI has effective staff and systems to properly allocate funds.

# MTI prepares regular financial reports for all organisation projects

Respondents were asked whether MTI prepares regular financial reports for all organisation projects. Responses to this question are presented in table 4.5

|  |
| --- |
| Table 4.5: MTI prepares regular financial reports for all organisation projects |
|  | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Strongly disagree | 7 | 10.3 | 10.3 | 10.3 |
| Disagree | 10 | 14.7 | 14.7 | 25.0 |
| Not sure | 3 | 4.4 | 4.4 | 29.4 |
| Agree | 21 | 30.9 | 30.9 | 60.3 |
| Strongly agree | 27 | 39.7 | 39.7 | 100.0 |
| Total | 68 | 100.0 | 100.0 |  |

**Source: Primary data (2019)**

Results in table 4.5 indicate that majority of respondents generally agreed to the statement, this was represented by 39.7% and 30.7% who strongly agreed and agreed respectively. Since this was the majority response, it interprets to mean that, MTI ensures reporting of all its expenses and revenues. During one of the interview sessions, one respondent stated that;

*“MTI prepares reports each quarter to inform the donors of progress towards the NGO plans. Each report contains NGO’s performance for the relevant quarter against the project implementation plan, its key activities, performance measures, financial statements and capital works schedule. Reports are prepared and published in MTI's meeting agenda and minutes for each of the following quarters of each financial year, July- September, October- December, January- March, April-June”*

 This means that all beneficiaries to the duties provided by MTI are well informed about progress of any activity performed.

# Proposals are analysed by all stakeholders before approval and implementation

Respondents were also asked whether proposals are analysed by all stakeholders before approval and implementation. Responses to the question are contained in table 4.6

|  |
| --- |
| Table 4.6: Proposals are analysed by all stakeholders before approval and implementation |
|  | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Not sure | 7 | 10.3 | 10.3 | 10.3 |
| Agree | 30 | 44.1 | 44.1 | 54.4 |
| Strongly agree | 31 | 45.6 | 45.6 | 100.0 |
| Total | 68 | 100.0 | 100.0 |  |

**Source: Primary data (2019)**

Results in table 4.6 indicate that 10.3% of the respondents were not sure, 44.1% agreed and 45.6% strongly agreed. 89.7% of the respondents generally agreed that NGO problem or opportunities are clearly defined before approval from management. Respondents stated that for any new proposal, solutions are defined, a project is formed and a project team is appointed to build or deliver implementation. It was also stated that usually project sponsors only get to approve proposal if the required funding is available and can be adequate allocated to proceed with first, a feasibility study. It was also noted that it is up to the project sponsor to determine if the project is worth undertaking and whether the project will be profitable to the organization.

# Stakeholders are provided with accountability reports to indicate how funds are spent

Respondents were asked whether stakeholders are provided with accountability reports to indicate how funds are spent. Responses are presented in table 4.7

|  |
| --- |
| Table 4.7: Stakeholders are provided with accountability reports to indicate how funds are spent |
|  | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Strongly disagree | 36 | 52.9 | 52.9 | 52.9 |
| Disagree | 20 | 29.4 | 29.4 | 82.3 |
| Not sure | 4 | 5.9 | 5.9 | 88.2 |
| Agree | 5 | 7.4 | 7.4 | 95.6 |
| Strongly agree | 3 | 4.4 | 4.4 | 100.0 |
| Total | 68 | 100.0 | 100.0 |  |

**Source: Primary data (2019)**

Results in table 4.7 indicate that majority of respondents represented by 52.9% and 29.4% generally disagreed respectively. Since this was the majority response, it interprets to mean that stakeholders cannot trace all spent funds since some are unaccounted for. Respondents stated that problems arising from funds not being accounted for are due to lack of monitoring strategies that can ensure all funds are available and that which is allocated is used for its rightful purpose. It was stated that poor management and monitoring of funds has continuously opened doors for embezzlement and misuse by personnel who have access and end up covering up their acts by manipulation of funds allocated figures. This means that accountability at MTI lacks transparency.

# Reports are submitted in a timely manner for business advance

Respondents were asked whether Reports are submitted in a timely manner for business advance. Responses to this question are shown in table 4.8

|  |
| --- |
| Table 4.8: Reports are submitted in a timely manner for business advance |
|  | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Strongly disagree | 8 | 11.8 | 11.8 | 11.8 |
| Disagree | 4 | 5.9 | 5.9 | 17.6 |
| Not sure | 5 | 7.4 | 7.4 | 25.0 |
| Agree | 24 | 35.3 | 35.3 | 60.3 |
| Strongly agree | 27 | 39.7 | 39.7 | 100.0 |
| Total | 68 | 100.0 | 100.0 |  |

**Source: Primary data (2019)**

Results in table 4.8 indicate that majority of respondents generally agreed to the statement, this was represented by 39.7% and 35.3% agreed, this can be interpreted to mean that decision making in reference to MTI financial reports is always on time. During one of the interview sessions, one respondent stated that;

*“Some personnel at the NGO are effective and fast in entering data into accounting software which is used here, we use MDA accounting software. This is due to step by step screens; the process is simplified especially since personnel have a required level of experience. It is because of the implemented accounting system that the benefits of producing timely financial reports outweigh the disadvantages.*

This means that the NGO is quick in decision making as reports are submitted in a timely manner.

# Donors do not have any queries on the financial accountability reports presented

Respondents were also asked whether Donors do not have any queries on the financial accountability reports presented. Responses are summarised in table 4.9

|  |
| --- |
| Table 4.9: Donors do not have any queries on the financial accountability reports presented |
|  | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Strongly disagree | 25 | 36.8 | 36.8 | 36.8 |
| Disagree | 20 | 29.4 | 29.4 | 66.2 |
| Not sure | 4 | 5.9 | 5.9 | 72.1 |
| Agree | 6 | 8.8 | 8.8 | 80.9 |
| Strongly agree | 13 | 19.1 | 19.1 | 100.0 |
| Total | 68 | 100.0 | 100.0 |  |

**Source: Primary data (2019)**

Results in table 4.9 indicate that majority of the respondents generally disagreed, this was presented by 36.8% and 29.4% of respondents who strongly disagreed and disagreed respectively. Majority of the respondents represented by 66.2% generally disagreed and this implies that MTI has not thoroughly obliged to providing financial accountability reports to donors. Respondents stated that donors asked for detailed statement to fund allocated to them and supporting documents to the effect. This follows disbandment of some of their project due to lack of funding as a result of donors withholding funding due to non-accountability of funds of over $42,000. It was also stated that MTI currently has a large outstanding amount of money approximately 124,000,000 million shillings unaccounted for during the performance of various activities in the organization’s projects in Northern Uganda.

# Cash flow statements clearly show MTI’s projected cash inflows and outflows

Respondents were asked whether cash flow statements at MTI’s clearly show projected cash inflows and outflows. Responses to this question are contained in table 4.10

|  |
| --- |
| Table 4.10: Cash flow statements clearly show MTI’s projected cash inflows and outflows |
|  | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Strongly disagree | 3 | 4.4 | 4.4 | 4.4 |
| Disagree | 7 | 10.3 | 10.3 | 14.7 |
| Not sure | 1 | 1.5 | 1.5 | 16.2 |
| Agree | 21 | 30.9 | 30.9 | 47.1 |
| Strongly agree | 36 | 52.9 | 52.9 | 100.0 |
| Total | 68 | 100.0 | 100.0 |  |

**Source: Primary data (2019)**

Results in table 4.10 indicate that majority of respondents generally agreed to the statement, this was presented by 52.9% and 30.9% who strongly agreed and agreed respectively. This means that expenditures and revenues of MTI can be clearly traced in the NGO’s financial books. However, respondents stated that over the years there have been rising issues from donors and management on misrepresenting of accounting figures to cover for misused funds. Respondents stated that despite the readily available cash flows and inflows in cash flow statements, the financial department is incompetent in that there are increasing scenarios of embezzlement and misappropriation of allocated funds; hence the cash flow statements are fraudulent.

# CHAPTER FIVE

# ACCOUNTABILITY AND VALUE FOR MONEY

This chapter deals with the second objective of the study; how accountability has ensured value for money in Medical Teams International. It aims at establishing the situation in Medical Teams International with the intention of establishing whether the NGO has endeavored to ensuring value for money through accountability.

Taking account of current practices in the management of non-government organisation funds, the need for value for money and accountability in the management of money and the business needs of grantors and grantees, all grant funding**,** regardless of (i) the status of the grantee that is state body or otherwise and (ii) of the means of funding.

It is observed that variety of financial resources requires different control mechanisms to be applied by non-government organisations. In general, expenditures related to any financial resource can be subjected to control standards performed by the management and audit structures at each level of non-government organisations, even with the supreme audit institution playing its specific role. But the conditions applied to grants, whether general (categorical grants, block grants) or more specific or detailed, have to be verified by the different levels within the NGO directly concerned (the donor and the recipient), requiring understanding, co-ordination and co-operation at both management and control stages.

In an attempt to explore whether Medical Teams International ensures the value for money, respondents were asked the following questions and responses were presented in tables

# All expenditures are approved by relevant offices

Respondents were asked whether all MTI expenditures are approved by relevant offices. Responses to this question are shown in table 5.1

|  |
| --- |
| Table 5.1: All expenditures are approved by relevant offices |
|  | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Strongly disagree | 8 | 11.8 | 11.8 | 11.8 |
| Disagree | 7 | 10.3 | 10.3 | 22.1 |
| Not sure | 2 | 2.9 | 2.9 | 25.0 |
| Agree | 19 | 27.9 | 27.9 | 52.9 |
| Strongly agree | 32 | 47.1 | 47.1 | 100.0 |
| Total | 68 | 100.0 | 100.0 |  |

**Source: Primary data (2019)**

Results in table 5.1 indicate that 11.8% strongly disagreed, 10.3% disagreed, 2.9% were not sure, 27.9% agreed and 47.1 strongly agreed respectively. The results show that 75.0% generally agreed, it implies that before funds are allocated to any activity, relevant offices must first approve. Respondents stated that the office of head of accounts, departmental heads and project leaders agree on what can be spent on or not. It was also stated that it’s the responsibilities of these offices to approve and regularly monitor the NGO’s expenditures with consultation and co-operation with project management.

# MTI has internal control system in relation to funds management

Respondents were asked whether MTI has an internal control system for funds management. Responses to this question are presented in table 5.2

|  |
| --- |
| Table 5.2: MTI has internal control system in relation to funds management |
|  | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Strongly disagree | 4 | 5.9 | 5.9 | 5.9 |
| Disagree | 6 | 8.8 | 8.8 | 14.7 |
| Not sure | 12 | 17.6 | 17.6 | 32.4 |
| Agree | 20 | 29.4 | 29.4 | 61.8 |
| Strongly agree | 26 | 38.2 | 38.2 | 100.0 |
| Total | 68 | 100.0 | 100.0 |  |

**Source: Primary data (2019)**

Results in table 5.2 indicate that 5.9% strongly disagreed, 8.8% disagreed, 17.6% were not sure, 29.4% agreed while 38.2% strongly agreed. Results show that 67.6% of the respondents generally agreed and it can be interpreted to mean that MTI follows organisation policies and approved internal processes for effective funds management. Respondents stated that the NGO’s internal control system encompass accounting systems and other operations. It was also stated that in relation to funds management, accounting control systems are used to ensure financial reports produce complete financial information that is free from error and can be relied on. The internal control systems call for experienced accounting personnel and an up-to-date computerised accounting system that relates to preparation of accounting records and the custody, keeping of assets, safekeeping of assets and the continuous comparison of assets and internal auditing.

# The internal control system is followed in the use of funds

Respondents were also asked whether the internal control system is followed in the use of donated funds. Responses to this question are contained in table 5.3

|  |
| --- |
| Table 5.3: The internal control system is followed in the use of funds |
|  | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Strongly disagree | 19 | 27.9 | 27.9 | 27.9 |
| Disagree | 24 | 35.3 | 35.3 | 63.2 |
| Not sure | 5 | 7.4 | 7.4 | 70.6 |
| Agree | 16 | 23.5 | 23.5 | 94.1 |
| Strongly agree | 4 | 5.9 | 5.9 | 100.0 |
| Total | 68 | 100.0 | 100.0 |  |

**Source: Primary data (2019)**

Results in table 5.3 indicated that 27.9% strongly disagreed, 35.3% disagreed, 7.4% were not sure, 23.5% agreed while 5.9% strongly agreed. 63.2% generally disagreed to the question which means that some expenditures and funds are not reported in line with accounting internal system due to challenges such as system breakdowns, misappropriation of funds. Respondents also stated that the allocation of funds is not done under the guidance of internal control system such as the budget which indicates how much funds are available and how much is to be spent. This means that the NGO does not effectively ensure great accountability and transparency in utilisation of funds.

# MTI monitors utilisation of funds to ensure value for money

Respondents were also asked whether MTI monitors utilised funds to ensure value for money within the organisation. Responses to this question are captured in table 5.4

|  |
| --- |
| Table 5.4: MTI monitors utilisation of funds to ensure value for money |
|  | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Strongly disagree | 10 | 14.7 | 14.7 | 14.7 |
| Disagree | 8 | 11.8 | 11.8 | 26.5 |
| Not sure | 9 | 13.2 | 13.2 | 39.7 |
| Agree | 21 | 30.9 | 30.9 | 70.6 |
| Strongly agree | 20 | 29.4 | 29.4 | 100.0 |
| Total | 68 | 100.0 | 100.0 |  |

**Source: Primary data (2019)**

Results in table 5.4 indicated that 29.4% strongly agreed while 30.9% strongly agreed, since this is the majority response it interprets to mean that MTI ensures optimal use of resources to achieve the intended outcomes. Respondents stated that through the audits the NGO uses three criteria to assess the value for money of project spending. During one of the interview sessions, one respondent from audit office identified these criteria as;

*“Ensuring value for money for NGO spending is done with three common criteria one being economy, where MTI ensures minimised cost of resources, another is efficiency, where MTI ensures funds are spent well and the last one if effectiveness which is the relationship between intended and actual results of project spending, this ensures funds are wisely spent hence value for money”.*

# MTI monitors utilisation of funds to meet program design

Respondents were asked whether MTI monitors utilised funds to ensure program design. Responses to this question are presented in table 5.5

|  |
| --- |
| Table 5.5: MTI monitors utilisation of funds to meet program design |
|  | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Strongly disagree | 5 | 7.4 | 7.4 | 7.4 |
| Disagree | 9 | 13.2 | 13.2 | 20.6 |
| Not sure | 3 | 4.4 | 4.4 | 25.0 |
| Agree | 22 | 32.4 | 32.4 | 57.4 |
| Strongly agree | 29 | 42.6 | 42.6 | 100.0 |
| Total | 68 | 100.0 | 100.0 |  |

**Source: Primary data (2019)**

Results in table 5.5 indicate that 32.4% of the respondents agreed while 42.6% strongly agreed, since this was the majority response it means that monitoring of funds has an impact on evaluation of NGO projects that significantly affect program design. Respondents stated that MTI ensures availability of various documents that can support program design because the development of program designs requires sufficient range and depth in the context of analysis to formulate relevant responses to very different circumstances. This implies that the effective monitoring of utilised funds can enhance success of program designs of the NGO.

# Monitoring utilisation of funds affects implementation process

Respondents were also asked whether monitoring of utilisation of funds can affect implementation process of activities in MTI. Responses to this question are captured in table 5.6

|  |
| --- |
| Table 5.6: Monitoring utilisation of funds affects implementation process |
|  | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Not sure | 7 | 10.3 | 10.3 | 10.3 |
| Agree | 30 | 44.1 | 44.1 | 54.4 |
| Strongly agree | 31 | 45.6 | 45.6 | 100.0 |
| Total | 68 | 100.0 | 100.0 |  |

**Source: Primary data (2019)**

Results in table 5.6 indicated that 45.6% strongly agreed and 44.1% agreed, while 10.3% were not sure. Since majority of respondents generally agreed, it can be implied to mean that MTI has monitoring systems that is used to steer and organise the monitoring work for funds so that it is less time consuming and makes implementation easy. During an interview session, one respondent expressed that;

*“The monitoring of funds for impact implementation process includes issues such as accountability to funding, partners and beneficiaries; informing strategic directions, to make changes, if necessary; informing operational directions, to make changes, if necessary; and empowering key stakeholders. This means that each purpose has different consequences for the implementation process”.*

# Monitoring utilisation of funds affects evaluation process

Respondents were asked whether monitoring utilisation of funds affects evaluation process. Responses to this question are contained in table 5.7

|  |
| --- |
| Table 5.7: Monitoring utilisation of funds affects evaluation process |
|  | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Strongly disagree | 7 | 10.3 | 10.3 | 10.3 |
| Disagree | 11 | 16.2 | 16.2 | 26.5 |
| Not sure | 10 | 14.7 | 14.7 | 41.2 |
| Agree | 23 | 33.8 | 33.8 | 75.0 |
| Strongly agree | 17 | 25.0 | 25.0 | 100.0 |
| Total | 68 | 100.0 | 100.0 |  |

**Source: Primary data (2019)**

Results in table 5.7 indicate that 10.3% strongly disagreed, 16.2% disagreed, 14.7% were not sure, 33.8% agreed while 25.0% strongly agreed. 58.8% generally agreed and this was the majority response, this shows that monitoring of utilisation of funds paves way to effective evaluation process. Respondents stated that monitoring of funds encompasses determining whether the funds are yielding desired output as NGO would wish, and allowing MTI to determine how funds should be distributed across the project activities. It was also stated that this is done by collecting information that can be used in the evaluation process of ensuring value for money.

# Utilisation of funds has ensured adequate level of spending quality

Respondents were asked whether utilisation of funds has ensured adequate level of spending quality. Responses to this question are summarised in table 5.8

|  |
| --- |
| Table 5.8: Utilisation of funds has ensured adequate level of spending quality |
|  | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Strongly disagree | 12 | 17.6 | 17.6 | 17.6 |
| Disagree | 10 | 14.7 | 14.7 | 32.4 |
| Not sure | 5 | 7.4 | 7.4 | 39.7 |
| Agree | 18 | 26.5 | 26.5 | 66.2 |
| Strongly agree | 23 | 33.8 | 33.8 | 100.0 |
| Total | 68 | 100.0 | 100.0 |  |

**Source: Primary data (2019)**

Results in table 5.8 indicate that 33.8% strongly agreed and 26.5% agreed respectively, since this is the majority response, it means that that all project activities in the NGO often receive enough funds to ensure effectiveness. Respondents stated that the adequate spending quality is related to the amount of funds allocated which is ensured even without donor funds for sustainability through internal control systems characterised by appropriation of funds, proper recording.

# Monitoring funds utilisation ensures transparency in projects

Respondents were asked whether monitoring funds utilisation ensures transparency in projects. The responses to this question are shown in table 5.9

|  |
| --- |
| Table 5.9: Monitoring funds utilisation ensures transparency in projects |
|  | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Strongly disagree | 5 | 7.4 | 7.4 | 7.4 |
| Disagree | 8 | 11.8 | 11.8 | 19.1 |
| Not sure | 3 | 4.4 | 4.4 | 23.5 |
| Agree | 26 | 38.2 | 38.2 | 61.8 |
| Strongly agree | 26 | 38.2 | 38.2 | 100.0 |
| Total | 68 | 100.0 | 100.0 |  |

**Source: Primary data (2019)**

As seen in table 5.9, results show that 7.4% of the respondents strongly disagreed to the statement, 11.8% disagreed, 4.4% were not sure, 38.2% agreed and strongly agreed respectively. It is evident that a combined percentage of 76.4% of the respondents were in agreement with the statement which means that utilised funds are evaluated in a transparent manner. Respondents stated that the NGO has guidelines and rules considered in evaluation process and must adhere to transparency in execution of this activity. It was also stated that evaluations are assigned to the MTI evaluation unit and external evaluation from donors from which the respective projects are financed. Furthermore, to uphold the commitment to transparency, the costs of an evaluation are always appropriate proportion to the scope of the project.

# Accountability ensures value for money in MTI

Respondents were also asked whether determining value for money requires accountability, and the responses to this question are obtained in table 5.10

|  |
| --- |
| Table 5.10: Accountability ensures value for money in MTI  |
|  | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Strongly disagree | 7 | 10.3 | 10.3 | 10.3 |
| Agree | 21 | 30.9 | 30.9 | 41.2 |
| Strongly agree | 40 | 58.8 | 58.8 | 100.0 |
| Total | 68 | 100.0 | 100.0 |  |

**Source: Primary data (2019)**

The results in a table 5.10 indicate that 10.3% strongly disagreed to the statement, 30.9% agreed while 58.8% strongly agreed, since majority of the respondents generally agreed, this means that accountability is a great contributing factor in determining value for money. Respondents stated that in favorable conditions, a well-developed accountability system provides a multitude of information on progress towards target upon which performance is assessed and payment delivered. It was also stated that a dependable value for money framework encourages implementing partners to constantly review costs and targets in an integrated way to respond to the evolution of particular indicators to justify the value of activities in view of long term results.

# Laid down procedures for every project is followed

Respondents were asked whether the NGO has laid down procedures for every project is followed, the results to the question are obtained in table 5.11

|  |
| --- |
| Table 5.11: Laid down procedures for every project is followed |
|  | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Strongly disagree | 5 | 7.4 | 7.4 | 7.4 |
| Disagree | 9 | 13.2 | 13.2 | 20.6 |
| Not sure | 5 | 7.4 | 7.4 | 27.9 |
| Agree | 22 | 32.4 | 32.4 | 60.3 |
| Strongly agree | 27 | 39.7 | 39.7 | 100.0 |
| Total | 68 | 100.0 | 100.0 |  |

**Source: Primary data (2019)**

As seen in table 5.11, results indicate that majority of the respondents responded positively to the statement, this was presented by 39.7% and 32.4% who strongly agreed and agreed respectively. Since this was the majority response, it can be concluded to say that the NGO has clear notion on the responsibility within project management domain. It was also revealed that project managers assigned to various project implementation schemes are always aware of their responsibilities and accountability procedures towards the project whether it is a success or failure.

# Variances between budgeted and actual results are explained by project coordinators.

Respondents were also asked whether the differences between budgeted and actual results are explained by project coordinators. The results to the question are summarised in table 5.12

|  |
| --- |
| Table 5.12: Variances between budgeted and actual results are explained by project coordinators |
|  | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Strongly disagree | 5 | 7.4 | 7.4 | 7.4 |
| Disagree | 8 | 11.8 | 11.8 | 19.1 |
| Not sure | 3 | 4.4 | 4.4 | 23.5 |
| Agree | 26 | 38.2 | 38.2 | 61.8 |
| Strongly agree | 26 | 38.2 | 38.2 | 100.0 |
| Total | 68 | 100.0 | 100.0 |  |

**Source: Primary data (2019)**

According to results in table 5.12, it is revealed that 38.2% of the respondents strongly agreed and agreed respectively. A high number of respondents responded positively to the statement and this means that the project coordinators do report variances in budgeted and actual results. During an interview session, a key respondent stated that;

*“The project coordinator is solely responsible to provide project variance in form of a report to sponsors. The project coordinator must have the variance data which allows the NGO to show the sponsors how the project is going and what tasks are on schedule and what tasks are not. Another important aspect to note is that one of the techniques that separates consistently successful project managers from the rest of the pack is their ability to identify problems early, when they are small and easily solved”.*

# CHAPTER SIX

# ACCOUNTABILITY AND EFFICIENY IN SERVICE DELIVERY

# Introduction

This chapter deals with the third objective of the study; how accountability has ensured efficiency in service delivery in Medical Teams International. It aims at establishing the situation in Medical Teams International with the intention of establishing whether the NGO has endeavored to provide quality services through accountability.

Many NGO’S engage in important advocacy work to promote human and civil rights or propose alternative policy positions, contributing to healthy debates about how best to develop the country. NGOs serve an important function by improving accountability in government and promoting a robust demand for the delivery of high quality services.

NGO services need to be delivered with integrity, centered around citizens, and responsive to their needs, particularly the needs of the most vulnerable. Promoting greater transparency and enabling ordinary citizens to assess the quality, adequacy and effectiveness of basic services, to voice their needs and preferences and to become involved in innovation offers an opportunity to enable better use of public funds, and improve service delivery

In an attempt to explore whether Medical Teams International accountability process has ensured efficiency in service delivery, respondents were asked the following questions and responses are presented in the following tables.

# Efficiency and effectiveness of service depends on financial accountability

Respondents were asked whether Efficiency and effectiveness of service depends on financial accountability. Responses to this question are contained in table 6.1

|  |
| --- |
| Table 6.1: Efficiency and effectiveness of service depends on financial accountability |
|  | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Strongly disagree | 10 | 14.7 | 14.7 | 14.7 |
| Disagree | 11 | 16.2 | 16.2 | 30.9 |
| Not sure | 2 | 2.9 | 2.9 | 33.8 |
| Agree | 24 | 35.3 | 35.3 | 69.1 |
| Strongly agree | 21 | 30.9 | 30.9 | 100.0 |
| Total | 68 | 100.0 | 100.0 |  |

**Source: Primary data (2019)**

Results in table 6.1 indicate that 14.7% strongly disagreed, 16.2% disagreed, 2.9% were not sure, 35.3% agreed while 30.9% strongly agreed. 66.2% generally agreed and this interprets to mean that to effectively allocate funds to ensure services provided by MTI, the NOG ensures improved financial accountability. Respondents stated that financial accountability ensures the each project activity is allocated funds as indicated in the budget, and that this can be achieved through effective internal communication which is the requisite for integration and harmony in service delivery. It was also stated that the goal of MTI in any service provided is to improve the results of the target population in some way by providing the right type of services and by providing them in an appropriate and adequate way.

# Quality service depends on revenue allocation

Respondents were asked whether the quality of services provided depends on revenue allocation. Responses to this question are captured in table 6.2

|  |
| --- |
| Table 6.2: Quality service depends on funds allocation |
|  | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Strongly disagree | 5 | 7.4 | 7.4 | 7.4 |
| Disagree | 8 | 11.8 | 11.8 | 19.1 |
| Not sure | 9 | 13.2 | 13.2 | 32.4 |
| Agree | 18 | 26.5 | 26.5 | 58.8 |
| Strongly agree | 28 | 41.2 | 41.2 | 100.0 |
| Total | 68 | 100.0 | 100.0 |  |

**Source: Primary data (2019)**

Results in table 6.2 indicate that majority of the respondents generally agreed to the statement, this was represented by 41.2% who strongly agreed and 26.5% who agreed respectively. Since this was the majority response and meant that successful delivery of services by MTI highly depends on amount of funds allocated. Respondents stated that the higher the level of allocated funds to specific activities, the better the quality of services delivered. It was also established that services which have low levels of allocated funds were poor, this means that quality of services delivered depends on amount of funds allocated.

# MTI fairly allocates funds through accurate information

Respondents were asked whether MTI fairly allocates funds through accurate information. Responses to this question are shown in table 6.3

|  |
| --- |
| Table 6.3: MTI fairly allocates funds through accurate information |
|  | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Strongly disagree | 19 | 27.9 | 27.9 | 27.9 |
| Disagree | 28 | 41.2 | 41.2 | 69.1 |
| Not sure | 8 | 11.8 | 11.8 | 80.9 |
| Agree | 11 | 16.2 | 16.2 | 97.1 |
| Strongly agree | 2 | 2.9 | 2.9 | 100.0 |
| Total | 68 | 100.0 | 100.0 |  |

**Source: Primary data (2019)**

Results in table 6.3 indicate that 27.9% strongly disagreed, 41.2% disagreed, 11.8% were not sure, 16.2% agreed while 2.9% strongly agreed. Majority of respondents 69.1% generally disagreed; this interprets to mean that the NGO has inadequate information due to various factors to enhance fair allocation of funds. Respondents stated that the services which some personnel feel should be first attended to seem not to be of any concern to the NGO. The NGO at times allocated little or no funds to the activity service for which the funds were donated for. For instance respondents stated that at one time refugees in Gulu had prior need for mosquito nets as the effects of malaria were increasing rampantly, however, the donors had put their attention on other services. This means that the NGO has ineffective staff and systems to collect relevant accurate information which can be used to determine priority of services to be provided.

# MTI allocates adequate funds for approved projects

Respondents were asked whether MTI allocates enough funds for approved projects. Responses to this question are presented in table 6.4

|  |
| --- |
| Table 6.4: MTI allocates enough funds for approved projects |
|  | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Strongly disagree | 22 | 32.4 | 32.4 | 32.4 |
| Disagree | 27 | 39.7 | 39.7 | 72.1 |
| Not sure | 5 | 7.4 | 7.4 | 79.4 |
| Agree | 9 | 13.2 | 13.2 | 92.6 |
| Strongly agree | 5 | 7.4 | 7.4 | 100.0 |
| Total | 68 | 100.0 | 100.0 |  |

**Source: Primary data (2019)**

Results in table 6.4 indicate that 32.4% strongly disagreed and 39.7% disagreed to the question, since this was the majority and means that approved projects for implementation do not receive enough funding to ensure completion. Respondents stated that the NGO has inexperienced staff who make inaccurate projections about the costs of the projects approved without putting in regard all required equipment, labour and other expenses. This has often caused issues such as halting projects for several months without operating due to lack of funding. Respondents also stated that the cost projections are unrealistic and this is caused by unethical personnel who only wish to embezzle allocated funds for their personal benefit other than allocating funds for their initial intended use.

# MTI quality of service has improved

Respondents were asked whether MTI quality service has improved and responses to this question are presented in table 6.5

|  |
| --- |
| Table 6.5: MTI quality of service has improved |
|  | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Strongly disagree | 5 | 7.4 | 7.4 | 7.4 |
| Disagree | 9 | 13.2 | 13.2 | 20.6 |
| Not sure | 5 | 7.4 | 7.4 | 27.9 |
| Agree | 22 | 32.4 | 32.4 | 60.3 |
| Strongly agree | 27 | 39.7 | 39.7 | 100.0 |
| Total | 68 | 100.0 | 100.0 |  |

**Source: Primary data (2019)**

Results in table 6.5 indicate that 7.4% of respondents strongly disagreed, 13.2% disagreed, 7.4% were not sure, 32.4% agreed while 39.7% strongly agreed. 72.1% of the respondents generally agreed, this implies that over recent years, since inception of the NGO, services offered by MTI have improved year after year. Respondents stated that services mother to child care in refugee camps, medical treatment and the fight against malaria and HIV prevalence are no longer categorized as being in a sorry state as earlier times. It was stated that this is due to somewhat effective allocation of funds in crucial services and also the installation of internal control system for funds that are usually accounted for by staff at the NGO.

# All donated funds are accounted as per donor guidelines

Respondents were asked whether all donated funds are allocated for. Responses to this question are summarised in table 6.6

|  |
| --- |
| Table 6.6: All donated funds are accounted as per donor guidelines  |
|  | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Strongly disagree | 7 | 10.3 | 10.3 | 10.3 |
| Disagree | 13 | 19.1 | 19.1 | 29.4 |
| Not sure | 2 | 2.9 | 2.9 | 32.4 |
| Agree | 25 | 36.8 | 36.8 | 69.1 |
| Strongly agree | 21 | 30.9 | 30.9 | 100.0 |
| Total | 68 | 100.0 | 100.0 |  |

**Source: Primary data (2019)**

Results in table 6.6 indicate that majority of respondents generally agreed, this was presented by 30.9% who strongly agreed and 36.8% who agreed respectively. Since this was the majority response it shows that all funds donated to MTI can be traced. Respondents stated that NGO funds are accounted for due to funds monitoring strategies that can ensure all revenue is available and that which is allocated is used for its rightful purpose. It was stated that management and monitoring of funds have continuously prevented doors for embezzlement of funds by NGO personnel who may cover up their acts by manipulation of funds allocated figures.

# MTI regularly conducts review of submitted reports

Respondents were asked whether MTI regularly conducts review of submitted reports. Responses to this question are captured in table 6.7

|  |
| --- |
| Table 6.7: MTI regularly conducts review of submitted reports |
|  | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Strongly disagree | 12 | 17.6 | 17.6 | 17.6 |
| Disagree | 8 | 11.8 | 11.8 | 29.4 |
| Not sure | 4 | 5.9 | 5.9 | 35.3 |
| Agree | 30 | 44.1 | 44.1 | 79.4 |
| Strongly agree | 14 | 20.6 | 20.6 | 100.0 |
| Total | 68 | 100.0 | 100.0 |  |

**Source: Primary data (2019)**

Results in table 6.7 indicate that 20.6% strongly agreed and 44.1% agreed respectively, since this was the majority response, it can be interpreted to mean that management of the projects under MTI makes determines the progress of the activities through reviewing reports. During an interview session, one respondent stated that;

*“All department heads are required to prepare weekly reports and monthly reports about all relevant activities or issues that happened during that time. The department heads will each prepare these reports which are later submitted to the project manager, the project manager will then compile a full report adding all reports from all departments and this will be submitted to the board of directors for review. Finance department will make weekly reports about the cash outflows and inflows within the project and how these relate to the anticipated budget plan, maintenance department also makes a report about utility expenses, renovation and construction report including all relevant information. The weekly requirement for these reports is as per management instruction hence regular review of reports”.*

# MTI ensures supervision of on-going projects

Respondents were also asked whether the NGO ensures supervision of on-going projects. The responses to this question are summarised in table 6.8

|  |
| --- |
| Table 6.8: MTI ensures supervision of ongoing projects |
|  | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Not sure | 7 | 10.3 | 10.3 | 10.3 |
| Agree | 33 | 48.5 | 48.5 | 58.8 |
| Strongly agree | 28 | 41.2 | 41.2 | 100.0 |
| Total | 68 | 100.0 | 100.0 |  |

**Source: Primary data (2019)**

Results in table 6.8 indicate that majority of respondents that is 41.2% and 48.5% generally agreed to the statement, 10.3% were not sure. Since majority of the respondents agreed, it implies that MTI is fully responsible for on-going projects without outside authorities. Respondents stated that MTI has autonomy in what happens or doesn’t happen in any project being undertaken, this also means that the NGO is responsible for appointing individuals, usually in a professional capacity to supervise the on-going projects within the NGO scope. This means that MTI effectively ensures success of projects/activities that are performed.

# M&E is effective on utilisation of funds

Respondents were also asked whether monitoring and evaluation process is effective on utilisation of funds. Responses to the question is presented in table 6.9

|  |
| --- |
| Table 6.9: M&E is effective on utilised funds |
|  | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Strongly disagree | 10 | 14.7 | 14.7 | 14.7 |
| Disagree | 9 | 13.2 | 13.2 | 27.9 |
| Not sure | 5 | 7.4 | 7.4 | 35.3 |
| Agree | 26 | 38.2 | 38.2 | 73.5 |
| Strongly agree | 18 | 26.5 | 26.5 | 100.0 |
| Total | 68 | 100.0 | 100.0 |  |

**Source: Primary data (2019)**

The results in table 6.9 indicate that majority of the respondents generally agreed to the statement, this can be implied to mean that all activities and development programs on which money is spent receive enough funds through M&E. Respondents stated that the adequate utilisation of funds is related to the amount of funds received from donors which is monitored and evaluated for effectiveness and sustainability of the project. This improves utilisation of funds as it leads to adequate levels of spending for funds allocated to various activities.

# Reports from project coordinators are done on a monthly basis

Respondents were also asked whether reports from project coordinators are done on a monthly basis. The results to the question are captured in table 6.10

|  |
| --- |
| Table 6.10: Reports from project coordinators are done on a monthly basis |
|  | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Strongly disagree | 15 | 22.1 | 22.1 | 22.1 |
| Disagree | 27 | 39.7 | 39.7 | 61.8 |
| Not sure | 5 | 7.4 | 7.4 | 69.1 |
| Agree | 11 | 16.2 | 16.2 | 85.3 |
| Strongly agree | 10 | 14.7 | 14.7 | 100.0 |
| Total | 68 | 100.0 | 100.0 |  |

**Source: Primary data (2019)**

Results in table 6.10 indicate that majority of the respondents generally disagreed to the statement; this was presented by 22.1% who strongly disagreed and 39.7% who disagreed respectively. This can be used to conclude that project coordinators are not consistent in providing monthly reports. Respondents stated that this is one of the major contributing factors to the limitations faced in the NGO’s accountability process, failure to adhere to the procedures and standards of reporting by coordinators has led to shortage of funds as some donors end up withholding funds.

# Projects are supervised as required by the project policy

Respondents were also asked whether the projects are supervised as required by the project policy. Responses to the question are presented in table 6.11

|  |
| --- |
| Table 6.11: Projects are supervised as required by the project policy |
|  | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | Strongly disagree | 10 | 14.7 | 14.7 | 14.7 |
| Disagree | 8 | 11.8 | 11.8 | 26.5 |
| Not sure | 9 | 13.2 | 13.2 | 39.7 |
| Agree | 21 | 30.9 | 30.9 | 70.6 |
| Strongly agree | 20 | 29.4 | 29.4 | 100.0 |
| Total | 68 | 100.0 | 100.0 |  |

**Source: Primary data (2019)**

The results in table 6.11 show that 29.4% of the respondents strongly agreed to the statement, while 30.9% agreed respectively. Since this is the majority it can be implied to mean that the NGO adheres to the responsibility for implementation of projects. Respondents revealed that project supervision is about providing assistance beyond scrutiny and that where weaknesses are identified, the financing agency can put in place short-term or more regular expert support to the implementing agency to address problems

# Hypothesis testing

The hypothesis H0: There is no significant relationship between financial accountability and performance in Medical Teams International and H1: There is a significant relationship between financial accountability and performance in Medical Teams International.

# Regression Analysis

Multiple regression analysis was performed in order to establish the extent to which financial accountability explained the degree of variance in performance of Medical Teams International. The result obtained is presented in the model summary table 6.9

|  |
| --- |
| Table 6.12: Model Summary |
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1 | .722a | .521 | .513 | .35092 |
| a. Predictors: (Constant), Accountability |

Results in table 6.12 show that the Adjusted R square, which is the variability of the dependent variable (performance of MTI), explained by the regression, is .513 or 51.3%, this means that 51.3% of the variability in performance of MTI (sustainability of projects, value for money, service delivery) is explained by the independent variable financial accountability. The remaining 48.7% of performance is explained by other factors outside the scope of the current study. The R value from the summary model is 0.722 which is the correlation coefficient.

**ANOVA (Analysis of variance)**

ANOVA analysis was performed to test the equivalent hypothesis that there is a significant relationship between financial accountability and performance in Medical Teams International. The results are summarized in table 6.13

|  |
| --- |
| Table 6.13: ANOVAa |
| Model | Sum of Squares | df | Mean Square | F | Sig. |
| 1 | Regression | 8.558 | 1 | 8.558 | 69.499 | .000b |
| Residual | 7.881 | 64 | .123 |  |  |
| Total | 16.493 | 67 |  |  |  |
| a. Dependent Variable: Sustainability of projects, Value for money, Efficiency in service delivery |
| b. Predictors: (Constant), Accountability |

F= 69499, p<000, the null hypothesis that there is no significant relationship between financial accountability and performance in Medical Teams International is rejected. This means that there is a significant relationship between financial accountability and performance in Medical Teams International.

The regression coefficient is not zero and therefore improvement in financial accountability will lead to improvement in performance of Medical Teams International.

|  |
| --- |
| Table 6.14: Coefficientsa |
| Model | Unstandardized Coefficients | Standardized Coefficients | t | Sig. |
| B | Std. Error | Beta |
| 1 | (Constant) | 1.786 | .332 |  | 5.380 | .000 |
| Financial accountability | .598 | .072 | .722 | 8.337 | .000 |
| a. Dependent Variable: Performance of MTI (sustainability of project, value for money and service delivery) |

The test revealed that financial accountability has an influence on Performance of MTI (sustainability of project, value for money and service delivery), this is because the test yielded a significant relationship since the Beta value is positive presented by (p= .722, P<0.01).

In conclusion, it can be noted that tests show that the financial accountability has significantly enhanced on performance of Performance of MTI through improved sustainability of project, value for money and service delivery.

# CHAPTER SEVEN

# TOWARDS HARMONISING FINANCIAL ACCOUNTABILITY AND PERFORMANCE

# Introduction

This chapter sets out to link study findings to the literature review by discussing the findings in relationship with literature review, and then suggest a way forward for MTI. Implications are, deduced, from the findings, discussed and interpreted basing on the research Hypotheses of the study.

# Accountability and sustainability of projects

On the question of how has accountability has ensured sustainability of projects in Medical Teams International, 36.8% and 27.9% strongly agreed and agreed respectively MTI ensures accountability of all projects since the entire operations at MTI is effectively accounted for. 38.2% and 33.8% strongly agreed and agreed respectively that financial accountability is effective in ensuring long term sustainability of projects. In addition, 22.1% and 39.7% who strongly disagreed and disagreed respectively that MTI does not ensure transparency in financial accountability process. 26.5% and 39.7% strongly agreed and agreed respectively that all activities in ongoing project are effectively allocated enough funds. Furthermore, 39.7% and 30.7% who strongly agreed and agreed that MTI prepares regular financial reports for all organisation projects. 89.7% of the respondents generally agreed that NGO problem or opportunities are clearly defined before approval from management. 52.9% and 29.4% generally disagreed respectively that stakeholders are provided with accountability reports to indicate how funds are spent. 39.7% and 35.3% agreed that reports are submitted in a timely manner for business advance, and this was because decision making in reference to MTI financial reports is always on time.

Quite often project sustainability is driven not only by external stakeholder forces but by the internal core values of the NGO. Some NGO’s are founded by social entrepreneurs who want to incorporate aspects of social change or environmental stewardship into their business operations. Project sustainability provides a way of documenting efforts by these organizations and communicating that to customers and other stakeholders. Some NGOs hope that by publicly disclosing successes and failures related to their sustainability initiatives that they can provide lessons learned to help other organisations become more sustainable.

Businesses are facing new risks that need to be managed and this is leading them to actively manage their sustainability profile. Resource depletion, increased toxicity, and climate change are all examples of risks that can decrease profitability through either increased cost or decreased revenue. Project sustainability can help an NGO measure and quantify its economic risk associated with different environmental or social threats that may be overlooked in traditional financial reporting. At the same time, all of these factors provide for new business opportunities, and the companies that can successfully manage their businesses from a sustainability perspective can build competitive advantage, mitigate risk, and capitalize on innovation.

One of the most important aspects of project sustainability is the communication of the information so that it can be evaluated by stakeholders. For most businesses, the most visible form of sustainability information communication is in their annual corporate sustainability report. This has become an increasingly common document released by major companies and is typically featured on their websites. Many companies will have a section of their website specifically dedicated to highlighting their initiatives and outcomes relating to sustainability. Sustainability information can be included on consumer packaging or other marketing pieces to help brand the sustainability efforts of the company and assist consumer choice.

The process for project sustainability is similar to all performance-based business management processes. It involves the same steps, including goal setting, measurement, analysis, and action, but differs in the type of information collected. As with any business initiative, it is essential that management be supportive in this case of sustainability and that management provides the necessary financial, technical, and human resources to support each step of the process. The success of project sustainability depends on the commitment of the senior management in the organization.

Information technology is a major consideration in project sustainability. Businesses should be prepared to effectively manage the large amount of information related to sustainability and need to have information systems that can help to integrate sustainability information into their existing corporate reporting systems. These information systems must be designed to communicate performance metrics to decision makers throughout the organization. Large corporate software vendors, such as SAP and Oracle, which provide traditional business software, have integrated sustainability modules that help businesses with measuring their social and environmental performance data. In addition, a variety of custom software applications are available to assist businesses with measuring their environmental and social impact.

# Accountability and value for money

On the question whether accountability has ensured value for money in Medical Teams International, The results show that 75.0% generally agreed that all expenditures are approved by relevant offices, Results show that 67.6% of the respondents generally agreed that MTI has internal control system in relation to funds management. In addition, 63.2% generally disagreed that the internal control system is followed in the use of donated funds because some expenditures and funds are not reported in line with accounting internal system due to challenges such as system breakdowns, misappropriation of funds. 29.4% strongly agreed while 30.9% strongly agreed that MTI monitors utilised funds to ensure value for money because MTI ensures optimal use of resources to achieve the intended outcomes. 32.4% of the respondents agreed while 42.6% strongly agreed that MTI monitors utilised funds to ensure program design. 45.6% strongly agreed and 44.1% agreed that Monitoring utilisation of funds affects implementation process. 58.8% generally agreed that Monitoring utilisation of funds affects evaluation process.

Value for money (VFM) is derived from the optimal balance of benefits and costs on the basis of total cost of ownership. The nature of non-government organisations spending is such that it involves discretionary decision-taking on behalf of government at all levels. Value for money is therefore not a choice of goods or services which is based on the lowest bid price but a choice based on the whole life costs of the project or service.

VFM has emerged as a key argument for legitimising the expanding use of PFI contracts in the UK public sector2 (Broadbent and Laughlin 2003, 2005). As with performance, VFM is even more problematic in that it requires estimating future financial and non-financial benefits of the procurement options (Broadbent et al. 2004). Within PFI decision making VFM has taken on a very particular meaning. VFM in PFI is deemed to occur if the discounted cash flows from a PFI are less than those from a public sector comparator (PSC). VFM measurement thus becomes involved in estimating future cash flows, discounting rates and risk transfer, and the concept tends to focus on economy

That introducing value for money parameters to the appraisal and impact evaluation of government programmes will have a significant effect on programme design, implementation and evaluation. Various documents produced by municipality testify to this. The development of an NGO programme requires sufficient range and depth in the context analysis (social, economic and political) to formulate relevant responses to very different circumstances, and as a consequence NGO programmes display necessarily diverse and complex pathways to successful outcomes. Building strong business cases for investment which respond constructively and realistically to the focus on managing and measuring for results, and obtaining ‘more for the same’ or ‘more for less’ is a particular challenge.

# Accountability and service delivery

On the question of how has accountability has ensured efficiency in service delivery in Medical Teams International, 35.3% agreed while 30.9% strongly agreed that efficiency and effectiveness of service depends on financial accountability. 41.2% strongly agreed and 26.5% agreed that quality service depends on funds allocation. It was also stated that 27.9% strongly disagreed and 41.2% disagreed that MTI fairly allocates funds through accurate information. 32.4% strongly disagreed and 39.7% disagreed that MTI allocates enough funds for approved projects. 32.4% agreed while 39.7% strongly agreed that MTI quality of service has improved, because over recent years, since inception of the NGO, services offered by MTI have improved year after year. 30.9% strongly agreed and 36.8% agreed respectively that all donated funds are allocated for, 20.6% strongly agreed and 44.1% agreed respectively that MTI regularly conducts review of submitted reports. Furthermore, 41.2% and 48.5% generally agreed to the statement that MTI ensures supervision of ongoing projects.

Non-government organisation services delivery standards and performance which are central to their mission have long been the concern of customers and this has affected quality of service delivery. Consequently delivery performance standards for Mail, Courier, Financial and Agency services must be specific, measureable, achievable, realistic and time bound of paramount importance is that the meet the expectations of the customer on service delivery.

Service Delivery is a set of components that provide service delivery architecture (such as service creation, session control and protocols) for a type of service. Service delivery often requires integration of telecom and IT capabilities and the provision of services that are unmatched in the industry. Ross and Segal (2003) assert that service delivery available today in the healthcare sector tend to be optimized for the delivery of a service in modern technological innovations and expertise. Service delivery programs are applicable to both the consumer and business applications. The business objective of implementing the service delivery programs is to enable rapid development and deployment of new converged services, from basic services to complex services.

Service delivery is defined as the process of extending basic services like education, healthcare, water, transport and communication where the end users are the public or local people within the country (Ray, 2007). Tax administration refers to the process of administering taxes like identifying the tax payers, assessing them and levying reasonable taxes they are capable of paying. Service delivery is tied with performance at the organizational level. It means fulfilling organizational goals and objectives, especially in satisfying customer needs, employee needs and the investor needs. This is only possible if there is clear mutual (management and employee) understanding of the purpose: At the heart of this concern was whether they are intended primarily to benefit the organization or the individual.

# CHAPTER EIGHT

# SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

# Introduction

This chapter comprises of the summary of findings, conclusion and recommendation of the study according to the study objectives. The study is about financial accountability and performance of NGO’s. The recommendations are on a basis of the findings and relates to advice and the interventions that the researcher feels should be brought to the attention of MTI to improve on performance. The study ends by presenting the areas that the researcher considers vital for further studies

# Summary of the findings

# Accountability and sustainability of projects

Findings on this question revealed that all departments in the NGO are responsible of keeping records for stakeholders about the NGO’s financial position and financial performance. It was also revealed that most high staff personnel in the NGO do not follow transparency rules established in utilisation of funds evaluation. Furthermore, findings showed that MTI uses various tools and techniques for effectively allocating funds to activities and the most common being expert judgment, alternative analysis which considers several different options for how funds are to be allocated. Respondents stated that for any new proposal, solutions are defined, a project is formed and a project team is appointed to build or deliver implementation. In addition, it was revealed that problems arising from funds not being accounted for are due to lack of monitoring strategies that can ensure all funds are available and that which is allocated is used for its rightful purpose. Respondents also stated that donors asked for detailed statement to fund allocated to them and supporting documents to the effect. Lastly, it was stated that over the years there have been rising issues from donors and management on misrepresenting of accounting figures to cover for misused funds.

# Accountability and value for money

Findings on this question showed that the office of head of accounts, departmental heads and project leaders agree on what can be spent on or not. It was also stated that in relation to funds management, accounting control systems are used to ensure financial reports produce complete financial information that is free from error and can be relied on. The allocation of funds is not done under the guidance of internal control system such as the budget which indicates how much funds are available and how much is to be spent. Results also revealed that MTI has monitoring systems that is used to steer and organise the monitoring work for funds so that it is less time consuming and makes implementation easy. Respondents stated that monitoring of funds encompasses determining whether the funds are yielding desired output as NGO would wish, and allowing MTI to determine how funds should be distributed across the project activities. Respondents stated that the adequate spending quality is related to the amount of funds allocated which is ensured even without donor funds for sustainability through internal control systems characterised by appropriation of funds, proper recording.

# Accountability and service delivery

Findings on this question revealed that financial accountability ensures the each project activity is allocated funds as indicated in the budget, and that this can be achieved through effective internal communication which is the requisite for integration and harmony in service delivery. It was also stated that the higher the level of allocated funds to specific activities, the better the quality of services delivered. It was also indicated that the services which some personnel feel should be first attended to seem not to be of any concern to the NGO. Results also revealed that the NGO has inexperienced staff who make inaccurate projections about the costs of the projects approved without putting in regard all required equipment, labour and other expenses. In addition, it was revealed that over recent years, since inception of the NGO, services offered by MTI have improved year after year. Respondents stated that NGO funds are accounted for due to funds monitoring strategies that can ensure all revenue is available and that which is allocated is used for its rightful purpose. Furthermore, respondents stated that MTI has autonomy in what happens or doesn’t happen in any project being undertaken, this also means that the NGO is responsible for appointing individuals, usually in a professional capacity to supervise the on-going projects

# Conclusion

Based on the empirical findings, the study concludes that financial accountability has positive and significant effect on performance of nongovernmental organizations in Uganda. This is because appropriate financial accountability limits fraud and mismanagement of funds and hence promoting efficiency. This is not outstanding the fact that financial accountability empowers beneficiaries and other stakeholders and makes achievement of future project achievement easier.

Further, the study concludes that individually and combined, financial accountability, staff experience and organization of NGOs have positive effect on NGO performance. Tasks are performed by staffs and therefore having experienced staffs will imply that the tasks are achieved in an easier manner. In addition, NGOs with flat hierarchy have better flow of information which promotes financial accountability and consequently efficiency of the NGOs due to the smooth flow of information between various levels of organization.

The study also concludes that NGOs using high percentage of their income from donor sources are less efficient than those using income from other sources. This is due to the fact that the organizations don’t need to operate efficiently to generate resources required for their survival. Whereas using more donor funds have also been found by other studies to lead to efficiency due to donor monitoring, the effectiveness in donor monitoring may vary between donors.

# Recommendations

The study suggests that policies should be formulated by the relevant regulatory bodies to ensure that the NGOs can account for all the spending and independent checks to be done by the respective regulators to ensure the same is compiled to.

The study also recommends that the NGOs to be required to give details of their revenues, spending and controls in place to ensure that the organizations can account for all their spending. Stringent measures should be put in place to ensure that the NGOs comply with the set rules and reports filled are accurate.

The study also recommends that MTI to adopt flat organization structure to enhance communication and improve efficiency. This will ensure that all the parties in the organization are aware of the operations of the NGO and promote transparency.

Staff training and retention should also be encouraged to improve efficiency. This can be done by ensuring regular organization climate survey by independent entity and implementation of annual staff appraisal program and attempts to identify training gaps made.

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# APPENDIX A: SELF ADMINISTRED QUESTIONAIRE

Dear respondent,

I am TUMUSIIME BRENDA ANN a student of Nkumba University pursuing a Master of Business Administration currently under taking my research. I am conducting a study about “financial accountability and performance of non-government organisations in Uganda, focusing on a case study of Medical Teams International”. You have been identified as a resourceful person and you are kindly requested to fill this questionnaire and the information given will be confidential and strictly used for academic purposes only. In case you are interested in recovering a copy of an abstract of this research, please indicate your email address at the end of this questionnaire.

Thank you for your cooperation

Yours, Tumusiime Brenda Ann

Researcher

**PART 1: BACKGROUND INFORMATION OF RESPONDENTS**

**“Please tick in brackets provided ( )**

1. Gender of respondent?

1. Male
2. Female

2. Age group (in years)

1. 20-30
2. 31-40
3. 41-50
4. Above 50

3. For how long have you served in Medical Teams International?

1. Less than one year
2. 1-4 years
3. 5-7 years
4. 8 years and above

4) Indicate the highest level of education attained.

1. PhD -
2. Masters
3. Degree
4. Diploma
5. UACE
6. UCE

**Under this section B-E, you are required to tick the answer that best gives your answer based on the 5 Likert scale below.**

**1. Strongly disagree (SD) 2. Disagree (D) 3. Not sure (NS) 4. Agree (A) 5. Strongly agree (SA)**

**SECTION B: Accountability and sustainability of projects in Medical Teams International**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Statement** | **1** | **2** | **3** | **4** | **5** |
| 1. MTI ensures accountability for all projects |  |  |  |  |  |
| 2. Financial accountability is effective in ensuring long term sustainability of projects |  |  |  |  |  |
|  3. MTI ensures transparency in financial accountability process |  |  |  |  |  |
| 4. All activities in ongoing project are effectively allocated enough funds |  |  |  |  |  |
| 5. MTI prepares regular financial reports for all organisation projects  |  |  |  |  |  |
| 6. Proposals are analysed by all stakeholders before approval and implementation |  |  |  |  |  |
| 7. Stakeholders are provided with accountability reports to indicate how funds are spent |  |  |  |  |  |
| 8. Reports are submitted in a timely manner for business advance  |  |  |  |  |  |
| 9. Donors do not have any queries on the financial accountability reports presented |  |  |  |  |  |
| 10. Cash flow statements clearly show MTI’s projected cash inflows and outflows |  |  |  |  |  |

**SECTION C: Accountability ensures value for money in Medical Teams International**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Statement** | **1** | **2** | **3** | **4** | **5** |
| 1. All expenditures are approved by relevant offices |  |  |  |  |  |
| 2. MTI has internal control system in relation to funds management  |  |  |  |  |  |
| 3. The internal control system is followed in the use of donor funds |  |  |  |  |  |
| 1. MTI monitors utilisation of funds to ensure value for money
 |  |  |  |  |  |
| 1. MTI monitors utilisation of the funds to meet program design
 |  |  |  |  |  |
| 1. Monitoring utilisation of funds affects implementation process
 |  |  |  |  |  |
| 1. Monitoring utilisation of funds affects evaluation process
 |  |  |  |  |  |
| 1. Monitoring funds utilisation ensures transparency in projects
 |  |  |  |  |  |
| 1. Utilisation of funds has ensured adequate level of spending quality
 |  |  |  |  |  |
| 1. Accountability ensures value for money in MTI
 |  |  |  |  |  |
| 1. Laid down procedures for every project is followed
 |  |  |  |  |  |
| 1. Variance between budgeted and actual results are explained by project coordinators
 |  |  |  |  |  |

**Objective 3: Accountability ensures efficiency in service delivery** **in Medical Teams International**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Statement** | **1** | **2** | **3** | **4** | **5** |
| 1. Efficiency and effectiveness of service depends on financial accountability |  |  |  |  |  |
| **2.** Quality service depends on revenue allocation |  |  |  |  |  |
| 3. MTI fairly allocates funds through accurate information |  |  |  |  |  |
| 1. MTI allocates adequate funds for approved projects
 |  |  |  |  |  |
| 1. MTI quality of service has improved
 |  |  |  |  |  |
| 1. All donated funds are allocated as per donor guidelines
 |  |  |  |  |  |
| 1. MTI regularly conducts review of submitted reports
 |  |  |  |  |  |
| 1. MTI ensures supervision of ongoing projects
 |  |  |  |  |  |
| 1. M&E is effected on utilisation of funds
 |  |  |  |  |  |
| 1. Reports from project coordinators are done on a monthly basis
 |  |  |  |  |  |
| 1. The projects are supervised as required by the project policy
 |  |  |  |  |  |

# APPENDIX B: INTERVIEW GUIDE

GUIDE LINES DISCUSSIONS AMONG RESPONDENTS

Location:

Date:

Time discussion started: time ended

**Introduction**

1. Introduce myself (my name and the University I study from)

2. Introduce respondents

3. Explain the purpose of the visit: “I want to understand the role of financial accountability on performance of non-government organisations in Uganda.

4. Explain how answers will be treated confidentially: “I will treat all answers with respect and will not share them except as general answers combined from all people who participate in the study. I will not give names of respondents as this will make them feel uncomfortable talking with me. Participation in the discussions will completely be voluntary and do not have to answer any questions that they don’t feel like responding to.

Hereto, ask respondents if they are willing to participate in the group discussions.

Question:

1. MTI ensures accountability for all projects

2. Financial accountability is effective in ensuring long term sustainability of projects

3. MTI ensures transparency in financial accountability process

4. All activities in ongoing project are effectively allocated enough funds.

5. All expenditures are approved by relevant offices

6. MTI has internal control system in relation to funds management

7. The internal control system is followed in the use of donated funds

8. MTI monitors utilised funds to ensure program design

9. Efficiency and effectiveness of service depends on financial accountability.

10. Quality service depends on revenue allocation

11. MTI allocates enough funds for approved projects

12. Performance reports are prepared in every quarter