



**MAKERERE UNIVERSITY
COLLEGE OF BUSINESS AND MANAGEMENT SCIENCES (COBAMS)
SCHOOL OF BUSINESS**

**EVALUATING THE STATE OF DONOR ACCOUNTABILITY IN NGOS IN UGANDA: A
CASE OF NGOS IN KAMPALA**

**BY
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**A RESEARCH REPORT SUBMITTED TO THE COLLEGE OF BUSINESS
AND MANAGEMENT SCIENCES IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE AWARD OF THE DEGREE
OF MASTER OF BUSINESS ADMINISTRATION
OF MAKERERE UNIVERSITY**

SEPTEMBER, 2025

DECLARATION

DECLARATION

I, **NABUKENYA BRENDA NOELINE**, do hereby declare that this dissertation is my original work and it has never been submitted before for any examination at any other university. All the sources I have used are indicated and acknowledged herein.

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DEDICATION

This work is dedicated to EL ROI, thank you Lord for the wisdom, strength, and clarity to complete this chapter. To my incredible family: your love, sacrifices, and belief in me, have made this journey possible. You sparked my desire to grow, and I carry that gift with deep gratitude.

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LIST OF ABBREVIATIONS

CFC Ltd	Capital Finance Corporation Limited
CG	Corporate Governance
CVI	Content Validity Index
CVI	Content Validity Index
DRP	Disaster Recovery Plans
FPC	Financial Reporting Council
GDP	Gross Domestic Product
IRA	Insurance Regulatory Authority
NED	Non-Executive Directors
NGOs	Non-Governmental Organizations
OECD	Organization for Economic Cooperation and Development
RBVT	The Resource-Based View Theory
SD	Standard Deviation
SMEs	Small and Medium Enterprises
UBOs	Uganda Bureau of statistics
US	United States of America
WBCSD	World Business Council for Sustainable Development

ABSTRACT

The study purposely investigated the NGO Donor accountability among NGOs in Uganda, with a focus on NGOs in Kampala. The study was premised on three objectives; to evaluate financial accountability practices among NGOs in Kampala, to examine the challenges hindering the effective implementation of financial accountability in NGOs in Kampala and to propose strategies for enhancing the implementation of financial accountability in NGOs in Kampala. The study adopted a descriptive research design. The study employed both quantitative and qualitative approaches. An interview guide and questionnaires were the main tools to use in data collection, which combined qualitative and quantitative techniques, respectively. In this study, the population was comprised of NGO staff and heads of finance departments in the different NGOs. The study revealed that NGOs in Kampala demonstrate moderately strong financial accountability practices, with financial monitoring being the most consistently applied (mean = 3.76, SD = 0.86), followed by structured financial planning (mean = 3.66, SD = 1.14) and fund utilization (mean = 3.56, SD = 1.04). However, internal controls remain the weakest area (mean = 3.30, SD = 1.09), highlighting gaps in segregation of duties and whistleblower mechanisms. Challenges hindering effective implementation include corruption (mean = 3.80, SD = 0.91), lack of transparency (mean = 3.70, SD = 0.85), inadequate training (mean = 3.68, SD = 1.10), and limited funding (mean = 3.57, SD = 1.18), with an overall challenge mean of 3.44. Strategies for improvement received moderate support (mean = 3.11), with the most favored being adoption of financial management systems (mean = 3.19, SD = 1.08), sustainable funding plans (mean = 3.18, SD = 1.08), and balancing donor influence (mean = 3.18, SD = 1.05), while transparency and monitoring practices were least prioritized (mean = 2.86, SD = 0.83). The study recommends that NGOs in Kampala enhance financial accountability by investing in regular staff training to build internal capacity and reduce procedural errors, adopting digital financial management systems to improve tracking and transparency, and enforcing strong internal controls such as segregation of duties and whistleblower policies to mitigate corruption risks. It further advises the development of clear governance structures and a balanced approach to donor influence to strengthen strategic autonomy. Lastly, the study urges NGOs to prioritize transparency and monitoring through open financial reporting and timely external audits to reinforce stakeholder trust and procedural integrity.

CHAPTER ONE:

INTRODUCTION

1.1 Introduction

This chapter presents the background, the statement of the problem, purpose of the research, purpose and specific objectives, research questions, scope of the study which will include time scope, content scope and geographical scope, and significance of the study

1.2 Background

Globally, Non-Governmental Organizations (NGOs) have often been viewed as effective and straightforward solutions to persistent development problems, frequently referred to as "magic bullets" for addressing issues within the development sector (Cordery et al., 2023). Historically, financial accountability discussions were mostly concentrated on for-profit entities, leaving NGOs somewhat overlooked in this regard (Nadzmy et al., 2024). However, there has been a recent and notable shift, with growing emphasis on the governance, accountability, transparency, sustainability, and management of NGOs (Guo et al., 2024). As essential players in tackling global development challenges, NGOs now face heightened expectations concerning their accountability. This scrutiny is fueled by their reliance on donor funding and their responsibility to serve vulnerable populations, requiring them to uphold strong financial transparency and ethical governance standards (Cordery et al., 2023).

In many African countries, efforts to strengthen NGO accountability have gained international momentum. However, there is little evidence that existing accountability models have effectively improved transparency, ethical conduct, or operational efficiency within African NGOs (Goddard, 2021). This has sparked growing concern about the relevance and applicability of these frameworks in the African context, prompting calls to reassess current mechanisms. For example, Cordery et al. (2023) found that in South Africa, numerous NGOs did not fully comply with the International Financial Reporting Standards for Small and Medium Enterprises (IFRS for SMEs), which are designed to improve the quality of financial disclosures. Instead, financial reporting practices varied widely, often influenced by donor-specific requirements. In Tanzania, the same study noted that NGOs seldom undertook external audits, a key practice that could improve accountability, foster trust, and support regulatory compliance. Moreover, In many African

countries, public disclosure of audited financial statements is not mandatory, contributing to inconsistencies in transparency practices."

In Uganda, the Non-Governmental Organizations (NGOs) Act of 2016 was designed to foster a supportive and well-regulated environment for the operations of NGOs but they become more accountable to their donors . This legislation established clear administrative and regulatory structures to oversee NGO activities, ensuring transparency and accountability in their operations. A significant aspect of this Act was the creation of the National Bureau for Non-Governmental Organizations, which plays a crucial role in advising the government on policies concerning NGO activities (Musaali, 2020). This Bureau is responsible for crafting, developing, and disseminating policy guidelines that enhance efficiency in monitoring NGO functions. A key priority of these regulatory measures is ensuring donor accountability, making certain that NGOs manage funds responsibly and use them for their intended purposes. (NGOs Act, 2016). By enforcing compliance with these guidelines, the Bureau helps maintain trust between NGOs and their donors, reinforcing ethical standards in resource utilization and organizational governance (NGO Regulations, 2017).

Despite the existence of regulatory frameworks, NGOs in Uganda continue to grapple with persistent challenges, particularly concerning transparency and accountability (Musaali, 2020). While these frameworks primarily emphasize accountability to the government through regulatory bodies such as the National Bureau for NGOs, questions remain about how NGOs should also be held accountable to both funders and beneficiaries. Funders, who provide essential financial resources, often have limited engagement beyond periodic monitoring visits and occasional interactions with beneficiaries (Musaali, 2020).

Similarly, beneficiaries who are the intended recipients of NGO services typically lack the capacity, platforms, or leverage to demand accountability or influence NGO operations (Ricciuti & Calò, 2023). Moreover, this dynamic not only limits the upward flow of information but also reinforces a one-directional model of service delivery where accountability is primarily upward towards donors and regulatory bodies rather than downward to beneficiaries (Tugyetwena, 2023). This disconnect not only weakens transparency but also hinders efforts to build mutual trust and sustainable impact. As Muraguri (2023) argues, meaningful accountability in the NGO sector should extend beyond compliance with government regulations and include mechanisms that engage both funders and beneficiaries in a more participatory and transparent manner.

Kampala District is home to the highest concentration of NGOs in Uganda, accounting for approximately 25% of all registered organizations nationwide (National NGO Register, 2023). These NGOs play a vital role in addressing challenges in health, education, and poverty reduction (Akandinda et al., 2022). Despite their significance, many struggle with maintaining financial accountability. The NGO Bureau serves as a regulatory authority tasked with enforcing compliance and acting as an accountability mechanism on behalf of donors, ensuring that NGOs meet financial and operational standards (NGO Bureau, 2019). Although NGOs are legally required to submit annual reports to the Bureau, many do not make these reports publicly accessible, thereby limiting transparency and curbing public oversight (Bebchuk and Weisbach, 2022).

1.3 Statement of the Problem

Donor accountability is vital for NGOs as it builds trust, ensures transparency, and strengthens donor relationships, ultimately contributing to sustainable support (Katongo and Phiri, 2023). To promote this accountability, the Ugandan government established the National Bureau for NGOs, which is responsible for registering, supervising, monitoring, investigating, and sanctioning the activities of all NGOs operating within the country (NGOs Bureau, 2022). NGOs are mandated to submit annual returns to the Bureau, detailing their funding sources, amounts received, and estimates of income and expenditure. Additionally, NGOs must obtain approval from both the District Non-Governmental Organisations Monitoring Committee and the respective local government in order to operate within any given district (Partaker, 2024). However, despite these regulatory frameworks, NGOs operating in Kampala, Uganda, continue to face significant accountability challenges (Rwanyakibungo, 2023). Instances of mismanagement and misuse of donor funds have been reported, and many NGOs have been implicated in failing to uphold financial integrity. Furthermore, weak coordination among NGOs and a lack of proper accounting for their economic contributions have further undermined their credibility (Agyemang et al., 2019). These issues have, in many ways, dented public trust and donor confidence in the sector. Therefore, this study seeks to assess the donor accountability of NGOs in Uganda with reference to Kampala-based organizations. ~~study~~.

1.4 Purpose of the Study

The purpose of this study is to investigate NGO accountability among NGOs in Uganda, with a focus on NGOs in Kampala.

1.5 Research Objectives

- i. To evaluate financial accountability practices among NGOs in Kampala.
- ii. To examine the challenges hindering the effective implementation of financial accountability in NGOs in Kampala.
- iii. To propose strategies for enhancing the implementation of financial accountability in NGOs in Kampala.

1.6 Research Questions

- i) How effective are the current financial accountability practices among in Kampala?
- ii) What are the challenges hindering the effective implementation of financial accountability in NGOs in Kampala?
- iii) What are the strategies for enhancing the implementation of financial accountability in NGOs in Kampala?

1.7 Significance of the Study

This study on financial accountability practices among NGOs in Kampala is significant to a range of stakeholders. For NGO management and staff, it will offer insights into current financial accountability mechanisms, identifying gaps and areas for improvement to enhance organizational effectiveness. The findings will also guide Boards of Directors in making informed decisions and adopting best practices to strengthen accountability frameworks. Donors and funders will benefit from increased transparency and improved trust, potentially encouraging greater financial support. For beneficiaries and communities, more accountable financial practices will ensure efficient resource utilization, improving service delivery and impact. Additionally, the study will inform regulatory bodies and government agencies, aiding in the development of more effective policies and oversight mechanisms. Lastly, it will contribute to academic literature, offering a valuable case study for researchers and educators interested in nonprofit governance and accountability.

1.8 Scope of The Study:

1.8.1: Content Scope:

The study was confined to assessing financial accountability among Non-Governmental Organizations in the Kampala. It assessed financial accountability practices among NGOs in

Kampala, examine challenges hindering the effective implementation of financial accountability in NGOs in Kampala. And propose strategies for enhancing the implementation of financial accountability in NGOs in Kampala.

1.8.2: Geographical Scope:

This study focused on NGOs operating in Kampala, Uganda's capital and a hub for nonprofit activity. The city provides a relevant context for examining financial accountability practices due to the high number of NGOs and the governance challenges they face. Insights gained from Kampala are expected to reflect broader trends and inform improvements across the sector.

1.8.3 Time Scope:

The study was cross-sectional in nature with data collected at one point in time probably between March to August 2025.

1.9 Operational definitions

Financial accountability refers to producing regular financial reports to those with an interest and a right to know, proving that leadership has control over financial decisions and accounting for funds by producing documentary proof of receipts and payments.

Financial control refers to the process of regulating financial activities to achieve organizational goals

Financial Sustainability is defined as the ability of an NGO to develop a diverse resource base so that it could continue its institutional structure and production of benefits for the intended client population after the cessation of donor financial support.

Financial Monitoring: refers to monitoring NGO's project expenditure and comparing them with the budgets prepared at the planning stage.

Financial planning refers to a managing of the supports of institutions in purpose to attain the financial goals for the NGO.

Non-governmental organizations refer to institutions and groups that are entirely independent of government support and in most cases are funded by donations.

Resource allocation: It is the assignment of available resources like human resource and finances to various uses in order to meet organizational objectives.

Sustainability refers to the ability of an NGO to effectively manage its financial resources in a manner that ensures its long-term viability and the achievement of its mission and goals.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction.

This chapter presents a critical review of literature on the topic under study guided by the objectives.

2.2 Empirical review

2.2.1 Financial accountability practices among NGOs

Many NGOs operate under specific guidelines designed to ensure accountability in areas such as handling complaints, managing conflicts of interest, official expenses, financial management, record keeping, appointments, and accountability to senior management teams. These guidelines are often supplemented by agreements with donors and beneficiaries (Agyemang et al., 2019). Financial accountability parameters include the financial amount involved, criteria for allocation, the frequency of allocations, and the strategy employed for these allocations. The dimensions of accountability source of control, quality of control, and direction of relationships encompass diverse accountability types. These types vary by actors, characteristics, and evolving qualities, each presenting unique challenges (Thant, 2019).

Jordan (2025) identifies three critical areas of NGO accountability to their stakeholders: effectiveness, organizational reliability, and legitimacy. Effectiveness entails fulfilling their mandate efficiently, delivering high-quality, impactful operations that provide value for money, and being responsive to beneficiaries. Organizational reliability focuses on the independence and robustness of their structures, including the role and composition of the board, financial and management frameworks, and human resource policies. Finally, legitimacy requires addressing issues related to their constituency, adherence to their mission, and accountability to the general population and beneficiaries (Agyemang et al., 2019).

From literature the most common financial accountability practices among NGOs include financial monitoring, financial planning, financial control, fund utilization, financial reporting and internal controls (Maina, 2018; Ndibaru and Ongwae, 2023).

Financial monitoring

Santino (2020) assessed how the quality of financial reporting affects access to donor funds in NGOs, focusing on the Friends of Children Association (FOCA). The study revealed that FOCA's substandard financial reporting significantly hindered its ability to secure donor funding, establishing a strong link between reporting quality and funding accessibility. Kateeba (2020) similarly found that poor-quality financial reports diminish both the performance and credibility of NGOs, ultimately affecting their ability to attract and retain donor support. In a related study, Carolyn (2017) emphasized that donors are the primary users of NGO financial statements and rely heavily on them to assess organizational integrity and impact. These findings collectively underscore that transparent, donor-aligned financial reporting is not merely a compliance exercise—it is a strategic tool for resource mobilization and organizational sustainability (Ahmad et al., 2024).

Recent studies continue to affirm the critical role of financial reporting in shaping NGO accountability and donor confidence. For instance, Nabwire and Tumusiime (2022) found that NGOs with structured financial disclosure practices were more likely to retain long-term donor partnerships, particularly when reports aligned with international accounting standards. Munyua (2021) emphasized that the presence of internal audit committees and timely financial reporting significantly improved donor trust and funding continuity among Kenyan NGOs. In a Ugandan context, Kusemererwa et al. (2020) explored the link between ethical behavior and compliance with donor reporting requirements, revealing that lapses in ethical conduct often led to funding suspensions. Bougheas, et al. (2022) developed a donor screening model showing that international donors prioritize NGOs with transparent financial systems and educated leadership, reinforcing the value of reporting as a proxy for efficiency. Finally, Mvunabandi et al. (2022) highlighted that NGOs burdened by multiple donor reporting templates often struggled with consistency, leading to fragmented accountability. These findings are particularly relevant to the current study, as NGOs in Kampala may face similar structural and capacity-related challenges. Understanding

these dynamics is essential for evaluating how financial reporting practices influence NGO accountability to regulatory authorities in Uganda.

Financial Planning

Chelangat et al. (2018) revealed that financial control has a significant positive impact on the financial sustainability of NGOs, though only a small proportion had achieved institutional and financial sustainability due to weak financial planning. Similarly, Nuraeni et al. (2022) emphasized that poor budgeting and inadequate internal controls often lead to compliance failures and diminished donor confidence. These findings align with those of Anyijukire (2021), Kereri and Massawe (2024), and Oluoch et al. (2021), who collectively argue that internal financial controls, strategic planning, and diversified funding mechanisms are critical for sustaining NGO operations and meeting regulatory expectations. In the context of Kampala-based NGOs, these insights are particularly relevant, as many organizations continue to grapple with fragmented financial systems and limited capacity to meet the NGO Bureau's compliance requirements. Understanding how financial management practices influence regulatory accountability is therefore essential for strengthening institutional resilience and public trust.

Odhiambo and Maende (2023) revealed a negative and statistically insignificant relationship between financial planning and resource mobilization, suggesting that current planning practices may not effectively support fundraising efforts. They also noted that existing financial planning frameworks failed to enhance financial accountability. These findings are echoed by Mugisha and Kato (2022), Lwanga et al. (2021), Mikeladze (2021), and Abonyo (2024), who collectively argue that while financial planning is essential, its impact is often undermined by weak implementation, limited staff capacity, and fragmented budgeting systems. In the context of Kampala-based NGOs, these insights are particularly relevant, as many organizations continue to operate with outdated financial tools and inconsistent planning cycles. Understanding these limitations is crucial for evaluating how financial planning practices influence both accountability and operational efficiency within Uganda's regulatory framework.

Financial Control

Dagane and Kihara (2021) demonstrate that financial reporting, monitoring, audits, and risk assessment all have a significant and positive influence on the financial sustainability of NGOs. Among these, financial audits had the strongest impact, followed by risk assessment, reporting,

and monitoring. The study concluded that enhancing financial control practices is critical for the long-term sustainability of NGOs. These findings are echoed by Anyijukire (2021), Oluoch et al. (2021), and Kereri and Massawe (2024), who collectively emphasize that internal financial controls particularly monitoring systems, audit mechanisms, and risk management frameworks are essential for sustaining NGO operations and ensuring accountability. In the context of NGOs in Kampala, these insights are especially relevant, as similar financial control mechanisms may play a vital role in promoting regulatory compliance and maintaining trust with oversight bodies.

Ndungu and Mwangi (2023) show that donor financial reporting compliance and timely financial reconciliations significantly reduce financial distress among HIV/AIDS NGOs in Kenya. The study underscores the importance of aligning NGO financial practices with donor requirements to enhance financial stability and sustainability, while also calling for improved communication between donors and NGO staff to clarify compliance expectations. These findings are supported by Kusemererwa (2020), Mvunabandi and Mbonigaba (2023), and Agyemang (2021), who collectively emphasize that ethical behavior, adherence to international financial reporting standards, and transparent audit practices are essential for maintaining donor trust and regulatory compliance. In the context of NGOs in Kampala, these insights are particularly relevant, as strong financial controls and donor-aligned reporting practices may be critical in ensuring compliance with government regulations and sustaining operational resilience.

Fund Utilization

Asante (2023) found that aligning fund allocation with donor prescriptions enhances financial sustainability, while NGO-driven agendas tend to undermine it. Transparency in financial practices was also shown to boost donor confidence. These findings are echoed by Dethier et al. (2023), Bougheas et al. (2022), and Alhidari et al. (2021), who emphasize that donor trust hinges on clear financial disclosures and alignment with donor expectations. In Kampala's NGO landscape, where funding is often conditional, understanding how donor-aligned financial practices influence sustainability is crucial for improving both accountability and long-term viability.

Mankambila and Marwa (2024) highlighted that accuracy, timeliness, and adherence to reporting standards significantly enhance donor fund effectiveness, especially in health-focused NGOs. These findings are reinforced by Tadesse and Alemu (2023), Karanja (2022), and Bwire et al.

(2021), who collectively emphasize that leadership commitment, standardized reporting frameworks, and continuous capacity-building are essential for improving financial accountability and optimizing donor-funded project outcomes. In the context of Kampala-based NGOs, where resource constraints and reporting inconsistencies persist, these insights underscore the need for robust financial reporting systems to ensure compliance, build donor trust, and sustain program impact.

Financial Reporting

Mvunabandi (2023) found that NGO financial reporting practices often did not align with International Financial Reporting Standards (IFRS) for SMEs, as reporting formats were mainly shaped by varying donor requirements. The study emphasized the need for standardized reporting systems that balance donor expectations with organizational accountability and credibility. Similarly, Chowdhury et al. (2019) reported that while IFRS for SMEs was adopted by some NGOs, it was not well-suited to the NGO context, leading to difficulties in producing high-quality financial statements. Both studies highlight the tension between donor-driven reporting formats and standardized financial practices. These findings are relevant to the current study, as they point to a critical challenge facing NGOs in Kampala: aligning their financial reporting to meet both donor expectations and government regulatory requirements. Addressing these gaps is essential for enhancing NGO accountability and ensuring compliance with national standards.

Internal Controls

Muithya (2021) found that internal controls such as preventive, detective, and corrective measures have a significant positive impact on the financial accountability of humanitarian organizations. Practices like cheque co-signing, segregation of duties, and clearly defined lines of authority were shown to reduce fraud and enhance transparency. These findings are supported by Agwate (2023), Muse (2022), and Etengu and Amony (2021) who emphasize that robust internal control systems, including risk assessment, routine monitoring, and employee training, are essential for strengthening financial performance and ensuring regulatory compliance. For NGOs in Kampala, such practices may be especially important in improving transparency, meeting government regulatory standards, and maintaining donor trust.

Muli and Musau (2022) found that despite the presence of internal control systems, issues such as inefficient budget use, asset misuse, and delayed reporting continued to undermine financial management in humanitarian NGOs. These findings are echoed by Alio (2021), Muse (2022), and Ngwenya (2013), who each emphasize that effective internal audits, clear communication channels, and structured risk assessments are critical for improving financial accountability and minimizing misuse of donor funds. In particular, Alio (2021) highlights the role of compliance with accounting standards and fraud audits in enhancing NGO performance, while Muse (2022) underscores the importance of monitoring and evaluation systems in strengthening financial oversight. Similarly, Ngwenya (2013) found that although many NGOs had sound internal controls, inconsistencies in human resource practices weakened overall accountability. In the context of Kampala-based NGOs, these insights reinforce the need for integrated internal control frameworks to ensure regulatory compliance and reduce financial mismanagement.

2.2.2 The challenges hindering the effective implementation of financial accountability in NGOs

The effective implementation of financial accountability in NGOs is hindered by various challenges related to resource mobilization and management. One major obstacle is the reliance on external donors, who often dictate fund allocation criteria, change preferences, or impose restrictions that inhibit NGOs' autonomy and growth, as noted by Viravaidya and Hayssen (2021). Taxation issues further complicate financial sustainability, where governments may overtax NGOs without granting automatic exemptions, as observed by Oyongo (2021). Poor financial systems and inadequate transparency discourage stakeholder trust, leading to difficulties in sustaining donor support. Risks such as adverse selection and moral hazard emerge when funds are mismanaged or embezzled, compromising accountability and donor confidence.

Cultural and policy-based barriers also pose challenges, where traditional beliefs may reject certain services, and policies like the U.S. Global Gag Rule impose restrictions on health-related projects, such as abortion services (Batti, 2014; Ipas, Dusenberry, 2024). Weak governance structures limit leadership effectiveness in mobilizing resources, while inadequate networking and resource mobilization skills result in failed fundraising efforts. Political interference exacerbates the situation, creating bureaucratic roadblocks or deregistering NGOs perceived as threats to national security (Batti, 2024). Founder Syndrome, characterized by dominating leadership, stifles

innovative resource mobilization practices (Stephen, 2022). Additionally, donor-specific criteria, competition among NGOs, and poor documentation of achievements hinder visibility, resource access, and credibility (Batti, 2024; Srivastava, 2017). These challenges collectively undermine financial accountability and operational efficiency in NGOs.

Murataliyevna (2024) highlights that one of the key challenges hindering financial accountability in NGOs is the tension between their diverse roles—delivering public services, empowering marginalized groups, and promoting good governance—while maintaining political neutrality. These overlapping responsibilities often place NGOs in politically sensitive positions, where their actions may be perceived as either reinforcing or undermining state authority. This dilemma is echoed by Tugyetwena (2023), Keating and Thrandardottir (2017), and Kimeu and Karugu (2020), who collectively argue that navigating institutional pressures, donor expectations, and political scrutiny complicates NGOs' ability to remain transparent and financially accountable. In the context of Kampala-based NGOs, these dynamics are particularly relevant, as organizations must balance their advocacy and service roles while complying with regulatory frameworks in politically nuanced environments.

Another significant barrier is the restrictive legal and regulatory frameworks imposed by governments, particularly in developing countries. NGOs that receive foreign funding are often required to register under outdated laws and seek government approval for budgets and project plans. These regulatory requirements can be used as tools of control, limiting the operational independence of NGOs and slowing down their project implementation. This regulatory pressure often forces NGOs to prioritize compliance over transparent financial management, further complicating accountability efforts. These concerns are echoed by Fransen and Dupuy (2024), Jedele (2023), and Tarvainen (2020), who argue that such legal constraints are part of a broader trend of shrinking civic space, where governments use legislation to suppress advocacy and restrict NGO autonomy, particularly in politically sensitive sectors.

Adding to this challenge is the weakness of internal governance and self-regulation mechanisms within the NGO sector. Many NGO associations have introduced voluntary codes of conduct to promote transparency, efficiency, and ethical behavior. While these codes represent positive steps, they generally lack enforcement mechanisms, meaning that compliance is voluntary and inconsistent. Without proper oversight or incentives to uphold these standards, self-regulation does

little to ensure actual financial accountability in practice. This is consistent with findings by Deloffre (2016), Kumi et al. (2025), and Ghasemi et al. (2022), who highlight that while self-regulation frameworks such as codes of ethics and peer accountability initiatives exist, their effectiveness is often undermined by weak institutional capacity, limited incentives, and fragmented implementation across the sector (Kandel et al., 2025).

Complicating matters further is the need to remain accountable to multiple stakeholders each with differing priorities and expectations. International donors, government agencies, local partners, and beneficiaries all demand various forms of reporting and justification (Ahmed et al., 2016). While donors may emphasize detailed audits and project-specific results, local communities may be more concerned with tangible impact and fairness. Balancing these conflicting demands can overwhelm NGO systems, making it difficult to maintain consistent financial transparency across all stakeholder groups (Shava, 2021).

A persistent issue is the lack of transparency in financial reporting among many NGOs. Although organizations often publish detailed reports on program outcomes, they frequently avoid disclosing key financial information such as sources of funding, donor contributions, and internal expenditures. This opacity undermines trust, especially when NGOs present themselves as participatory or grassroots-led. Without full transparency, stakeholders including the public are left to speculate about how funds are actually being used (Ahmed et al., 2016; Ortega-Rodríguez et al., 2020; Pariag et al., 2022).

Finally, the emphasis on performance accountability often overshadows financial accountability. NGOs commonly showcase their effectiveness by reporting on numbers of beneficiaries served or program outputs achieved. While these metrics are useful, they do not provide insight into whether funds are being used efficiently, ethically, or in alignment with donor intentions. Without financial transparency to complement performance data, true accountability remains incomplete (Ellul and Hodges, 2019; Burger and Owens, 2018; Awuah-Werekoh et al., 2023).

2.2.3 The strategies for enhancing the implementation of financial accountability in NGOs

Strengthening Governance and Financial Oversight

A foundational strategy for enhancing financial accountability in NGOs is the establishment of strong governance structures. A competent board of directors or financial oversight committee plays a crucial role in setting strategic direction, monitoring financial performance, and ensuring adherence to ethical standards (Hassen & Ouertatani, 2021). These governing bodies should actively engage in reviewing budgets, approving major expenditures, and assessing financial reports to uphold accountability. Clear delineation of roles between management and oversight bodies ensures transparency and minimizes conflicts of interest. With a well-functioning governance framework, NGOs are better positioned to safeguard resources and align financial practices with their mission (de Lacerda Sanglard et al., 2022).

Promoting a Culture of Accountability and Ethical Leadership

Embedding accountability into the organizational culture starts at the top. Leadership must exemplify ethical behavior and set the tone for transparent financial conduct. When leaders model fiscal responsibility, it inspires a trickle-down effect, influencing every level of the organization (de Lacerda Sanglard et al., 2022). Regular staff meetings focused on financial updates, open communication about budgeting processes, and a shared commitment to the organization's financial integrity foster a culture of mutual trust and responsibility. Creating a workplace environment where ethical decision-making is encouraged not only deters mismanagement but also builds a united, mission-driven team (Kandel et al., 2025).

Leveraging Performance-Based Budgeting and Financial Planning

To ensure resources are aligned with programmatic goals, NGOs can adopt performance-based budgeting. This approach links financial planning with outcomes, allowing organizations to allocate funds more strategically and measure the impact of their spending. Instead of focusing solely on line-item expenditures, NGOs can assess which programs deliver the greatest value and adjust funding accordingly (Kandel et al., 2025). Coupled with medium- to long-term financial forecasting, this strategy enables proactive decision-making, reduces inefficiencies, and enhances overall organizational performance. A results-driven financial strategy also communicates value to donors, encouraging continued and increased support (Tall et al., 2023).

Encouraging Stakeholder Participation in Financial Decision-Making

Involving key stakeholders including beneficiaries, community members, and donors in financial planning and decision-making processes can significantly enhance accountability. This participatory approach not only increases transparency but also ensures that financial decisions reflect the real needs of those the NGO serves (de Lacerda Sanglard et al., 2022). Tools such as community budget consultations, stakeholder feedback sessions, and donor roundtables promote open dialogue and mutual understanding. By building inclusive financial systems, NGOs strengthen their legitimacy, foster community ownership, and create more resilient support networks (Yee and Jusoh, 2021).

Institutionalizing Risk Management and Financial Resilience

Effective financial systems must be designed with risk in mind. NGOs should integrate risk assessments into their financial planning to identify potential vulnerabilities such as donor dependency, inflation, or exchange rate fluctuations and develop mitigation strategies. This includes establishing financial contingency plans, maintaining liquidity ratios, and regularly updating risk registers (Murataliyevna, 2024). A proactive approach to risk management not only protects the organization in times of uncertainty but also demonstrates strategic foresight to funders. Building financial resilience ensures continuity of operations and strengthens an NGO's capacity to adapt in the face of evolving challenges (Ricciuti and Calò, 2023).

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter explains the research methodology that were used in conducting the study. The chapter entails the research design and approaches, the population study, the sampling design, the sample size, data sources, data collection instruments, data validity and reliability, data processing and analysis as well as ethical considerations of the of the study.

3.2 Research design and approaches

The study utilized a descriptive cross-sectional design to gather data and derive conclusions about a specific population at a single point in time. This approach is chosen as it ensures a structured, factual, and precise description of the subject matter (Amin, 2005). Additionally, the research adopted a mixed methods approach, incorporating both qualitative and quantitative data collection. This method allows for a comprehensive understanding of the research problem by integrating multiple perspectives rather than relying on a single viewpoint. Mixed methods are selected to explore relationships or discrepancies between qualitative insights from NGO leaders in Kampala and quantitative responses from NGO staff members (Hayashi et al., 2019).

3.3 Study population

A study population is the group of people the researcher sets out to examine (Majid, 2018). The target population of this study consisted of NGO managers, senior management team members, and program heads/directors from NGOs operating within Kampala district, including Marie Stopes Uganda, Uganda Red Cross Society, TASO Uganda, Infectious Disease Institute, and World Vision Uganda. These NGOs have been selected because they are among the most active and well-established in Uganda, with extensive donor-funded operations, making them relevant cases for assessing the level of donor accountability in the NGO sector. e. Their responses were considered representative of their organizations' views. Their main branches in Kampala were surveyed. Kampala district is selected for the current study because majority of the NGOs in Uganda (25%) operate in Kampala (National NGO Register, 2020). Secondly Kampala had majority of the NGOs which were closed in the 2019 validation exercise by the ministry of intern affairs (NGOs Bureau, 2019).

3.4 Sample size

Orodho (2012) defined sampling as a means of selecting a given number of subjects from a given population to represent the entire population, and all statements made about the sample must hold true to the population. The study used a sample size of 135 respondents (130 senior managers, program directors from NGOs staff and 5 Heads of Finance from one from each NGO) determined by using Krejcie and Morgan (1970) table for sample size determination for a given population estimated from a population of 199 staff.

Table 3. 1: Sample size

NGOs Category	Population Number (N)	Proportion	Sample (n)	Sampling Technique
Marie Stopes	45	0.479	62	Simple random sampling
Uganda Red Cross Society	30	0.319	41	Simple random sampling
TASO Uganda	34	0.362	47	Simple random sampling
The Infectious Disease Institute	35	0.372	48	Simple random sampling
World Vision Uganda	50	0.532	69	Simple random sampling
Total	194	1.00	135	

Source: NGOs Bureau, (2025)

3.4:2 Sample size selection for qualitative data

For the purpose of the interviews, all the 5 heads of finance department from NGO in Kampala were purposively considered.

3.5 Sampling method and design

The study used both simple random sampling and purposive sampling. Simple random sampling was used to select the staff who participated in quantitative study and purposive sampling was utilized to obtain the heads of finance department with more knowledge on donor accountability of non-governmental organisations (NGOs). The simple sampling technique was utilized in quantitative approach because it ensures that each person in the population has an equal chance of being included in the sample (Bhardwaj, 2019) whereas purposive sampling for qualitative data

was used because it enables the research to get staff who are more knowledgeable and experienced about Donor Accountability Of Non-Governmental Organisations (NGOs).

3.6 Data types and sources

The study used primary and only. Primary data was gathered through questionnaire surveys and interviews, which were conducted to obtain first-hand insights directly from respondents.

3.6.1 Primary source

Primary data are data that the researcher personally collected through the use of experiments, surveys, and other research methods (Flaherty et al., 2015). Interviews were used to gather qualitative data, whereas questionnaires were used to gather quantitative data. This study obtained primary data from the senior managers and directors in the NGOs.

3.7 Data collection methods

3.7.1 Questionnaire survey method

The study employed a questionnaire survey as the primary data collection method. A questionnaire consists of structured questions designed to collect statistical insights on a specific topic. When carefully developed and implemented, questionnaires serve as an effective tool for generalizing findings across entire populations or targeted groups (Grassini & Laumann, 2020).

For the quantitative phase, random sampling was used to select staff members from various NGOs in Kampala, who were completed the questionnaire. This method is ideal as it enables efficient data collection from a large number of respondents within a relatively short time (Odongo et al., 2016). The questionnaire incorporated a 5-point Likert scale to facilitate precise measurement of responses.

3.7.2 Interview method

The study utilized face-face interviews to supplement the quantitative data for the study because an interpretative approach (qualitative in nature) were used in addition to the quantitative approach used for the investigation. The interview method is when a researcher asks an interviewee question about a specific topic based on a predetermined interview outline, using tools to record the conversation and learn about the relative social situation (Zhao, 2022). Furthermore, the interview

method enables the researcher to elicit additional information and clarification while also capturing the interviewees' facial expressions. In addition, the interview method allows the researcher to probe for additional information and clarification and capture the interviewees' facial expressions. It also allows the research team to revisit some of the issues that were overlooked in previous instruments but are still considered important for the study (Negash, 2019; Yunus, Idris, Rahman & Lai, 2017). Heads of finance department were purposefully selected because they have detailed information and their experience concerning donor accountability of non-governmental organisations.

3.8 Data quality

To ensure the quality of research, researchers must ensure the reliability and validity of the data being collected. The study's reliability and validity are explained below:

3.8.1 Data validity

Validity is the ability of the research instrument to measure what it is supposed to measure in order to increase the quality of the study findings (Heale and Twycross, 2015).

To ensure the validity of the research instrument (questionnaire), a pilot test was conducted by administering questionnaires to 13 respondents purposely selected from Infectious Disease Institute. According to Fink and Koch (2010), the minimum number of respondents for piloting a research instrument in a quantitative study is 10% of the sample size.

The interview guide was validated with the help of the supervisors and at least 2 staff from the senior managers and directors at Infectious Disease Institute these did not participate in the final data collection. These reviewed the instrument and make comments on the questions in the interview guide. The questions found vague, as suggested by the supervisors and experts, were rephrased and some dropped, thereby removing ambiguity in the data collection tool. This means that the validity of the research instruments was upheld.

According to Lowe (2019), the pilot study test involves seeking the opinions of respondents on the meaning, clarity, and relevance of the questions to the constructs being studied, and modifications were made where necessary.

Table 3. 2: Content Validity Results

Variables	Content Validity Index	No of items
Accountability Practices	0.876	26
Challenges	0.765	10
Strategies	0.713	10

Source: Primary Data (2025)

3.8.2 Data reliability

Reliability, as defined by Golafshani (2003), refers to the ability of a measurement tool to consistently produce the same results over a given period. This implies that the instrument can be used repeatedly while yielding comparable outcomes. Similarly, Taherdoost (2019) describes reliability as the extent to which research findings can be replicated when the study is conducted under identical conditions. It reflects the consistency of results when a research instrument is applied multiple times to similar respondents. In this study, the reliability of the questionnaire was evaluated using the Cronbach's alpha test. To ensure the questionnaire is sufficiently reliable, the Cronbach's alpha coefficient must exceed the threshold of 0.7 for all variables.

To further enhance reliability, a pretest was conducted with three staff members from the Infectious Disease Institute. Their input helped determine the relevance of the interview guide items. The feedback obtained from this pretest was used to refine and improve the questionnaire, ensuring its dependability for data collection.

Table 3. 3: Reliability Results

Variables	No of items	Cronbach Alpa
Accountability Practices	26	0.871
Challenges	10	0.777
Strategies	10	0.789

Source: Primary Data (2025)

3.9 Data analysis

3.9.1 Quantitative data analysis

Data analysis is a practice in which raw data is ordered and organized so that useful information can be extracted from it (Mugenda & Mugenda, 2008). The quantitative data collected from the field was edited to remove errors made during data collection. Edited data was coded and entered into the computer for analysis using STATA version 16. Quantitative data was analyzed using descriptive statistics such as frequency and percentage, as well as mean and standard deviation.

Descriptive statistical analysis was used to determine donor accountability of non-governmental organisations (NGOS) In Uganda. Descriptive statistics in terms of percentages, mean and standard deviation were used to interpret the data.

3.9.1 Qualitative data analysis and Presentation

Once the data has been collected, the researcher proceeded with qualitative interpretation, carefully analyzing assertions, viewpoints, narratives, and descriptions provided by key informants (Fellows & Liu, 2021). The qualitative research software ATLAS-ti was used to edit, code, categorize themes, and process field notes for deeper analysis.

To ensure meaningful interpretation, the researcher refined, condensed, and organized all interview notes to identify significant themes and patterns relevant to the study. The analysis focused on emerging responses, using qualitative software to structure insights effectively (Silverman, 2020).

Furthermore, the researcher identified, examined, and interpreted recurring patterns in the qualitative data to derive meaningful conclusions (Rodríguez-Dorans & Jacobs, 2020). To enhance the validity of the study, a triangulation approach was applied by cross-referencing interview data with supporting documentation. The study also carefully selected relevant quotations, statements, and expressions to accurately represent participants' perspectives without altering their intended meaning.

3.10 Ethical considerations

The primary goal of ethical considerations in research is to protect study participants and ensure integrity throughout the research process (Fahie, 2014).

The primary goal of ethical considerations in this study was to protect participants and uphold integrity throughout the research process (Fahie, 2014). The ethical framework was guided by Pallant (2020) and McCombes (2019), emphasizing anonymity and confidentiality during data collection. Informed consent was obtained from all respondents prior to participation, and efforts were made to build rapport to encourage voluntary involvement. The researcher clearly outlined the study's objectives, duration, procedures, and participants' rights to ensure transparency and trust.

Key ethical considerations were addressed as follows. Confidentiality was maintained by restricting access to questionnaire responses to individuals directly involved in the study, ensuring data was used solely for academic purposes (Elkoumy et al., 2021). Informed consent was supported by an introductory letter from the college, and only those who willingly agreed to participate were included, while others were excluded without consequence (Nijhawan et al., 2023). Privacy and anonymity were preserved by omitting personally identifiable information unless explicit permission was granted (Elkoumy et al., 2021). Participation remained voluntary, with individuals free to withdraw at any stage without justification (Nijhawan et al., 2023). To avoid harm, the researcher took care not to expose participants to any form of physical, psychological, or emotional distress (Khaled & Al-Tamimi, 2021). During the literature review, content from academic sources was paraphrased to avoid plagiarism, and the final work was screened using plagiarism detection software (Khalil & Er, 2023).

3.11 Limitations of the study

The researcher anticipated several challenges that posed limitations to the study and outlined strategies to address these obstacles. The data collection process was demanding, as the researcher had to wait for NGO staff at their offices or visit them at their workplaces. Accessing certain organizational information was restricted by legal policies. To manage this, research assistants were deployed to facilitate questionnaire distribution and improve response rates.

Financial constraints presented difficulties, particularly in covering transportation costs and compensating research assistants. To overcome this, the researcher sought financial support from friends and family to ensure the study was successfully completed. Some respondents, especially those in finance-related roles, were heavily occupied or hesitant to answer sensitive questions. The

researcher engaged them during their free time and explained the study's objectives and significance to encourage participation.

Time limitations were also a concern, as the researcher had other work responsibilities. To address this, time outside of academic commitments was allocated to complete the dissertation efficiently. Lastly, since the study focused on five NGOs in Kampala, generalizing the findings to represent the entire city or broader nonprofit sector remained a limitation.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION, INTERPRETATION AND DISCUSSION OF THE FINDINGS

4.1 Introduction

This chapter covers the analysis, interpretation, presentation, and discussion of the study's findings. It includes data on the response rate, descriptive statistics, and the results related to the study's objectives. Additionally, the chapter offers interpretations of the findings and explores their potential implications within the context of the study. The study was guided by the following objectives; to evaluate financial accountability practices among NGOs in Kampala, to examine the challenges hindering the effective implementation of financial accountability in NGOs in Kampala and to propose strategies for enhancing the implementation of financial accountability in NGOs in Kampala.

4.2 Presentation of Findings

4.2.1 Response rate

Response rate refers to the proportion of individuals who participated in the study relative to the total selected sample. In this study, 103 completed questionnaires were obtained from a sample of 130 respondents for the quantitative data. The resulting response rate of 79.2 percent suggests that the findings are unlikely to be affected by non-response bias, as it exceeds the recommended threshold of 50 percent proposed by Lindner and Wingenbach (2002)..

Additionally, in the qualitative component of the study, the researcher conducted interviews with 3 out of the 5 heads of finance. This sample was deemed sufficient, as data saturation was attained, as shown in Table 4.1.

Table 4. 1: Showing Response Rate

Category	Data Type	Sample Size	Actual size	Response rate
Senior Managers in NGOs	Quantitative	130	103	79.2%
Heads of Finance	Qualitative	5	3	Saturation
Total		135	106	79.2%

Source: Primary data (2025).

The high response rate can be attributed to two key factors. First, the topic was of significant interest to NGO staff, as they were seeking strategies to enhance their financial sustainability. Second, the researcher conducted a pre-test to refine the questionnaire prior to the final data collection. This process helped ensure that the questions were more relevant and aligned with the study's objectives.

4.3 Background information of the respondents

This section presents the demographic characteristics and their descriptive statistics. It highlights how respondents were distributed by sex, education level, age, and period of working with the NGO;

4.3.1 Gender

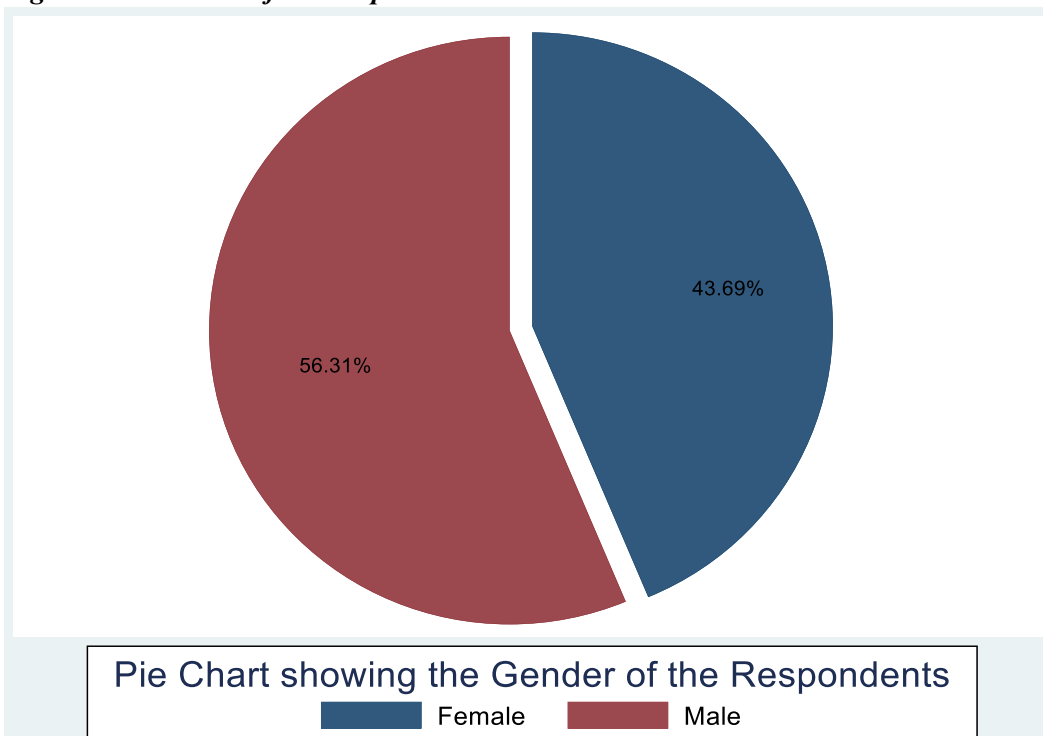
The study assessed the gender distribution of the respondents as indicated in Table 4.2 and Figure 4.1

Table 4. 2: Showing Gender of the respondents

Item	Classification	Frequency	Percent
Gender	Female	45	56.31
	Male	58	43.69
	Total	103	100

Source: Primary data (2025)

Figure 4. 1: Gender of the Respondents



The study analyzed the gender distribution of the respondents to ensure representation of both male and female staff. Of the 103 respondents, 45 (43.69%) were female and 58 (56.31%) were male. This distribution indicates a balanced representation of genders among staff of NGOs in Kampala district, which helps in understanding diverse perspectives on Donor Accountability of Non-Governmental Organisations (NGOs) in Uganda.

4.3.2 Education Level

Table 4. 3: Showing Education Level

Item	Classification	Frequency	Percent
	Bachelor's Degree	69	6.0
	Diploma	4	3.88
Education Level	Master's degree	30	29.13

	Total	103	100
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Source: Primary data (2025)

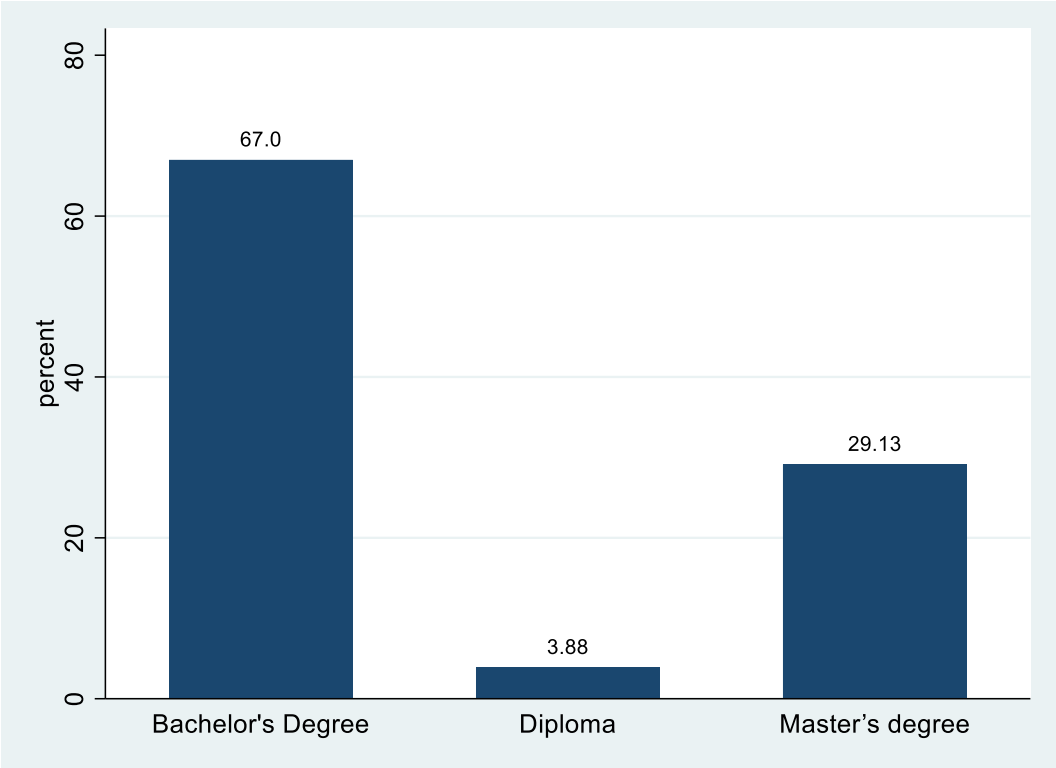


Figure 4. 2: Education Level of the Respondents

Respondents were categorized by their highest level of education to examine how education might influence perceptions on donor accountability of non-governmental organisations (NGOs) in Uganda. The majority of respondents held a Bachelor’s Degree (57, 61.3%), followed by those with a Master’s Degree (28, 30.1%) and least being a Diploma holder (8, 8.6%). This educational distribution provides insight into the educational background of NGO staff as they are highly educated with potential to provide better insights into improving financial accountability of NGOs

4.3.3 Age Bracket

Table 4. 4: Showing Age Bracket of the respondents

Item	Classification	Frequency	Percent
Age Bracket	18-29 years	11	10.65

	30-39years	65	63.11
	40-49years	27	26.21
	Total	103	100

Source Primary data (2025)

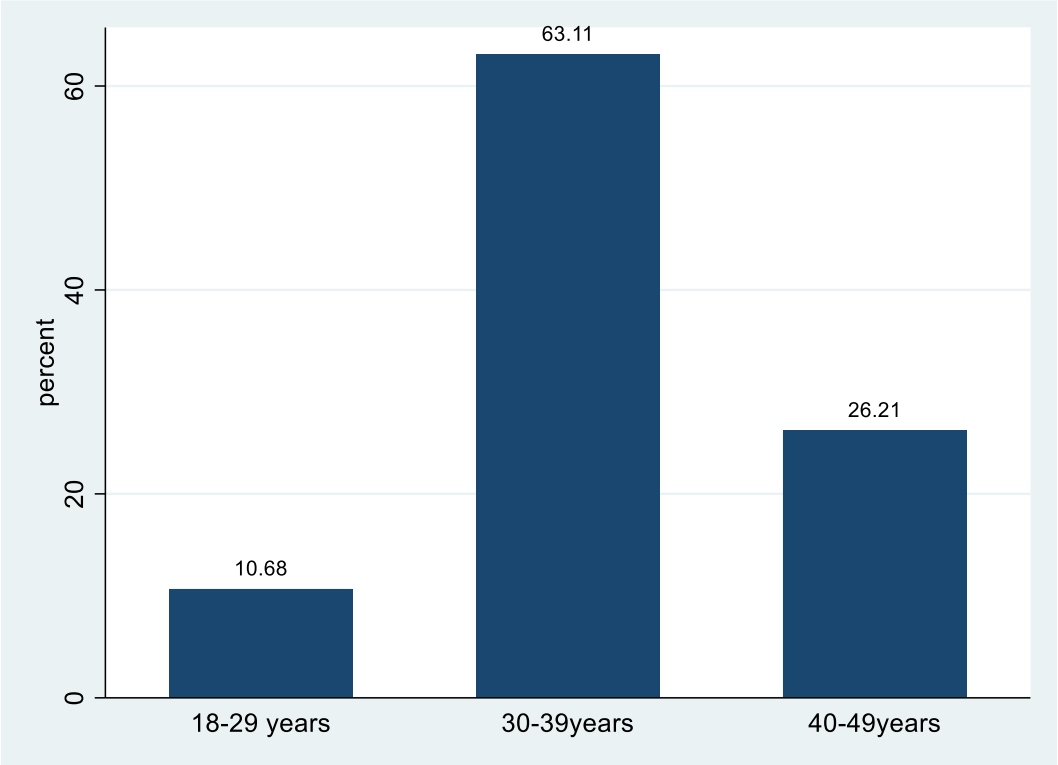


Figure 4. 3: Age of the Respondents

The age distribution of respondents was assessed to understand how different age groups held views on donor accountability of non-governmental organisations (NGOs) in Uganda. The largest age group was 30-39 years (65, 60.2%), followed by 40-49 years (27, 26.21%), and least being those aged between 18-29 years (11, 10.65%). No respondents were aged 60 years or older. This shows staff in the managerial position of NGOs are relatively mature to make informed decision on financial accountability.

4.3.4 Period of working with the NGO

Table 4. 5:Showing Period of working with the NGO

Item	Classification	Frequency	Percent
Period of working with the NGO	0-5 years	16	15.53
	11 and above	64	62.14
	6-10 years	23	22.33
	Total	103	100

Source: Primary data (2025)

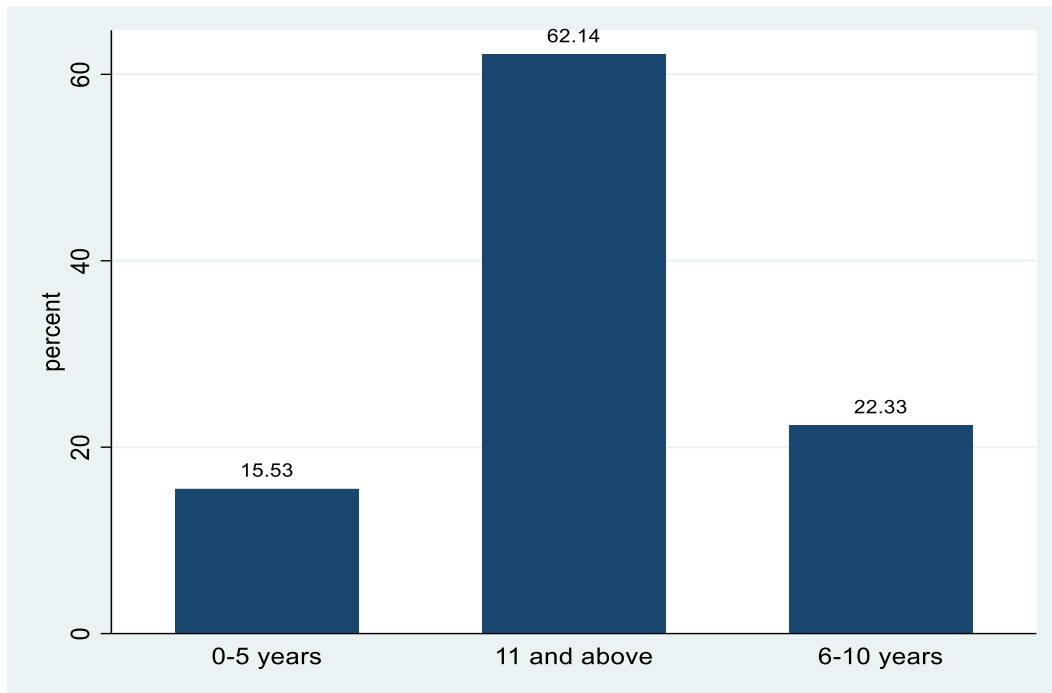


Figure 4. 4: Working Experience

The study examined how long respondents had worked with their respective NGOs. Majority of respondents had worked for 11 and above (65, 62.14%), followed by those who had worked for 6-10 years (23, 22.33%) and 0-5 years (16, 15.53%). This distribution indicates NGOs have a high employee retention which is good in improving financial accountability of non-governmental organisations (NGOs) in Uganda.

4.4 To assess the financial accountability practices among NGOs in Kampala

Respondents were asked to rate various financial accountability practices among NGOs in Kampala on a 5-point scale: strongly disagree, disagree, neutral, agree, and strongly agree. Descriptive statistics were used to evaluate the level of agreement or disagreement with each statement according to this Likert scale. A rating of strongly agree (5) or agree (4) indicates that the statement is considered relevant, while neutral (3), disagree (2), and strongly disagree (1) suggest that the statement is deemed less important. Mean scores above 3 indicate general agreement with the statements, a score of 3 shows indecision, and scores below 3 imply that the statement is considered insignificant. To enhance the analysis, standard deviation was calculated alongside mean scores, with a lower standard deviation reflecting a greater level of agreement and the statement's significance.

Table 4. 6: Showing the financial monitoring practices among NGOs in Kampala

Statements relating to financial monitoring	Obs	Mean	Std. Dev.	Min	Max
Our organization regularly tracks project expenses against the budget.	103	3.50	1.10	2	5
Financial monitoring reports are reviewed by senior management.	103	3.49	1.00	2	5
Monitoring activities are conducted on a monthly or quarterly basis.	103	4.26	0.86	2	5
Deviations from budgeted expenditures are followed up with corrective actions.	103	3.68	0.87	2	5
Financial monitoring outcomes are used to inform future budgeting decisions.	103	3.88	0.96	2	5
Average Mean		3.76			

Source: Primary data (2025)

Financial monitoring practices among NGOs in Kampala are generally well implemented, with an average mean of 3.76. The most consistently applied practice is conducting monitoring activities on a monthly or quarterly basis (Mean = 4.26, SD = 0.86), reflecting a strong commitment to regular oversight. NGOs also show moderate consistency in tracking project expenses against budgets (Mean = 3.50, SD = 1.10), reviewing financial reports by senior management (Mean = 3.49, SD = 1.00), and using monitoring outcomes to guide future budgeting decisions (Mean = 3.88, SD = 0.96). Follow-up on deviations from budgeted expenditures (Mean = 3.68, SD = 0.87) suggests a proactive approach to financial accountability.

Table 4. 7: Showing the financial planning practices among NGOs in Kampala

Statements relating to financial Planning	Obs	Mean	Std. Dev.	Min	Max
The organization prepares annual budgets with input from relevant departments.	103	3.80	1.14	2	5
Financial plans are aligned with strategic program goals.	103	3.72	1.13	2	5
Budget revisions are allowed when program changes occur.	103	3.34	1.22	2	5
The organization conducts financial risk assessments during planning.	103	3.79	1.18	2	5
Average Mean		3.66			

Source: Primary data (2025).

The financial planning practices of NGOs in Kampala reflect a structured but moderately flexible approach, with an average mean of 3.66. Annual budgets are commonly prepared with input from relevant departments (Mean = 3.80, SD = 1.14), and financial risk assessments are regularly conducted during planning (Mean = 3.79, SD = 1.18). Financial plans are generally aligned with strategic program goals (Mean = 3.72, SD = 1.13), though the allowance for budget revisions when program changes occur (Mean = 3.34, SD = 1.22) is less emphasized, indicating that adaptability in planning could be improved.

Table 4. 8: Showing the financial reporting practices among NGOs in Kampala

Statements relating to financial reporting	Obs	Mean	Std. Dev.	Min	Max
Financial reports are prepared and submitted to donors in a timely manner.	103	3.69	0.84	2	5
Reports provide clear breakdowns of expenditures by project or activity.	103	3.56	1.03	2	5
Financial reports are audited before submission to ensure accuracy.	103	3.47	1.16	2	5
Reporting formats are consistent with donor requirements.	103	3.18	0.99	2	4
Average Mean		3.48			

Source: Primary data (2025)

NGOs in Kampala demonstrate moderate adherence to financial reporting standards, with an average mean of 3.48. Timely preparation and submission of financial reports to donors (Mean =

3.69, SD = 0.84) is the most consistently practiced element. Reports also tend to include clear breakdowns of expenditures by project or activity (Mean = 3.56, SD = 1.03), and are often audited before submission to ensure accuracy (Mean = 3.47, SD = 1.16). However, consistency with donor-specific reporting formats (Mean = 3.18, SD = 0.99) is less common, suggesting a need for improved alignment with external expectations.

Table 4. 9: Showing the financial control practices among NGOs in Kampala

	Obs	Mean	Std. Dev.	Min	Max
Statements relating to financial control					
The organization has clear approval procedures for financial transactions.	103	3.45	1.09	2	5
Financial records are properly stored and secured.	103	3.43	1.09	2	5
All expenditures are supported by valid documentation.	103	3.40	1.04	2	5
Cash handling procedures are strictly enforced.	103	3.80	0.91	2	5
External audits are conducted and results are shared with stakeholders.	103	3.17	0.98	2	4
Average Mean		3.45			

Source: Primary data (2025)

Financial control practices among NGOs are moderately upheld, with an average mean of 3.45. The strongest area is the enforcement of cash handling procedures (Mean = 3.80, SD = 0.91), followed by clear approval processes for financial transactions (Mean = 3.45, SD = 1.09) and secure storage of financial records (Mean = 3.43, SD = 1.09). Valid documentation supporting expenditures (Mean = 3.40, SD = 1.04) is generally maintained, though external audits and sharing results with stakeholders (Mean = 3.17, SD = 0.98) are less consistently practiced, indicating a gap in external transparency.

Table 4. 10: Showing the internal control practices among NGOs in Kampala

	Obs	Mean	Std. Dev.	Min	Max
Statements relating to internal control					
Internal audits are regularly conducted to assess financial practices.	103	3.70	1.09	2	5
There is proper segregation of duties in the finance department.	103	3.09	1.11	2	5
Staff receive training on financial policies and procedures.	103	3.25	1.08	2	5

A whistleblower policy is in place to report financial misconduct.	103	3.17	0.98	2	5
Average Mean	3.45	3.30			

Source: Primary data (2025)

Internal control practices appear to be the least developed among the financial domains assessed, with an average mean of 3.30. Regular internal audits are the most practiced (Mean = 3.70, SD = 1.09), showing a commitment to internal review. However, proper segregation of duties in the finance department (Mean = 3.09, SD = 1.11), staff training on financial policies (Mean = 3.25, SD = 1.08), and the presence of a whistleblower policy (Mean = 3.17, SD = 0.98) are less consistently applied, pointing to potential vulnerabilities in fraud prevention and ethical oversight.

Table 4. 11: Showing the Fund utilization practices among NGOs in Kampala

Statements relating to Fund utilization	Obs	Mean	Std. Dev.	Min	Max
Funds are used solely for the intended project activities.	103	3.60	1.04	2	5
The organization avoids delays in using funds once disbursed.	103	3.52	1.19	2	5
Unspent funds are clearly accounted for and reported.	103	3.18	1.20	2	5
Project teams are held accountable for financial performance.	103	3.95	0.75	2	5
Average Mean	3.45	3.56			

Source: Primary data (2025)

Fund utilization practices are relatively strong among NGOs in Kampala, with an average mean of 3.56. Project teams are held accountable for financial performance (Mean = 3.95, SD = 0.75), which is the most emphasized practice. NGOs also ensure that funds are used for their intended project activities (Mean = 3.60, SD = 1.04) and strive to avoid delays in fund usage once disbursed (Mean = 3.52, SD = 1.19). However, the practice of clearly accounting for unspent funds (Mean = 3.18, SD = 1.20) is less consistent, suggesting a need for improved transparency in fund management

From the interviews, participant 1 said *“We conduct monthly or quarterly financial monitoring to ensure projects stay on track, but sometimes the follow-up on budget deviations takes longer than expected due to limited staffing.”*

Participant 2 said " *“We do have internal audits and some segregation of duties, but implementing a whistleblower policy and consistent staff training has been difficult due to budget constraints.”* ”

This highlights a tension between policy intentions and practical limitations, where financial integrity measures are acknowledged but not fully realized due to resource challenges.

Participant 3 said " *“We hold project teams accountable for every shilling spent, and we strive to avoid delays in fund usage. However, reporting unspent funds transparently is still a work in progress.”* ” This reflects a culture of fiscal responsibility and performance tracking, but also reveals gaps in financial reporting systems that could affect donor trust and future funding.

4.5 To examine the challenges hindering the effective implementation of financial accountability in NGOs in Kampala

This Section presents findings related to the challenges that hinder the effective implementation of financial accountability in non-governmental organizations (NGOs) operating within Kampala. These challenges were identified through responses from key stakeholders and financial officers, and they reflect common constraints affecting transparency, reporting, and compliance. The table below summarizes the major issues reported.

Table 4. 12: Showing the challenges hindering the effective implementation of financial accountability in NGOs in Kampala

Variable	Obs	Mean	Std. Dev.	Min	Max
Lack of adequate training on financial procedures affects accountability.	103	3.68	1.1045	2	5
Poor internal controls hinder effective financial management.	103	3.14	1.1968	1	5
Inadequate funding limits proper financial oversight.	103	3.57	1.1766	2	5
Corruption within the organization affects financial accountability.	103	3.80	0.9114	2	5
Lack of transparency in financial reporting is a major challenge.	103	3.70	0.8499	2	5
Weak governance structures limit financial accountability.	103	3.55	0.9674	2	5
Donor influence undermines independent financial practices.	103	3.33	1.3532	1	5
Limited use of financial management systems reduces performance.	103	3.32	1.148	2	5

Delays in external audits affect financial accountability.	103	3.21	1.1259	1	5
Inadequate monitoring practices hinder accountability.	103	3.13	1.1262	1	5
Average Mean		3.44			

Source: Primary data (2025)

The data in Table 4.12 identifies several critical challenges that hinder the effective implementation of financial accountability among NGOs in Kampala. The most pressing issues include corruption within organizations (Mean = 3.80, SD = 0.91), lack of transparency in financial reporting (Mean = 3.70, SD = 0.85), and inadequate training on financial procedures (Mean = 3.68, SD = 1.10). These findings suggest that ethical lapses and skill gaps are major barriers to accountability. Corruption stands out as the most severe challenge, indicating that despite existing financial frameworks, unethical practices may persist and undermine trust in financial operations. The high mean scores reflect widespread concern among respondents and point to the need for stronger ethical oversight and capacity-building initiatives.

Structural and resource-related limitations also play a significant role in weakening financial accountability. Inadequate funding (Mean = 3.57, SD = 1.18) and weak governance structures (Mean = 3.55, SD = 0.97) are seen as major impediments to proper financial oversight. These challenges suggest that NGOs may lack the institutional strength and financial resources necessary to implement robust accountability mechanisms. Donor influence (Mean = 3.33, SD = 1.35) emerges as another concern, implying that external pressures may compromise the independence of financial practices. Limited use of financial management systems (Mean = 3.32, SD = 1.15) further compounds the problem, indicating that technological gaps may reduce efficiency and transparency. These factors reveal a landscape where both internal capacity and external dynamics shape the effectiveness of financial accountability.

Operational weaknesses such as poor internal controls (Mean = 3.14, SD = 1.20), delays in external audits (Mean = 3.21, SD = 1.13), and inadequate monitoring practices (Mean = 3.13, SD = 1.13) round out the list of challenges. Although these issues have slightly lower mean scores, they still significantly affect the day-to-day execution of financial procedures. The average mean across all variables is 3.44, indicating a moderate level of concern overall. This underscores the need for a

comprehensive approach to strengthening financial accountability that addresses ethical standards, governance, capacity, and operational systems in tandem.

From the interviews, participant 3 said that *“One of our biggest challenges is the lack of adequate training on financial procedures. Many of our program staff are passionate and committed, but they don’t always understand the financial implications of their decisions. This leads to errors in documentation and delays in reporting. We’ve tried to organize internal workshops, but with limited funding, it’s hard to sustain regular capacity-building”*

4.6 The Strategies for enhancing the implementation of financial accountability in NGOs in Kampala (NGOs) in Uganda.

This section presents the strategies identified for enhancing the implementation of financial accountability in non-governmental organizations (NGOs) operating in Kampala, Uganda. These strategies were gathered from respondents with experience in NGO financial management and reflect practical approaches aimed at strengthening transparency, compliance, and long-term financial sustainability. The table below outlines the key strategies proposed

Table 4. 13: Showing the strategies for improving the financial sustainability of non-governmental organizations (NGOs) in Uganda.

Variable	Obs	Mean	Std. Dev.	Min	Max
Providing regular staff training on financial procedures can improve accountability.	103	3.15	0.9842661	2	5
Strengthening and reviewing internal controls can enhance financial management.	103	3.14	0.9604793	1	5
Developing sustainable funding plans can thoroughly support financial oversight.	103	3.18	1.079462	1	5
Enforcing anti-corruption measures can reduce financial misuse within the organization.	103	3.12	1.069185	1	5
Promoting transparency through open financial reporting can address accountability gaps.	103	3.03	0.9015924	2	5
Establishing clear governance structures can help ensure effective financial oversight.	103	3.11	0.9172916	1	5
Balancing donor influence with financial autonomy can improve financial practices.	103	3.18	1.045509	1	5
Adopting financial management systems can improve performance and tracking.	103	3.19	1.085179	1	5
Conducting timely external audits can strengthen financial accountability.	103	3.09	0.950818	2	5
Enhancing monitoring practices can help reinforce financial accountability.	103	2.86	0.8289912	2	5
Average Mean		3.11			

Source: primary data (2025)

The data in Table 4.13 outlines a range of strategies aimed at enhancing financial accountability among NGOs in Kampala, Uganda. With an average mean of 3.11, the overall perception of these strategies is moderately positive, suggesting that while they are recognized as important, their implementation may still be limited. Among the most supported strategies is the adoption of financial management systems (Mean = 3.19, SD = 1.08), which reflects a growing awareness of the role technology can play in improving financial tracking and performance. Similarly, developing sustainable funding plans (Mean = 3.18, SD = 1.08) and balancing donor influence with financial autonomy (Mean = 3.18, SD = 1.05) are seen as critical for long-term financial oversight, indicating that NGOs are seeking ways to strengthen their independence and strategic planning.

Operational improvements also feature prominently in the data. Providing regular staff training on financial procedures (Mean = 3.15, SD = 0.98) and strengthening internal controls (Mean = 3.14, SD = 0.96) are viewed as essential steps toward building internal capacity and reducing errors. Enforcing anti-corruption measures (Mean = 3.12, SD = 1.07) and establishing clear governance structures (Mean = 3.11, SD = 0.92) are similarly valued, pointing to the need for ethical safeguards and leadership clarity. Conducting timely external audits (Mean = 3.09, SD = 0.95) is also recognized as a way to reinforce accountability, though its relatively modest score suggests that audits may not be consistently prioritized or resourced.

Transparency and monitoring, while acknowledged, appear to be less emphasized. Promoting transparency through open financial reporting (Mean = 3.03, SD = 0.90) and enhancing monitoring practices (Mean = 2.86, SD = 0.83) received the lowest ratings, indicating that these areas may be underdeveloped or face practical challenges in execution. This could reflect limitations in reporting systems, lack of donor pressure, or insufficient internal mechanisms for continuous oversight. Overall, the findings suggest that NGOs are aware of the key strategies needed to improve financial accountability, but implementation may be uneven, requiring targeted support, capacity-building, and policy reinforcement to fully realize their potential.

From the interviews, participant 3 said *“We’ve recently adopted a digital financial management system, and it’s helped us track expenditures more efficiently. But the real challenge is integrating it with donor reporting formats and training staff to use it properly. We’re also working on*

strengthening internal controls and governance structures to reduce financial risks.” This response aligns with the strategy of adopting financial management systems (Mean = 3.19) and strengthening internal controls (Mean = 3.14). It illustrates how technology can enhance performance, while also pointing to the need for governance reform and staff readiness to fully leverage these tools.

In another interview, participant 2 said *“We’ve started offering quarterly training sessions on financial procedures, especially for non-finance staff. It’s made a noticeable difference in how budgets are managed at the project level. Still, we’re limited by time and resources, so it’s hard to reach everyone consistently.”* This insight reflects the strategy of providing regular staff training (Mean = 3.15), which is seen as moderately effective. The interviewee highlights both the positive impact and the practical constraints, reinforcing the need for sustained investment in capacity-building to improve accountability across departments.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

This chapter includes a summary of the findings, conclusions, and recommendations. After presenting and discussing the data in Chapter Four, it is essential to summarize the results in relation to the objectives and then provide conclusions and recommendations.

5.2 Summary of Findings

This study examined evaluated financial accountability practices among NGOs in Kampala, examined the challenges hindering the effective implementation of financial accountability in NGOs in Kampala and to proposed strategies for enhancing the implementation of financial accountability in NGOs in Kampala.

5.2.1 The financial accountability practices among NGOs in Kampala

The study results from Tables 4.6 to 4.10 reveal that NGOs in Kampala demonstrate moderately strong financial accountability practices across key domains. Financial monitoring is the most consistently implemented area, with an average mean of 3.76, particularly due to regular tracking and timely oversight. Financial planning follows with an average mean of 3.66, showing structured budgeting and risk assessment, though flexibility in revising budgets remains limited. Financial reporting practices are moderately adhered to (average mean = 3.48), with timely submissions and expenditure breakdowns being common, but donor-specific formatting still poses a challenge. Financial control practices (average mean = 3.45) show strength in cash handling and documentation, though external audits are less emphasized. Internal controls are the weakest area (average mean = 3.30), with limited segregation of duties and whistleblower mechanisms. Fund utilization practices are relatively strong (average mean = 3.56), with high accountability among project teams and proper use of disbursed funds, although reporting of unspent funds needs improvement. Overall, while NGOs in Kampala exhibit commendable efforts in financial accountability, gaps remain in governance, transparency, and internal control systems.

5.2.2 The challenges hindering the effective implementation of financial accountability in NGOs in Kampala

The study found that NGOs in Kampala face a range of challenges that hinder effective financial accountability, with an overall average mean of 3.44. The most critical issues include corruption within organizations (Mean = 3.80) and lack of transparency in financial reporting (Mean = 3.70), both of which significantly undermine trust and integrity. Inadequate training on financial procedures (Mean = 3.68) and limited funding (Mean = 3.57) further constrain oversight and operational efficiency. Structural weaknesses such as poor internal controls (Mean = 3.14), weak governance (Mean = 3.55), and donor influence (Mean = 3.33) also contribute to reduced autonomy and accountability. Additionally, the limited use of financial management systems (Mean = 3.32), delays in external audits (Mean = 3.21), and inadequate monitoring practices (Mean = 3.13) reflect gaps in technical capacity and procedural enforcement, suggesting a need for comprehensive reforms across both organizational and systemic level.

5.2.3 The strategies for enhancing the implementation of financial accountability in NGOs in Kampala.

Table 4.13 presents strategies for improving financial sustainability among NGOs in Kampala, with an overall average mean of 3.11, indicating moderate support for the proposed interventions. The most favored approaches include adopting financial management systems (Mean = 3.19), developing sustainable funding plans (Mean = 3.18), and balancing donor influence with financial autonomy (Mean = 3.18), reflecting a strategic focus on long-term financial oversight and operational independence. Other moderately supported strategies involve staff training (Mean = 3.15), strengthening internal controls (Mean = 3.14), and enforcing anti-corruption measures (Mean = 3.12), suggesting a need for capacity-building and ethical safeguards. Transparency through open reporting (Mean = 3.03) and enhanced monitoring practices (Mean = 2.86) received the lowest ratings, indicating that these areas may face practical challenges or lack prioritization within current NGO frameworks.

5.3 Discussion of the Findings

5.3.1 The financial accountability practices among NGOs in Kampala

The study revealed that NGOs in Kampala have moderately strong financial accountability practices across key domains. Financial monitoring is the most consistently implemented area, followed by financial planning and reporting. However, donor-specific formatting remains a

challenge. Financial control practices show strength in cash handling and documentation, but internal controls are weak. Fund utilization practices are relatively strong, with high accountability among project teams. However, gaps remain in governance, transparency, and internal control systems.

The findings are consistent with Nalga et al. (2019), who noted that structured financial monitoring systems play a crucial role in enhancing accountability within NGOs. Their study emphasized that regular tracking of expenditures and timely oversight are foundational to maintaining financial integrity, which aligns with the strong monitoring practices observed among NGOs in Kampala.

The findings are supported by Mwaura (2013), who found that effective financial planning, including departmental input and risk assessment, contributes significantly to organizational sustainability. This supports the observation that NGOs in Kampala engage in structured budgeting and planning, although flexibility in revising budgets remains a challenge.

The findings concur with Cazenave and Morales (2021), who highlighted that donor-driven reporting requirements often shape financial practices in NGOs, sometimes at the expense of broader transparency and internal governance. This reflects the Kampala context, where financial reporting is generally adhered to, but alignment with donor-specific formats and emphasis on external audits are less consistent.

The findings are consistent with Ebrahim (2023), who argued that internal accountability mechanisms such as segregation of duties and whistleblower policies are frequently underdeveloped in NGOs, leading to ethical vulnerabilities. This observation mirrors the weaker internal control practices found in Kampala-based NGOs, where such mechanisms are inconsistently applied.

The findings are supported by Awio, Northcott, and Weir (2021), who found that financial accountability in African NGOs is often constrained by governance gaps and limited institutional capacity, despite strong commitment at the project level. This reinforces the conclusion that while NGOs in Kampala demonstrate commendable efforts in financial accountability, persistent gaps remain in governance, transparency, and internal control systems.

5.3.2 The challenges hindering the effective implementation of financial accountability in NGOs in Kampala

The study reveals that NGOs in Kampala face numerous challenges, including corruption, lack of transparency, inadequate training, limited funding, structural weaknesses like poor internal controls, weak governance, and donor influence, and limited use of financial management systems. These issues undermine trust and integrity, necessitating comprehensive reforms at both organizational and systemic levels to improve financial accountability.

The findings are supported by Tulyaganov (2025), who emphasized that accountability and transparency in financial management are often compromised by weak audit systems and limited financial disclosures, particularly in developing contexts. This aligns with the study's observation that delays in external audits and lack of transparency in financial reporting are major challenges affecting NGOs in Kampala.

The findings are consistent with Fan (2024), who conducted a systematic review of accountability in public organizations and found that inadequate training and poor internal controls are persistent barriers to effective financial oversight. This supports the Kampala data, which highlights limited staff capacity and weak governance structures as key impediments to financial accountability.

The findings concur with Olatunji, Fabunmi, and Alake (2025), who noted that the adoption of financial management systems significantly improves transparency and performance, but implementation is often hindered by infrastructure gaps and resistance to change. This reflects the Kampala NGOs' struggle with limited use of financial systems and technical capacity, which reduces operational efficiency.

The findings are supported by Yang and Lee (2023), who found that donor influence can distort internal financial priorities and reduce autonomy in nonprofit organizations. This mirrors the Kampala context, where external donor pressure undermines independent financial practices and contributes to fragmented accountability structures.

The findings are consistent with Mwangi and Otieno (2021), who observed that corruption and lack of ethical safeguards remain critical threats to financial integrity in East African NGOs. Their study reinforces the Kampala findings, where corruption within organizations is identified as the most severe challenge to financial accountability.

5.3.3 The strategies for enhancing the implementation of financial accountability in NGOs in Kampala.

The study found NGOs in Kampala's financial sustainability strategies, with moderate support for adopting financial management systems, sustainable funding plans, and balancing donor influence with financial autonomy. Staff training, internal controls, and anti-corruption measures are also supported. Transparency and enhanced monitoring practices face challenges or lack prioritization within current NGO frameworks.

The findings are supported by Masiga, Fraser, and Masiga (2025), who examined financial sustainability in Ugandan NGOs and found that overreliance on donor funding and limited use of financial management systems significantly weakened long-term viability. Their study emphasized the importance of adopting digital financial tools and developing diversified funding strategies, which aligns with the favored approaches identified in the Kampala data.

The findings are consistent with Munteanu, Ionescu-Feleagă, and Ionescu (2024), who argued that integrating financial systems within circular economy frameworks enhances transparency and performance in nonprofit organizations. Their research supports the emphasis on financial management systems and strategic planning as key drivers of sustainability, echoing the Kampala NGOs' prioritization of these interventions.

The findings concur with Mamun and László (2025), who conducted a systematic review on sustainable finance and highlighted the role of financial inclusion and ethical practices in strengthening accountability within civil society organizations. Their work reinforces the need for capacity-building, anti-corruption measures, and internal control reforms, which are moderately supported strategies in the Kampala context.

The findings are supported by Ellili (2024), who found that balancing donor influence with internal financial autonomy is essential for maintaining strategic integrity and operational independence in NGOs. This aligns with the Kampala NGOs' recognition of donor dynamics as a critical factor in shaping financial practices.

The findings are consistent with Guan and Zhao (2024), who emphasized that transparency and monitoring are often underprioritized in resource-constrained NGOs, despite their importance in building stakeholder trust and ensuring accountability. This reflects the lower ratings given to open

financial reporting and monitoring practices in the Kampala study, suggesting a need for renewed focus on these foundational elements of financial governance.

5.4 Contribution of the study

The study makes both theoretical and practical contributions to the field of nonprofit financial management. Theoretically, it enriches the understanding of financial accountability frameworks by highlighting how internal controls, donor dynamics, and governance structures interact to shape accountability outcomes in resource-constrained environments like Kampala. It builds on existing literature by integrating financial monitoring, planning, reporting, control, and utilization into a cohesive model of NGO financial behavior. Practically, the study offers actionable insights for NGO managers, donors, and policymakers by identifying specific gaps such as limited training, weak internal controls, and underutilized financial systems and proposing targeted strategies to enhance financial sustainability. These findings can inform capacity-building programs, donor engagement policies, and institutional reforms aimed at strengthening transparency and accountability across the nonprofit sector in Uganda.

5.5 Conclusions

The study concludes that NGOs in Kampala exhibit moderately strong financial accountability practices across several domains, with financial monitoring emerging as the most consistently implemented area. Regular tracking of project expenses and timely oversight reflect a commitment to transparency and control. Financial planning and fund utilization also show positive trends, particularly in structured budgeting and team-level accountability. However, financial reporting and control practices reveal inconsistencies, especially in donor-specific formatting and external audit procedures. Internal controls remain the weakest link, with limited segregation of duties and underdeveloped whistleblower mechanisms, indicating that while foundational systems are in place, they require strengthening to ensure comprehensive accountability.

Despite these efforts, the study identifies a range of challenges that hinder the effective implementation of financial accountability. Corruption and lack of transparency are the most critical issues, undermining trust and organizational integrity. Inadequate training and limited funding further constrain operational efficiency and oversight capacity. Structural weaknesses such as poor internal controls, weak governance, and donor influence reduce autonomy and accountability. Technical gaps, including limited use of financial management systems and delays

in external audits, reflect a need for improved infrastructure and procedural enforcement. These challenges suggest that financial accountability in Kampala's NGOs is not only a matter of policy but also of institutional capacity and ethical culture.

To address these gaps, the study highlights several strategies that could enhance financial accountability and sustainability. The most supported interventions include adopting financial management systems, developing sustainable funding plans, and balancing donor influence with financial autonomy. These strategies reflect a shift toward long-term financial oversight and operational independence. Moderate support for staff training, internal control reforms, and anti-corruption measures underscores the need for capacity-building and ethical safeguards. However, lower prioritization of transparency and monitoring practices suggests that these areas may be overlooked or under-resourced. Overall, the study recommends a holistic approach that combines technological investment, governance reform, and stakeholder engagement to strengthen financial accountability across the NGO sector in Kampala.

5.6 Recommendations

The study recommends that NGOs in Kampala invest in regular and targeted financial training for both finance and program staff to strengthen internal capacity and reduce errors in budgeting, reporting, and documentation. This addresses the identified gap in financial procedure knowledge and supports more consistent accountability practices.

The study recommends that NGOs adopt and integrate digital financial management systems to improve tracking, reporting accuracy, and overall performance. This strategy responds to the limited use of financial systems observed and supports long-term financial sustainability and transparency.

The study recommends that NGOs establish and enforce robust internal control mechanisms, including segregation of duties, whistleblower policies, and routine internal audits. Strengthening these controls will help mitigate corruption risks and improve ethical oversight, which were noted as critical challenges.

The study recommends that NGOs develop clear governance structures and reduce overdependence on donor-driven financial practices by balancing external influence with internal

autonomy. This will enhance strategic decision-making and ensure that financial accountability aligns with organizational priorities.

The study recommends that NGOs prioritize transparency and monitoring by implementing open financial reporting frameworks and conducting timely external audits. These practices will build stakeholder trust and address the current underemphasis on transparency and procedural enforcement.

5.7 Areas for Future Research

Future research should expand beyond Kampala to include NGOs in other regions of Uganda, allowing for a broader understanding of whether the financial accountability challenges and strategies identified in this study are consistent nationwide. Comparative studies involving international, national, and community-based NGOs would offer deeper insights into how organizational type and structure influence financial sustainability and accountability practices. This would help determine whether certain models are more resilient or adaptable under varying financial and governance conditions.

Additionally, longitudinal studies could assess how financial accountability evolves over time, especially in response to external factors such as shifting donor priorities, regulatory reforms, or economic pressures. Research into emerging financing mechanisms such as digital fundraising, local philanthropy, and social enterprise models would also be valuable in identifying innovative pathways for strengthening financial sustainability. These future directions would build on the current study's findings and contribute to a more dynamic and responsive framework for NGO financial governance in Uganda.

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APPENDICES

Appendix 1: Questionnaire

MAKERERE UNIVERSITY

Questionnaire for Respondents

Dear Respondent, my name is Nabukenya Brenda Noeline, a final-year MBA student at Makerere University, conducting a research study titled "Evaluating the State of Donor Accountability in NGOs in Uganda; A Case of NGOs in Kampala." You have been selected to participate in this study, which involves a questionnaire comprising four sections and will take less than 30 minutes to complete. This research is purely academic, and your responses will remain anonymous, analyzed in aggregate to generate new insights into the financial sustainability of NGOs. I pledge to uphold the highest standards of professional research and privacy in handling the information you provide. There are no anticipated risks associated with your participation, and I sincerely encourage you to take part in this study.

Section A: BACKGROUND INFORMATION

This section seeks to gather basic background information about respondents, which will help the researcher analyze the findings accurately and meaningfully.

Please tick where appropriate

1. Please specify your gender.

- a) Male
- b) Female

2. Please tick your appropriate highest qualification

- a) National Diploma
- b) Bachelor's Degree
- c) Honors Degree/post-graduate diploma
- d) Master's Degree
- e) Doctoral/PhD Degree
- f) Other (Please specify)

3. Please indicate your age group (in years)

- a) 18-29 years

- b) 30-39years
- c) 40-49 years
- d) 50-59 years
- e) 60 years and above

4. How long have you been working with this NGO?

- a) 0-5 years
- b) 6-10 years
- c) 11 and above

SECTION B: The financial accountability practices among NGOs in Kampala

For each statement in the following section, please indicate the extent to which you agree or Disagree with the following statements on financial accountability practices among NGOs in Kampala. Rate your scores on a 5 Likert point scale ranging from; 1-Strongly Disagree (SD), 2-Disagree (D), 3- Not Sure (NS), 4- Agree (A) and 5-Strongly Agree (SA).

Statements					
The financial accountability practices among NGOs in Kampala					
Statements relating to financial monitoring. For responses, 1-Strongly Disagree (SD), 2- Disagree (D), 3- Not Sure (NS), 4-Agree (A) and 5-Strongly Agree (SA).	1	2	3	4	5
Our organization regularly tracks project expenses against the budget.					
Financial monitoring reports are reviewed by senior management.					
Monitoring activities are conducted on a monthly or quarterly basis.					
Deviations from budgeted expenditures are followed up with corrective actions.					
Financial monitoring outcomes are used to inform future budgeting decisions.					
Statements relating to Financial Planning. For responses, 1-Strongly Disagree (SD), 2- Disagree (D), 3- Not Sure (NS), 4-Agree (A) and 5-Strongly Agree (SA).	1	2	3	4	5
The organization prepares annual budgets with input from relevant departments.					
Financial plans are aligned with strategic program goals.					

Budget revisions are allowed when program changes occur.					
The organization conducts financial risk assessments during planning.					
Statements relating to financial reporting. For responses, 1- Strongly Disagree (SD), 2- Disagree (D), 3- Not Sure (NS), 4- Agree (A) and 5-Strongly Agree (SA).	1	2	3	4	5
Financial reports are prepared and submitted to donors in a timely manner.					
Reports provide clear breakdowns of expenditures by project or activity.					
Financial reports are audited before submission to ensure accuracy.					
Reporting formats are consistent with donor requirements.					
Statements relating to Financial Control. For responses, 1- Strongly Disagree (SD), 2- Disagree (D), 3- Not Sure (NS), 4-Agree (A) and 5-Strongly Agree (SA).	1	2	3	4	5
The organization has clear approval procedures for financial transactions.					
Financial records are properly stored and secured.					
All expenditures are supported by valid documentation.					
Cash handling procedures are strictly enforced.					
External audits are conducted and results are shared with stakeholders.					
Statements relating to internal Control. For responses, 1-Strongly Disagree (SD), 2- Disagree (D), 3- Not Sure (NS), 4-Agree (A) and 5-Strongly Agree (SA).	1	2	3	4	5
Internal audits are regularly conducted to assess financial practices.					
There is proper segregation of duties in the finance department.					
Staff receive training on financial policies and procedures.					
A whistleblower policy is in place to report financial misconduct.					
Statements relating to Fund Utilization					
Funds are used solely for the intended project activities.					
The organization avoids delays in using funds once disbursed.					
Unspent funds are clearly accounted for and reported.					
Project teams are held accountable for financial performance.					

SECTION C: The challenges hindering the effective implementation of financial accountability in NGOs in Kampala.

For each statement in the following section, please indicate the extent to which you agree or disagree. Rate your scores on a 5 Likert point scale ranging from; 1-Strongly Disagree (SD), 2-Disagree (D), 3- Not Sure (NS), 4- Agree (A) and 5-Strongly Agree (SA).

NO.	Statement	SD	D	N	A	SA
	The challenges hindering the effective implementation of financial accountability in NGOs in Kampala					
		1	2	3	4	5
1	Lack of adequate training on financial procedures affects accountability.					
2	Poor internal controls hinder effective financial management.					
3	Inadequate funding limits proper financial oversight.					
4	Corruption within the organization affects financial accountability.					
5	Lack of transparency in financial reporting is a major challenge.					
6	Weak governance structures limit financial accountability.					
7	Donor influence undermines independent financial practices.					
8	Limited use of financial management systems reduces performance.					
9	Delays in external audits affect financial accountability.					
10	Inadequate monitoring practices hinder accountability.					

SECTION D: The Strategies for enhancing the implementation of financial accountability in NGOs in Kampala (NGOs) in Uganda

For each statement in the following section, please indicate the extent to which you agree or disagree. Rate your scores on a 5 Likert point scale ranging from; 1-Strongly Disagree (SD), 2-Disagree (D), 3- Not Sure (NS), 4- Agree (A) and 5-Strongly Agree (SA).

NO.	Statement	SD	D	N	A	SA
	The strategies for enhancing the implementation of financial accountability in NGOs in Kampala					
		1	2	3	4	5
1	Providing regular staff training on financial procedures can improve accountability.					
2	Strengthening and reviewing internal controls can enhance financial management.					

3	Developing sustainable funding plans can thoroughly support financial oversight.					
4	Enforcing anti-corruption measures can reduce financial misuse within the organization.					
5	Promoting transparency through open financial reporting can address accountability gaps.					
6	Establishing clear governance structures can help ensure effective financial oversight.					
7	Balancing donor influence with financial autonomy can improve financial practices.					
8	Adopting financial management systems can improve performance and tracking.					
9	Conducting timely external audits can strengthen financial accountability.					
10	Enhancing monitoring practices can help reinforce financial accountability.					

Appendix 2: Interview Guide to Heads of Finance of NGOs

i) **Self-Introductions:** Researcher and Respondent

The purpose of the interview is to gather views on “*Evaluating the State of Donor Accountability in NGOs In Uganda; A Case of NGOs in Kampala*”.

(ii) **Demographic characteristics**

Designation of interviewee

.....

Place of Interview..... Time.....

Can you tell me briefly about yourself.....(Probes for age, education, duration of service of the interviewee etc)

Guiding Questions

1. What are the key sources of donor funding for your organization, and how have these changed in recent years?
2. What specific measures does your organization take to ensure accountability to donors?
3. What challenges do you face in meeting donor accountability requirements?
4. How are donor funds monitored, tracked, and reported within your organization?
5. What changes or improvements would you suggest to strengthen donor accountability in

NGOs based in Kampala?
Appendix 3: Introductory Letter



COLLEGE OF BUSINESS AND MANAGEMENT SCIENCES
School of Business
Office of the Dean

26/07/2025

TO WHOM IT MAY CONCERN

Dear Sir/Madam

INTRODUCING MS. BRENDA NOELINE NABUKENYA TO YOUR ORGANISATION FOR RESEARCH SUPPORT.

This is to introduce to you Ms. Brenda Noeline Nabukenya, a Master of Business Administration student, registration number - 2023/HD06/ 22819U, who is currently conducting a **Plan B** research study on “Evaluating the State of Donor Accountability in NGOs in Uganda; A Case of NGOs in Kampala.” for research support. Your support towards Brenda will enable her to fulfil a key requirement for the award of the Degree of Master of Business Administration at Makerere University.

While the research being pursued is mainly for academic purposes, upon its completion is expected to inform policy and contribute to the overall operations of organisations. Therefore, Brenda is reaching out to your organisation for assistance in the realisation of the aforementioned endeavours.

Any research assistance extended to her will be our pleasure, and we look forward to your continued support.

Yours sincerely,



Dr. Diana L.K Ssekiboobo,
Assistant Co-ordinator, Graduate Programmes and Research.
Telephone: 0782757734/0704904492
Email: dianalouiseks@gmail.com/diana.ssekiboobo@mak.ac.ug



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Appendix 4: Krejcie and Morgan Table

<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>
10	10	220	140	1200	291
15	14	230	144	1300	297
20	19	240	148	1400	302
25	24	250	152	1500	306
30	28	260	155	1600	310
35	32	270	159	1700	313
40	36	280	162	1800	317
45	40	290	165	1900	320
50	44	300	169	2000	322
55	48	320	175	2200	327
60	52	340	181	2400	331
65	56	360	186	2600	335
70	59	380	191	2800	338
75	63	400	196	3000	341
80	66	420	201	3500	346
85	70	440	205	4000	351
90	73	460	210	4500	354
95	76	480	214	5000	357
100	80	500	217	6000	361
110	86	550	226	7000	364
120	92	600	234	8000	367
130	97	650	242	9000	368
140	103	700	248	10000	370
150	108	750	254	15000	375
160	113	800	260	20000	377
170	118	850	265	30000	379
180	123	900	269	40000	380
190	127	950	274	50000	381
200	132	1000	278	75000	382
210	136	1100	285	100000	384

Note.—*N* is population size. *S* is sample size.

Source: Krejcie & Morgan, 1970