

FINANCIAL SUSTAINABILITY FOR NGOS IN PLATEAU STATE: THE IMPORTANCE OF DONOR FUNDING AND INTERNAL CONTROL MECHANISMS

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Abstract: This study examines the impact of donor funding and internal control on the financial sustainability of non-governmental organizations (NGOs) in Jos Metropolis, Plateau State, Nigeria. Data were gathered from 285 respondents through self-administered questionnaires distributed among Finance and Accounting department, Human resource department, Administrator and Field officers. Three hypotheses were formulated and tested using the Statistical Package for the Social Sciences (SPSS) analysis tool with Multiple Regression, One way ANOVA, and Kruskal statistical tools. The study revealed that poor management of financial control, inconsistent donor funding, and poor community involvement affect the sustainable funding of NGOs in Jos. The study concludes that proactive community involvement, diversification of income sources, good donor relationship management, capacity building, and government involvement are among best practices to ensure the sustainability of NGOs in Nigeria. This study highlights essential measures needed to foster financial sustainability for NGOs towards fulfilling their respective missions and obligations.

Keywords: Non-governmental organizations, Donor funding, Internal control, Financial sustainability, Nigeria.

Introduction

Non-governmental organizations (NGOs) play a vital role in the development of any society, particularly in Nigeria, where the government's ability to provide basic social amenities is frequently questioned. NGOs' activities are presently driven by funding from private individuals, donor agencies, religious affiliations and other organizations. However, the inconsistent nature of the sources of funding and the limited resources available for these NGOs' operations raise concerns over their financial sustainability. Thus, it is essential to examine the impact of donor funding and internal control on the financial sustainability of NGOs in Jos Metropolis, Plateau State, Nigeria.

Previous studies have identified a significant gap in empirical evidence on the impact of donor funding and internal control on the financial sustainability of NGOs in Nigeria, necessitating further research to address the issue. Quantitative research is the most appropriate approach to pursue the established objective in this study. The study aims to contribute to knowledge, provide insights into the challenges faced by NGOs concerning sustainable funding, and **highlight** essential measures needed to foster financial sustainability for NGOs towards fulfilling their respective missions and obligations. Therefore, this study seeks to test the hypotheses that the management of financial control, donor funding, and community involvement significantly impact the financial sustainability of NGOs in Jos Metropolis, Plateau State, Nigeria.

STATEMENT OF THE PROBLEM

Despite the numerous efforts to develop self-sustaining projects in rural areas of Sub-Saharan Africa, the progress is rather slow leading to spending of massive resources on projects that have restricted benefits to the target population Panda, (2007). According to Carroll (2012), donor funding in NGOs do not last a life time. At the end of the project timeline, donor funding is withdrawn, and some NGOs during this period collapse due to a weak financial structure, because they use up more or all of the resources than can be generated (Burger & Owens, 2010). Callamard (2006) explained that some other NGOs however, have consistent funding but no effective financial control to plan for management and sustainability. Such NGOs never practice the principle of sustainable development where the needs of the present are met without compromising the ability of the future to meet theirs. Thus, the financial management processes of NGOs are dominated by conditions of resource scarcity vis-a-vis the ever increasing agenda of social development activities on which such funds could be spent (Carroll, 2012).

Tough economic times buoyed by global recession have in one way or another affected global funding for NGOs. Many NGOs continue to cease operations by the day often due to lack of sustainable funding. Many new others are also set-up any day it dawns leaving one with question marks than answers as to what's ailing the sector. Many new NGOs fall into the pitfall of un-sustainability, as they operate for a summer or for a few years and then fade away (Carroll, 2012). The World Bank, (2009) in a paper prepared for the meeting of the Group of Twenty (G-20) Finance Ministers and Central Bank Governors held in London in April 2009 issued a warning to developing countries. It noted that developing countries faced a financing short falls in 2009 as trade income would dwindle and rich nations would vie for capital to deal with the global slump. The World Bank concluded that the impact of the economic downturn would make poor countries more reliant on development assistance because as richer countries borrow more, it would become more difficult for poorer countries to raise capital. As is the case with NGOs across states, NGOs in Jos metropolis are mostly concerned with raising and expanding resources according to specific budget plans. This state of affairs has restricted these NGOs into a dependency syndrome which is threatening the sustainability of their programmes and their survival as institutions.

The internal control systems of these NGOs will go a long way in determining among other things, the effectiveness and efficiency of operations, reliability of financial reporting; and, compliance with applicable laws and regulations, but is not enough for them to achieve a financial sustainability status. There are other factors that would determine this, one of which is diversifying revenue sources for NGOs.

Also, most organizations want to make wise decisions, but are sometimes at a loss of where to begin. Their dearth of strategic management plans leave their internal and external environments needing proper evaluations to ensure effectiveness and efficiency, and this would in turn affect the financial sustainability of the organization.

Based on the above the researcher intends to examine the impact of donor funding and internal control on financial sustainability of nongovernmental organizations in Jos metropolis, to determine the effects of financial sustainability on the lifespan of NGOs in Jos metropolis.

RESEARCH QUESTIONS

1. To what extent does donor funding contribute to sustainability of NGOs in Jos metropolis?
2. To what extent does internal control contribute to sustainability of NGOs in Jos metropolis?
3. How effective is financial sustainability on the lifespan of NGOs in Jos metropolis?

OBJECTIVES OF THE STUDY

1. To examine the extent of donor funding on sustainability of NGOs in Jos metropolis.
2. To determine the extent of internal control no sustainability of NGOs in Jos metropolis.
3. To investigate the effects of financial sustainability on the lifespan of NGOs in Jos metropolis.

RESEARCH HYPOTHESES

- Ho₁: There are no significant effects between donor funding and sustainability of NGOs in Jos metropolis.
 Ho₂: There are no significant effects between internal control and sustainability of NGOs in Jos metropolis.

H₀₃: There are no significant effects of financial sustainability on the lifespan of NGOs in Jos metropolis.

SIGNIFICANCE OF THE STUDY

Findings of the study would be significant in the following ways:

Practically, NGOs are pushing forward for high financial sustainability in carrying out their projects through donors, who aim to find meaning in what they do and purpose for their existentialism. Thus, organizations that apply the recommendations derived from the results of this study will be capable of curtailing the number of issues with donors funding thereby boosting their financial sustainability.

Theoretically, the outcome of this study will contribute to existing theories used in the work to explain the conceptual framework or may even serve as a bedrock for the development of a new theory. It will also add to the body of knowledge on the usefulness of theories in explaining the activities of NGOs.

Policy makers will be guided on what should be emphasised by organizations in the workplace in order to create high level of funding and improve financial sustainability. Also, this will provide justification for better policy formulation in increasing funding of NGOs in Jos metropolis of Plateau State.

Furthermore, the study will help the researcher uncover critical areas in NGOs funding of projects, that many researchers were not able to explore. Thus, a new theory on financial sustainability may be arrived at.

SCOPE OF THE STUDY

The study covers five nongovernmental organizations in Jos, Plateau State (Centre for Peace Advancement in Nigeria [CEPAN], Islamic Counseling Initiatives of Nigeria [ICIN] and Women Initiative for Sustainable Development [WISCOD], The Centre for the Advocacy of Justice and Rights [CAJR], Christian Women for Excellence and Empowerment in Nigeria Society [CWEENS]). These organizations are selected because they are solely dependent on donor funding and the likelihood of these NGOs existing after the lifespan of donor funds are not guarantee. The have also battled with sustainability problems and have co-partnered and sub-granted projects with organizations that have had internal control and sustainability challenges. However, it does not include all NGOs in Plateau State.

The study chose to review the last 6 years of these NGOs' existence; from 2012 to 2017 because during these periods some of these organizations were still seeking donor funds or just concluding projects.

LITERATURE REVIEW

CONCEPT OF DONOR FUNDING

One of the major factors impacting the effective management and sustainability of NGOs is the nature of their dependability on donor funding. A majority of civil society organizations in developed and developing countries were established in order to complement and supplement governments' developmental and service delivery efforts. Multilateral organizations such as the United Nations, World Bank, Commonwealth Secretariat, as well as regional organizations such as the European Union, African Union and SADC have funded NGOs' programs and activities. Funds were channeled through the civil society organizations to foster development and improve service delivery at the grassroots level. In Jos, many NGOs are recipients of small grants from donors. This implies that these small grants may have short lifespan, thereby leaving NGOs to close down or begin to scout for funding elsewhere. The common impact of financial dependence on donor funding is that once donors pull their financial support, or the project ends, NGOs collapse. As pointed out by Ditshwanelo, (2004), one of the major threats to their existence and the carrying out of their mandates is the reduced funding which may force them to scale down their activities. Most NGOs in Nigeria and Jos in particular, lack clearly defined structures in terms of organizational charts, buildings, facilities, equipment and human resources (Garoyakin, 2015). The major contributory factor to this is the constraint that limited financial resources places on the ability of NGOs to enable, plan, organize, and design clearly defined structures as well as equip their offices with adequate equipment and facilities (Garoyakin, 2015). As noted by Odiboh, (2007), the key weakness of NGOs in Africa is the inappropriate organizational structures which impact the manner in which NGOs carry out their core business Ditshwanelo (2004). On the other hand, it was discovers that the proportion of official funding channeled through civil society varies widely from

country to country, depending on whether the country has a stable governments trusted by donors and/or weak national.

Pratt, Adams and Warren (2006) argue that the reasons why official agencies fund national development NGOs include to channel resources directly to poor people through civil society rather than through the State; to fund personnel sending organisations (volunteers); to provide support to publicly popular NGOs; to gain public support for the overall aid budget, through development education undertaken by NGOs in the donor country, aligning official agency and NGO interests; to support the development of vibrant civil societies which can represent the interests of poor groups towards the State and market; and to promote the interests and a positive image of the donor country.

Internal Control

Ackah (2013) defines internal control system to encompass all methods, procedures and arrangements adopted within an organization to ensure, as far as possible safeguard assets, the completeness, accuracy and reliability of the accounts records. Auditing standards defined internal control as “the whole system of control, financial or otherwise, established by management adherence to carry on the business in an orderly and efficient manner, ensuring adherence to management policies, safeguard assets and secure as far as possible the completeness and accuracy of records” In every organization it is very essential to put in place an effective internal control system in its daily activities to help achieve its organization objectives. Organizations are less able to perform many internal accounting controls (e.g., multiple layers of authorization, cross-checking, supervision, and segregation) because, they employ less people due to technological advancement and changing management techniques (Lindsay & Brownell, 2017).

Control environment

The control environment is the set of standards, processes, and structures that provide the foundation for carrying out internal control across the agency. The agency head together with those charged with governance and agency management set the tone at the top regarding the importance of internal control and expected standards of conduct (Williams, 2014).

Cruz (2016) opines that the control environment sets the tone for the organization and influences how employees conduct their activities and carry out their control responsibilities. The control environment is the foundation for all other components of internal control and provides structure and discipline. Developing a strong culture of control consciousness within the organization is one of the most cost-effective and efficient ways that internal control over financial reporting can be implemented. Its effect can permeate throughout the organization, directly impacting each of the other components of internal control. Among the important factors are the attitude, awareness, and actions of management and directors concerning internal control (Lindsay & Brownell, 2017).

Control activities

Control activities are policies, procedures, techniques, and mechanisms that help ensure that risks to the achievement of an agency’s objectives are mitigated. Control activities are performed at all levels of the agency, at various stages within business processes, and over the technology environment.

Lindsay and Brownell, (2017) note that control activities are put in place by the management to make financial information authentic and reliable. For example, debtors cannot be written off without permission finance director or any other person given authority to write off debts. Similarly, credit sales cannot be made unless recommendation is sought from credit control department. Such controls activities do not necessarily are in the nature of authorization. Requirement to enter password to access certain modules of information system is an example of information system. Similarly a validation check in the database system to make sure that contact number of supplier can only be in numbers or email address has been entered in a particular format containing ‘@’ etc. All such checks will ensure that information is accurate (Yator, 2012).

Information and communication

Information and communication are necessary for an agency to carry out its internal control responsibilities to support the achievement of its objectives. Communication is one part of the information and

communication component of internal control. Just as all organizations need information to operate a business, communication is an essential aspect of information systems. Communication of expectations, responsibilities, and other matters is necessary for the business to operate effectively (Yator, 2012).

Communication relates to providing a clear understanding of financial reporting and safeguarding controls, how they work, and the responsibilities of individuals within the organization related to those controls. Effective communication also includes communication of organization standards of conduct to third parties with whom the institution conducts business (Furt; 2000).

Communication is another way that management conveys the tone at the top. Management should communicate the information necessary for employees to perform their assigned tasks, for managers to supervise, and for responsible parties to make key operating and financial decisions.

Monitoring Activities

Monitoring is the process of evaluating the quality of internal control performance over time and promptly addressing internal control deficiencies. Since institutions and their personnel continuously change, it is essential that controls be monitored over time to determine whether they continue to be relevant and are able to address new risks to the institution. Monitoring is a process that assesses the quality of an organization's internal control over time and involves assessing the design and operation of controls on a timely basis and taking actions as necessary. Monitoring activities can also reveal evidence or symptoms of fraud (Bjorkman & Svensson, 2010).

According to the Chartered Institute of Public Finance and Accountancy (CIPFA), financial reporting comprises CIPFA (2002): Financial statements. These comprise external reports of a general nature that relate to the organization's financial position. Annual accounts are the most obvious example, but other examples might include the organization's budget and periodic reports on financial performance. Special- purpose is financial performance. These include financial performances that are required by regulators, tax authorities and others, where the requisite information and format are specified by an external authorized body. These are formal reports which are produced for decision-makers within the organization (Armour, 2001).

This implies that internal control should strengthen the internal operating environment of the company, thereby increasing its capability to deal with external (and internal) events and uncover possible flaws and deficiencies in processes and structures" (Boas, 2015).

Effective internal control helps an organization achieve its operations, financial reporting, and compliance objectives. Effective internal control is a built-in part of the management process (i.e., plan, organize, direct, and control). Internal control keeps an organization on course toward its objectives and the achievement of its mission, and minimizes surprises along the way. Internal control promotes effectiveness and efficiency of operations, reduces the risk of asset loss, and helps to ensure compliance with laws and regulations. Internal control also ensures the reliability of financial reporting (Cruz. S (2016).

THE EVOLUTION OF THE TBL FRAMEWORK

The term TBL has been attributed to Elkington (1997) and it is sometimes referred to as both an excellent but utopian metaphor. While the term was unknown before the late 1990s, a cursory Google search today will return millions of results. As a construct, TBL expresses the integration of social and economic lines to a broader environmental agenda (Hubbard, 2009). But from a holistic point of view, TBL provides outlines for measuring the performance of an organization using the social, economic, and environmental lines. ISO 26000 provides guidance on how to use globally vetted social responsibility framework to assess an organization's social responsibility activities.

The Triple Bottom Line (TBL) of People, Planet and Profit, a term coined by Elkington (1997), has become an influential approach all over the world (Chabowski et al., 2011; Svensson & Wagner, 2015). This model set up the key of long-term strategies for companies making the transition to sustainability, based on three important dimensions of sustainable development: environmental quality, social equity, and economic benefits (Elkington, 1998).

Economic Dimension

The economic dimension of TBL – Profit – focuses on the value created by the organisation and goes beyond its financial performance and financial concepts such as sales growth, cash-flow, shareholder value, etc. to include the economic and operational business impact on the society (Chabowski et al., 2011). Further, it focuses on the organisation's performance through the efficient management of its strategic capabilities such as core competencies (Prahalad & Hamel, 1999), shareholder value creation (Doyle, 2000), and marketing orientation (Akroush, 2012).

Social Dimension

The social dimension – People – encompasses the impact of an organisation on the people's welfare, including both employees and community, and addressing issues like education assistance, community interaction, charitable causes, and fair fare practices (Engardio, 2007). A prevailing topic in this dimension is the increase in Corporate Social Responsibility (CSR) initiatives which has been receiving considerable focus not only on research but also on corporate strategies and operations (Hallstedt, Ny, Robèrt, & Broman, 2010).

Environmental Dimension

The environmental dimension – Planet – relates to the organisation's attempts to minimize environmental impact as well as their use of energy and waste production, in order to reduce their ecological footprint. Interestingly Sheth, Sethia, and Srinivas (2011) claim for a reshape of this dimension with reference to consumers, redefining it as the impact of the environmental change on human health and well-being resultant from consumption.

Not everyone agrees that TBL is everything its proponent's claim it is and Vanclay (2004) and Norman and MacDonald (2004) offered a contrarian view. Vanclay (2004) argued that TBL proponents overreach in trying to make TBL a quantifiable aspect of corporate social responsibility when it was originally conceived as a philosophical approach. Continuing this frame of thought, Vanclay (2004) contended that although SIA is a component of environmental impact assessment, it was far bigger than that it was more like a "philosophy about development and democracy" (Vanclay, 2004).

The TBL term has also become integrated with sustainability which is engulfing the corporate thought processes as a strategic planning moniker for organizational development and survivability. TBL and sustainability are used simultaneously in literature because they both address changes in practice and thinking as opposed to changes driven by theories (Hubbard, 2009). A chief executive officer (CEO) cannot just be concerned about what happens in the theoretical space of the organization because external forces wrapped in the form of the three bottom lines (economic, environmental and social) are pushing organizations to integrate them into their day-to-day and strategic policy making practices.

TBL is a consistent construct (the three elements must be included in any performance evaluation), brings balance between all three lines (Hubbard, 2009) and brings sustainability to an organization (Adams & Frost, 2008). Companies that incorporate TBL into its reporting infrastructure are often more sustainable within their industry.

A consistent theme in TBL-related literature is that companies that follow TBL reporting models are among the most sustainable companies today, regardless of industry. Public utility projects integrating the TBL model focus on balancing economic, environmental and social factors as they must: (a) balance decisions considering economic factor to be sustainable; (b) not harm the environment in the process of creating public benefit projects, and (c) not forget that they are responsible to the stakeholders who would be affected (socially, economically, and environmentally) by decisions to create sustainable projects and whose input must be sought

TBL is a holistic socially responsible way of defining the criteria and metrics that is used to measure an organization's success from both an internal and external perspective. TBL is anchored by three elements—economic, ecological, and social—all three find a compelling nexus in the social responsibility construct (ISO, 2010). TBL, also known as people, planet, and profit is gaining support especially among large organizations—irrespective of whether or not they are global or local in nature—because it captures an

expanded worldview that goes beyond just profit. The question is whether TBL can thrive in the public sector (Vanclay, 2004).

TBL, and other forms of sustainability reporting mechanisms, have lagged behind in widespread adoption because inductive theorizing from the field is missing (Owen, 2008; Qian et al., 2011; Spence et al., 2010; Thomson, 2007). Consequently, both deductive theorizing and corporate disclosure studies have filled the void, howbeit unsuccessfully, because the role of management accounting as it relates to sustainable development is overlooked in research.

A TBL social responsibility construct cannot be implemented in a haphazard manner in an organization because one or more of the social responsibility core subjects affects the organizational structure.

FINANCIAL SUSTAINABILITY

An organization can measure its financial sustainability by computing the income after expenses and taxes (the surplus of revenues over expenses); availability of cash to cater for expenses; and comparing its assets and debt/liabilities. Sustainability shows whether an organization will be able to achieve its duties and attend to its stakeholders over time (Williams, 2014). USAID describes sustainability to mean broader funding sources accompanied by an enhanced capability to offer essential services to target populations who are in need of the services USAID (2007).

International Fund for Agricultural Development IFAD, (2004) describes sustainability as continued funding of the projects and the government assumption of the goods and services offered by donor-funded projects and an ongoing provision of required funding and credit to rural areas even after donor support ends. Besides, it points out that sustainability is demonstrated by strong, trained, active, community groups who have an aim of owning project outputs and are willing to improve the structures and keep the projects running. There is no doubt that sustainability of the donor funded projects will be assured and guaranteed if community groups come together, own the projects and assume their functions.

The key challenge to NGO sustainability is thus financial viability with most of these organizations relying on a single source of funding while a few others have developed relationships with two or more donors (Williams, 2014). Nonetheless one of the main challenges encountered by NGOs remains access to and dissemination of services, as most cannot afford or provide services unless funded by a donor. "Moreover, others find it difficult to free staff time to attend fundraising courses, with a good number being too busy providing services to others and thus tend to give little priority to their own development" NGOSI (2009).

THEORITICAL FRAMEWORK

The researcher looked into the dependency theory, and the resource-based view theory in an effort to demystify the concept of financial sustainability as it pertains to NGOs.

Dependency Theory

The dependency theory was put forward by Andre Gunder Frank in 1969 in his work, *Capitalism and Underdevelopment in Latin America*. Graaff & Venter (2001). The theory was put forward during the colonial era when colonial rule was seen as a necessary tool to 'safeguard and extend capital investment', with colonies being sources of cheap raw materials as well as captive markets for their coloniser's goods. The theory suggests that, First World countries (core) have not only actively underdeveloped third world countries (periphery) but have also dominated them.

In the same way donor funding is slowly but surely depleting non-profit's capacity to be self-reliant and sufficient. NGOs in Jos are largely recipients of project funding from donors, which comes with various restrictions attached in terms of how to use the funds. Therefore, such funding is unsustainable in the long run when it is withdrawn, because activities often cease abruptly and prematurely; thus putting the NGOs in a position where they have to keep seeking donor funds in order to keep programmes and services they provide running Research on Poverty Alleviation. This theory however has a gap as it only lays the argument for donor funding, but do not posit how financial sustainability can be achieved, thus the need for the resource-based review.

Resource-Based View

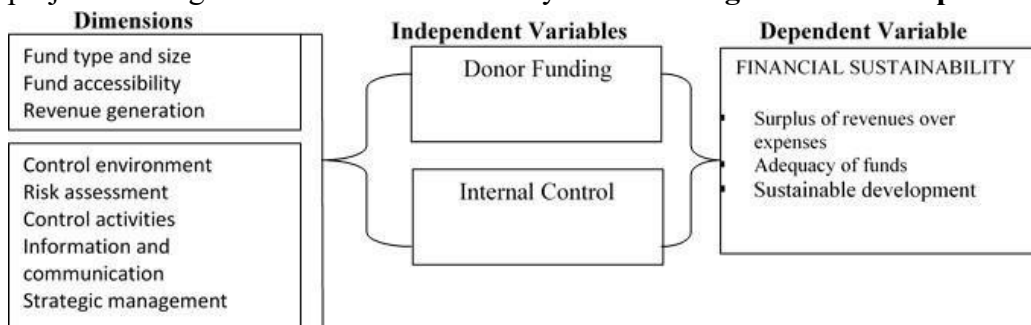
The Resource-Based View framework emerged in 1980s and 1990s after the major works published by (Wernerfelt Birger, Prahalad and Hamel & Barney, 2012). This theory highlights how firms may enjoy competitive advantage effective and efficient performance over others by making use of their available, treasured, scarce, unique, and organized resources. Resources can either be tangible (physical) or intangible (non-physical) in nature. RBV describes a firm as a bundle of resources brought together for a certain purpose mainly in ensuring the future survival of the firm, which clearly shows that a firm's resources and their organization make one firm unique from the other. This looks and analyses firms from the inside –out whereby internal environment is analyzed first before looking at the external.

This theory was adopted in this research on impact of donor funding and internal control on the financial sustainability of NGOs in Jos metropolis due to its focus on internal environment especially on how the strategic management of the NGOs will ensure access to funds to ensure that projects commenced will be completed and enough resources will be available to build the capacity of the stakeholders, and to ensure that projects undertaken will be sustainable in the future Omeri(2014).

This theory focuses on the management of an organization's internal environment, other than just the outer environment. And this is where effective internal control and strategic management come to play in ensuring financial sustainability prospects for organizations.

CONCEPTUAL FRAMEWORK

From the conceptual frame work below, financial sustainability is the dependent variable, while donor funding, and internal control are the independent variables. The intervening variables of the conceptual framework may include Government policies and organization culture which may have an impact in the project funding and financial sustainability in NGOs. **Figure 2.1: Conceptual Framework.**



EMPERICAL REVIEW

List and Price (2012) carried out a study that revealed that understanding the selection criteria and how donor funding differs is important for a host of reasons. Finding, for example, that some donors reward efficiency and transparency when allocating funds would have serious implications for the behavior of NGOs who seek funds from these donors. Furthermore, with more accountable NGOs, donors will improve their chances of raising funds from their citizens. This study also proved further that although a number of stylized facts emerge from the data showing how donors fund NGOs: a few attract most of the funding; the majority are dependent on one or two donors; many diversify their funding sources in the form of business income, membership fees and subscriptions. It is also the case that those NGOs that are funded by international governments receive much larger amounts of funding than from any other source, including funds from international charities or churches (List and Price, 2012). The reports the show that the percentage of donations from international sources accounts for 35% of NGOs funding; local sources accounts for 8%; whereas 40% comes from contributions in the form of membership and user fees, and private donations, i.e. by individuals who do not represent a united body.

Constant fund-raising is one of the most important tasks that an NGO undertakes. Spiros Bougheas, Alessia Isopi, & Owens (2008) conducted a study on how donors allocate funds to NGOs: Evidence from Uganda, which pointed out that International donors are positively affected by the NGO's already existing financial structure. The ones registered to pay taxes are more likely to receive funding. Local donors appear

to rate the geographic location as important. NGOs located outside of Kampala are more likely to receive local funding. This could be because it increases the visibility of the NGO to the local funder. Observing the functioning of an NGO in Kampala will be more difficult even for local donors. Indigenous NGOs are less likely to have funding from international donors whereas they are more likely to receive local funding. They further asserted that the size of the NGO does not seem to be a key factor in the funding allocation of either donor (USAID, 2007) .

Further study by Spiros (2008) shows that the proportion of funding from international donors is higher if the manager has more national contacts and less local. This measure of how well connected the manager is may be useful for an international donor working in a foreign country while the number of civil servants the manager knows locally is less relevant. On the other hand, for local donors the result is actually the opposite: connections with national government have a detrimental effect, whereas connections with local government do appear to matter. Local donors may decide to allocate their resources to NGOs that have not received funding from international donors. This is in accord with our supposition that local donors might be more concerned that NGOs that are not on the radar of international donors are in still in a position to serve local community needs. Therefore, they appear more concerned with accessibility rather than efficiency (Yator, 2012).

Alesia (2018) in a study on donor relationship and fund release revealed that international donors tend to increase their funding if the community positively evaluates the performance of the NGO, whereas local donors are negatively affected by the community's assessment of the performance of the NGO. These results are in line with the evaluation of the community needs, confirming that international donors are more prone to be influenced by the opinions of people outside the NGO, which in this case are the beneficiaries themselves. Local donors' behaviour may have a twofold interpretation: either they tend to favor the less efficient NGOs that otherwise would have had a small probability of surviving, or it might simply be the case that they allocate funds following their own non-observable criteria. This explains how complete dependence on donor funding impedes the ability of NGOs to raise internally generated resources to maintain their service provision.

Naidoo (2004) concluded that ethical environments are more important than codes of conduct in influencing finance managers in organizations when resolving ethical dilemmas. Catusus and Gronlund (2005) found that management's attitude toward internal control was significant when accountants were asked to evaluate the control environment of an organization. A more important issue, however, is whether these internal control factors are actually related to misrepresented financial information. Numerous empirical studies have looked into both the needs of financial reporting and management skills in public accounting information. Skoog (2003) carried out a research on visualizing value creation through the management control of intangibles; Power (2004) – analyses the financial management of everything; while Waddell (2006) carried out a study on the complementary resources: the win-win rationale for partnerships with Nongovernmental organizations. These studies found that organizations are more apt to voluntarily disclose negative earnings surprises preemptively, compared to positive earnings surprises. This is consistent with the thought that managers face an asymmetric loss function.

A study by Peter (2007) shows a negative relationship between the financial sustainability of an institution and the level of subsidies received each quarter. As the level of subsidy income rises, the respective institution's financial sustainability falls. Many have argued that subsidies help microfinance institutions reach the needed operational size. However, as discussed in many previous studies, these institutions may actually be doing less good as they receive more assistance. Besides, institutions with more subsidy income have higher level of loans outstanding that is greater scale. This result may reflect the crowding out effect described above an increasing amount of grants and other subsidies are being directed to microfinance institutions that have already achieved a level of operations needed for their own continued success. Likewise, Kereta (2007) found that there is a negative relationship between dependency ratio and financial sustainability, and he further explains as reduction in dependency ratio (as dependency ratio measured by the ratio of donated

equity to total Capital) decline over the years is an indication that organizations can be self-sustainable, profitable, and meet their social missions and letting the industry to be financially self-sufficient. Servon (2006) emphasizes the importance of setting up social and commercial goals that are compatible as she argues that organizations often have goals that are inconsistent, which might cause a mission drift as well as difficulties in obtaining self-sufficiency.

Sound financial management practices, good governance, and accountability are essential building-blocks for driving improvement and better-value for money in faith based organizations. Gray et al (2006) have surveyed Nongovernmental organizations, civil society and accountability: making the people accountable to capital and Ebrahim (2005) report on Accountability myopia: losing sight of organizational learning. Financial statements are intended to be understandable by readers who have a reasonable knowledge of business and economic activities and accounting and who are willing to study the information diligently Linton(2005). Financial statements may be used by users for different purposes: Owners and managers require financial statements to make important business decisions that affect its continued operations. Financial analysis is then performed on these statements to provide management with a more detailed understanding of the Figures.

Earlier research has shown that management control, such as accounting, have a stabilizing function (Huque and Rahman, 2003; Jackson, 2009). As a consequence, technologies become imperative in terms of realizing the program Ahrens and Chapman (2006). The development of management control research the past decade has been associated with strategic, informal and non-financial aspects of organizational control systems, often though in combination with more tactical, formal and financially oriented aspects Waddell (2000). That is, albeit the trend is to leave management accounting as a stand-alone method for management to the inclusion of a more strategic perspective on control, both perspectives co-exist in practice.

RESEARCH GAP

Review of literature revealed that there isn't available literature on the impact of donor funding and internal control on financial sustainability of nongovernmental organizations in Jos metropolis. Omeri (2015) addressed the factors affecting sustainability of NGOs in Kenya, but did little on internal control, and did not provide alternatives for funding. Njoroge(2012) investigated the factors influencing sustainability of NGOs, but focused more on financial strategic management. Mwangi (2014) factors influencing sustainability of non-government organizations funded community projects in Kenya, but focused more on donor-funded community projects with no mention of internal control strategies or funding alternatives. Mugambi (2014) researched on donor funding practices and financial sustainability of donor aided projects, but stopped at why and how donors release funds. Mugo (2014) researched on conditional donor funding and its implications on NGO autonomy in East Africa and reviewed the issue of dependence that came through clearly with most NGO reporting total reliance on donor funding. While researching for financial sustainability of NGOs, not one of them determined the effects of financial sustainability on the lifespan of NGOs, and this has laid the basis for this research. There seem to be no research in Plateau state that has explored impact of donor funding and internal control on financial sustainability of NGOs in Jos metropolis with a need to determine the effects of financial sustainability on the lifespan of NGOs, and the many aspects it would create. This is the gap that this research seeks to fill. Most of the researches conducted on financial sustainability of NGOs have been conducted in India (2009), Uganda (2011), South Africa (2000), United States of America (2001) and Kenya (2012/2015) . Becoming more self-financed has its pitfalls and gaps. But it is still worthwhile to consider some of the internal control mechanisms that some NGOs have used, especially NGOs in the Jos metropolis. The recurrent events of small scale crisis in Jos metropolis, requires financial sustainability as against the high level of dependency on donors in order to remain proactive and or reactive to sustainable developmental interventions in the state.

SUMMARY OF LITERATURE REVIEW

Several theories were reviewed in an attempt to create the basis for the investigation, use and significance of the variables being studied. The basic assumption of the Dependency Theory by Gunder Frank in 1969 suggests that, First World countries (core) have not only actively underdeveloped third world countries

(periphery) but have also dominated them through the funding of humanitarian activities that leaves the NGOs dependent on them. This consequently created a system that was not designed to foster internal development but instead was shaped to service the core countries.

Essentially the peripheral countries were exposed to the capitalist system which in theory was supposed to lead to growth economically for both, but in actual sense the growth was unequal and economic autonomy for the peripheral countries was never achieved. Subsequently, development in one (core) meant underdevelopment in the other (periphery). Therefore, a system of dependence was created where the periphery became totally dependent on the core for its economic survival (Yator, 2012).

The **Resource-Based View** published by Birger, posits that a firm is a bundle of resources brought together for a certain purpose mainly in ensuring the future survival of the firm, which clearly shows that a firm's resources and their organization make one firm unique from the other. This looks and analyses firms from the inside –out whereby internal environment is analyzed first before looking at the external environment. Gitonga (2014) argues that by NGOs employing qualified staff and having all the funds to undertake a project is not enough to ensure financial sustainability if the internal environment of the firm/organization is dysfunctional.

Internal control is a broad term with a wide coverage. It covers the control of the whole management system in order to carry on the business of the enterprise in an orderly and efficient way by having an automatic check and balance overall the transaction. The control may be financial and or non-financial. It has become one of the basic and essential factors for efficient and effective management.

The control environment sets the tone of an organisation, influencing the control consciousness of its people. It is the foundation for all other components of internal control, providing discipline and structure (Gitonga, 2014). Control environment factors include the integrity, ethical values and competence of the entity's people; management's philosophy and operating style; the way management assigns authority and responsibility, and organizes and develops its people; and the attention and direction provided by the Board of directors.

Every entity faces a variety of risks from external and internal sources that must be assessed. A precondition to risk assessment is establishment of objectives, linked at different levels and internally consistent (Gitonga, 2014). Risk assessment is the identification and analysis of relevant risks to achievement of objectives, forming a basis for determining how the risks should be managed. Because economic, industry, regulatory and operating conditions will continue to change, mechanisms are needed to identify and deal with the special risks associated with change (Kereta, 2007).

Control activities are the policies and procedures that help ensure that management directives are carried out. They help ensure that necessary actions are taken to address risks to achievement of the entity's objectives (Schwab, 2008). Control activities occur throughout the organisation, at all levels and in all functions. They include a range of activities as diverse as approvals, authorisations, verifications, reconciliations, reviews of operating performance, security of assets and segregation of duties (Schwab, 2008).

Pertinent information must be identified, captured and communicated in a form and timeframe that enables people to carry out their responsibilities. Information systems produce reports, containing operational, financial and compliance-related information, that make it possible to run and control the business. They deal not only with internally generated data, but also information about external events, activities and conditions necessary to informed business decision-making and external reporting (Omeri, 2015).

Internal control systems need to be monitored – a process that assesses the quality of the system's performance over time. This is accomplished through ongoing monitoring activities, separate evaluations or a combination of the two.

Ongoing monitoring occurs in the course of operations. It includes regular management and supervisory activities, and other actions personnel take in performing their duties (Schwab, 2008).

In Jos metropolis, very few NGOs have been able to sustain projects beyond the timeframe given by their donors. This is as a result of the fact that they have understood the need for sustainability and localizing funded projects such that the beneficiaries not only be a part, but own the project and ensure continuity. This

is highly dependent on the internal control mechanisms and strategic management plans put in place by organizations receiving donor funds (Omeri, 2015).

This literature review analyzed available information on financial sustainability of NGO funded projects and factors influencing it. The literature brings out widespread concern about low financial sustainability levels of NGO funded projects. From the literature, different researchers are under the agreement that sustainability is an all-inclusive concept that should be considered at all stages of a project life cycle. The internal control mechanisms Ackah (2013) donor funding Ditshwanelo, (2004), and strategic management practices Noebere, (2000), Peter, (2007), & Kereta, (2007) are causes as they are solutions to NGO financial sustainability plans. On the basis of the foregoing, the present study is aimed at addressing some of the afore-stated gaps of previous studies and contributing to knowledge by providing current empirical evidence on the impact of donor funding and internal control on financial sustainability of NGOs in Jos metropolis.

METHODOLOGY

RESEARCH DESIGN

Research design explains the method and procedure for gathering and analyzing needed facts and information (Lion, 2009). Specifically quantitative research method is the most appropriate approach to address the said objectives (Taneja, Taneja & Gupta, 2011). This is in line with where they suggested using quantitative research method. Quantitative research is a means for testing objective theories by examining the relationship among variables. According to Creswell (2008), the final written report has a set structure consisting of introduction, literature and theory, methods, results, and discussion. The outcome will enable us to know whether the theory works or not in such context of study.

POPULATION AND SAMPLE SIZE

The population is based on the selected NGOs in Jos Metropolis and the sample size derived based on a formula developed by (Yamane, 1967) Population could be view as encompassing “the total collection of all members, cases or elements about which the researcher wishes to draw conclusions (Bull, 2005).

The population of this study was drawn from 5 NGOs selected within Jos metropolis the center for Peace Advancement in Nigeria (CEPAN), Islamic Counseling Initiatives (ICIN), Women Initiative for Sustainable Development (WISCOD), Christian Women for Excellence and Empowerment in Nigerian Society (CWEENS) and Centre for the Advocacy of Justice and Rights (CAJR). Data was generated from these organizations on an equal basis/number and from staff who operates in the organizations (Programs, Finance, Monitoring and Evaluation, Interns and Volunteers/Support staff)

TABLE 1: Number of staff from (5) NGOs

S/N	Names of NGOs	No of Staff
1	CWEENS	240
2	CAJR	244
3	ICIN	255
4	WISCOD	257
5	CEPAN	254
	Total	1250

Source: Field survey 2018

Therefore, the population of the study is 1250.

Sampling is the process through which some of the respondents are selected from the whole population size and the results of the respondents selected is then generalized or applied on the whole population. The sample size of 303 was used based on an equation developed by Yemane (1967).

The minimum sample size can be determined using the Yamane formula (1983). The formula is give as:

$$n = \frac{N}{1 + Ne^2}$$

Where:

n = Sample Size

N = Total Population

E = Error margin (5 % or 0.05)

I = Mathematical Constant

The margins of error were 0.05% which was chosen voluntarily by the said research. Therefore substituting the formula above.

$$N = 1250/1+1250 \times 0.05^2$$

$$N = 1250/1+1250 \times 0.0025^2$$

$$N = 1250/1+3.125$$

$$N = 1250/4.125$$

$$= 303.03$$

Therefore population of study will be 303.

METHOD FOR DATA COLLECTION

This research employed the use of questionnaire as a means of data collection.

Description of the Instrument

The questionnaire is written in English language, and consist of four parts. The first part consists of demographic and situational factors, Second part consists of donor funding, and Third part internal control last part consists of financial sustainability.

The questionnaires will be given to Field and Administration staff. Using Yamane (1967) formula, a sample size of Three hundred and Three respondents were selected. This sample size is supported by Amin (2005) that population size beyond a certain point (about $N=5,000$), the population size is almost irrelevant and the sample size of 303 is adequate.

MEASUREMENT OF VARIABLES

After completing the data collection, questionnaires will be checked for completeness and accuracy. For this research, statistical analysis will be used. Likert scale will be used for rating. Each testimonial will be measured by 5- point Likert scale: 1= strongly disagree; 2=Disagree; 3=Neutral; 4= Agree; 5=strongly agree. Similarly, dependent and independent variables will be measured by focusing on Cronbach's alpha (must be above 60%).In this research, multivariate statistical analysis as well as dependence techniques will be used because hypothesis that are presented in this research distinguish independent and dependent variable.

VALIDITY AND RELIABILITY OF THE INSTRUMENTS

Before embarking on data collection, a pilot study was carried out to pretest the instruments. This is done in order to assess the clarity of items, validity and reliability of the instruments Mugenda & Mugenda (2003). The pre testing is carried out on programme and Administrative Officers and any questions found to be interpreted differently during the pre-testing are rephrased so that they could have the desired meaning to all respondents.

Table 2. Scale reliability of variables

Variables	
Donor Funding	0.83
Internal Control	0.71
Financial Sustainability	0.84

Table 3. Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized items	N of Item
0.596	-.251	3

Validity:

Validity is concerned with whether the findings are really about what they appear to be about (Saunders , 2003).

In order to ensure the validity of this study, data was collected from the field and offices of the various NGOs using questionnaires. Questions will be based on literature viewed and research. objectives to ensure the validity of the result and Questionnaire will be pre-tested before distribution.

Content validity draws an interference from test scores to a large domain of items similar to those on the test (polkinghome,1988). Content validity is concerned with sample-population representativeness i.e the knowledge and skills covered by the test items should be representative to the lager domain of knowledge and skills (Cronbach,1971)

Reliability

According to Saunders et al., 2003, reliability refers to the degree to which data collection method will yield consistent findings, similar observation would be made or conclusion reached by other research sort here is transparency in how sense was made from the raw data.

Reliability can be assessed by the following three questions (Easterby-Smithetal., 2002).

1. Will the measures yield the same results on other occasions?
 2. Will similar observation be reached by other observers?
- Is there transparency in how sense was made from the raw data? Numbers of different steps were taken to ensure the reliability of the study:

METHOD OF DATA COLLECTION

Interviews are methods of gathering information through oral quiz using a set of preplanned core questions. In this study, some other stakeholders will be interviewed to compare and corroborate findings.

The researcher used adapted questionnaire from (Owens, 2002) on financial sustainability specifically designed, to gather data from the target population. The questionnaires are used because they are straightforward and less time consuming for both the researcher and the participants.

The questionnaires were personally administered by the researcher. This method of administration was preferred because of its higher response rate.

The questionnaire consisted of Forty (40) items designed to identify and clear and specific response from the respondents. The items assessed the following: 1. Respondents' view of how donor funding attributes to sustainability of their NGO in the last five years, 2. How effective are the listed internal control measures in enhancing financial sustainability in their organization in the last five years, using a scale of 1-5 where 1= very effective and 5 = ineffective, 3. Their view about financial sustainability of the projects covered in the last Six years. A section with the demographic information of the participants was provided in the questionnaire. Questionnaires were distributed to the 5 NGOs, where 5 officers meeting the target population will respond.

METHOD OF DATA ANALYSIS

The data collected using the questionnaires were analyzed using quantitative data analysis methods. The quantitative method involves both descriptive and inferential analysis. Descriptive analysis such as frequencies and percentages are used to present quantitative data in form of tables and graphs. Data from questionnaire are coded and logged in the computer using Statistical Package for Social Science (SPSS V 23.0). This involved coding both open and closed ended items in order to run simple descriptive analyses to get reports on data status. Descriptive statistics involves the use of absolute and relative frequencies, measures

of central tendency and dispersion. The analysis is made with a 95% level of confidence i.e. $P = 0.05$. The formula for the simple regression is given as: $Y = a + bx$, where Y is the independent variable and X is the dependent variable it was used in testing the stated hypothesis.

RESULT AND DISCUSSION

Before a full blown analysis is performed, data screening data shall be assessed for the assumptions that corroborate the appropriateness of multiple linear regressions employed as a tool of analysis in this study. This deals with the presentation and analysis of data. A questionnaire was designed and administered to NGOs in Jos metropolis. 303 questionnaires were administered to the staff and volunteers of the NGOs and 285 were properly filled and returned. This represents 94 percent retrieval rate which is good. The retrieved questionnaires were coded and cleaned in the Statistical Package for Social Sciences. Before analysis was done, the data was clean for missing values, outliers and test of normality. The hypotheses of the study were also tested.

DATA PRESENTATION

The results are presented in frequency tables and described accordingly below:

Table 4: Demographic Characteristics

Respondent's Demographic Variables		Frequencies	Percentages (%)
Gender	Male	133	46.7
	Female	152	53.3
Age Range	18-30	57	20.0
	31-40	171	60.0
	41-50	57	20.0
Educational Qualification	Graduate	152	53.3
	Postgraduate	133	46.7
Length of Service in the organization	2 years	76	26.7
	3 years	76	26.7
	4 years	76	26.7
	5 years	57	20.0
How old is this organization	10 years	133	46.7
	above 10 years	152	53.3
Category of Donor	Local	57	20.0
	International	313	46.7
	Both	95	33.3

Source: Field Survey, 2018

Based on data obtained, which indicates that 46.7 percent of the respondents strongly disagreed that it is easy to access donor funding, 13.3 percent disagreed, 6.7 percent were undecided on the statement, 13.3 percent agreed and 20 percent strongly agreed. This means that it is not easy to access donor funding. Also it shows that 40 percent of the respondents strongly disagreed that approval of utilisation of donor funds is done within the timeframe provided, 20 percent disagreed, 6.7 were undecided, 6.7 percent agreed and 26.7 percent strongly agreed. Since majority of the respondents strongly disagreed with the statement, it implies that approval of utilisation of donor fund is not done within the timeframe provided. It is clear that 40 percent of

the respondents strongly disagreed that most organisations cannot afford to provide services without donor support, 13.3 percent disagreed; 6.7 percent were undecided on the statement, 20 percent agreed and strongly agreed, respectively. Since most of the respondents strongly disagreed, it entails that most organisations can afford to provide services without donor support. The same is shown that 20 percent of the respondents strongly disagreed that approval of utilisation of donor funds is done within the timeframe provided, 33.3 percent disagreed, 20 percent were undecided, 6.7 percent agreed and 20 percent strongly agreed. Since majority of the respondents disagreed with the statement, it implies that approval of utilisation of donor fund is not done within the time frame provided. As indicated that 40 percent of the respondents strongly disagreed that donor do not allow organisations to run multiple projects alongside their own, 20 percent disagreed, 13.3 percent undecided, 13.3 percent, agreed and strongly agreed, respectively. This means that donors do allow organisations to run multiple projects alongside their own. The data further revealed that 20 percent of the respondents strongly disagreed that there are several budget constraints on some donor grants that affect implementations of projects, 33.3 percent disagreed, 20 percent undecided, 6.7 percent agreed and 20 percent strongly agreed. This implies that there are no several budget constraints on some donor grants that affect effective implementations of projects. Also shows that 26.7 percent of the respondents strongly disagreed that becoming completely independent of donor is an unrealistic goal for some organisations, 20 percent disagreed, 13.3 undecided, 26.7 percent agreed and 13.3 percent strongly agreed. This means that becoming completely independent of donors is a realistic goal for some organisations. Further indicated that 20 percent of the respondents strongly disagreed that reliance on grants and donations is considered the best approach to sustainability, 26.7 percent disagreed, 20 percent undecided, 13.3 percent agreed and 20 percent strongly agreed. This implies that reliance on grants and donations is not considered the best approach to sustainability by NGOs in Jos metropolis.

Table 5: INCOME AND EXPENDITURE PROFILE FROM NGOs IN JOS 2012 TO 2017.

The Interpretation:

Base on the out which shows that there are consistent funding of the organizations within the year of the study, thereby making the organizations to key in into many projects as case maybe in other to accomplish their mandates, however, there were fluctuations in the funding especially between the organizations, which by investigation may be as a result of the economic meltdown or crisis and financial crisis on the side of the donors.

Meanwhile, the result showed that it only in 2013 that CAJR did not receive any funding, with their adequate control, from the surplus, they were able to carry out their mandated projects within the period.

Which indicate high level of internal control of the organization and financial sustainability.

HYPOTHESES TESTING

The correlation Coefficient in the regression results (appendices 2) shows a Variance Inflation Factor (VIF) of 2.514 which is less than 3.3 recommended by scholars. This indicates shows that multicollinearity is within the acceptable level between the independent variables. Equally, the Normal Probability plot shows that the points lie along the straight diagonal line from bottom left to right top. This suggests normality.

The regression results in appendices 2 shows that $FSS = 10.719 - 0.152DF + 0.787IC$. This means that financial sustainability will decrease on average by 0.15 percent with 1 percent change in donor funding while internal control is held constant. Equally, the regression model shows that financial sustainability will increase on average by 0.78 percent with 1 percent change in internal control while donor funding is held constant.

The model summary revealed an r square of .457 which means that 46 percent variation in financial sustainability in NGOs in Jos can be explained by donor funding and internal control.

H_{01} : There are no significant effects between donor funding and sustainability of NGOs in Jos metropolis.

H_{02} : There are no significant effects between internal control and sustainability of NGOs in Jos metropolis.

H_{03} : There are no significant effects of financial sustainability on the lifespan of NGOs in Jos metropolis.

Table 6: Regression result (Structural Path Summarized)

HYPOTHESES	Relationship	STD BETA	STD ERR	T STAT	P-VALUE	DECISION
H2	IC FSS	.787	.049	11.306	.000	Supported
H3	DF FSS	-.152	.071	-2.180	.030	Supported

Test of Hypothesis One

The correlation Coefficient in the regression results (appendices 2) shows a Variance Inflation Factor (VIF) of 2.514 which is less than 3.3 recommended by scholars. This indicates shows that multicollinearity is within the acceptable level between the independent variables. Equally, the Normal Probability plot shows that the points lie along the straight diagonal line from bottom left to right top. This suggests normality.

Test of Hypothesis Two

Table 4.5 also indicates that hypothesis 2 has a significant value of 0.000 which is less than $\alpha = 0.05$, therefore, H_0 is rejected and the alternative hypothesis which states that internal control has significant effect on financial sustainability is accepted. The difference is statistically significant. This implies that internal control when effectively practice can lead to financial sustainability of NGOs.

Test of Hypothesis Three

Table 4.5 revealed a significant value of 0.030 which is less than $\alpha = 0.05$, thus, H_0 is rejected and the alternative hypothesis which states that donor funding has significant effect on financial sustainability is accepted. The difference is statistically significant. This means that donor funding is important in that its availability or otherwise can affect the NGO in the long run.

DISCUSSION OF RESULT

The discussion of findings is done in line with the research questions, objectives and hypotheses of the study. The test of the first hypothesis revealed that donor funding has significant effect on financial sustainability. This means that donor funding is important in that its availability or otherwise can affect the NGO in the long run thereby agreeing with the Dependency theory which believed that NGOs are stuck in the dependency cycle in which they have to seek donor funding and keep looking for donor to keep their doors open and continue to run. The results have greatly shown that it is not easy to access donor funding. Most of the donors have been known to set a ceiling on the grant funds disbursed to NGOs and insists that funds allocated to a specific project cannot be utilized on another project not unless they have been consulted and approved. Equally, where the fund is accessed the approval for the utilisation is not done within the timeframe provided and donors do allow organisations to run multiple projects alongside their own. This finding agrees with Rono (2008) who conducted a study on the financial sustainability of NGOs projects in Nairobi and found that many projects depended on donor funding resulting in low utilization of internally generated resources. He further stated that these projects ended up not offering the beneficiaries the needed services.

The study further revealed that internal control has significant effect on financial sustainability of NGOs as related by the Resourced-Based theory which agrees that to create a sustainable environment, they need resources categorized into the three C's; Competence, Capital, and Contacts. Competence is necessary to effectively meet donor targets; the project needs enough capital to purchase raw materials or obtain a business premise and finally avenues and contacts to access project beneficiaries and for smooth cooperation with the necessary stakeholders. This implies that internal control when effectively practice can lead to financial sustainability of NGOs. The result indicates that there is proper accounting record such proper control of fix assets, cash advances, retirement of funds, and control over purchase. The NGOs also do regular financial audit. This finding disagrees with Nzalu (2006) who posits that financial management practices of development NGOs partially conform with the laid down procedures of international financial reporting standards. Inadequate budget forecasts was notably present which results in poor planning.

SUMMARY, CONCLUSION AND RECOMMENDATIONS

SUMMARY OF FINDINGS

The objectives of this study were to examine the effects of donor funding and internal control on financial sustainability of NGOs in Jos metropolis. To achieve these objectives, a questionnaire was designed and administered to staff of NGOs within Jos metropolis. The retrieved questionnaires were coded in Statistical Package for Social Sciences (SPSS) version 19.0. The hypotheses of the study were tested using multiple regression analysis. The study revealed that donor funding has significant effect on financial sustainability of NGOs in Jos metropolis. Where many projects undertaken by the NGOs depend heavily on donor funding, this results in low utilization of internally generated resources. This could have devastating effect on the organisation in this period of shrinking aids and donations from foreign countries. When there is an increase in the level of subsidy income, the institution's financial sustainability decreases. This finding agrees with Peter (2007) who revealed a negative relationship between the financial sustainability of an institution and the level of subsidies received each quarter.

The findings from questions dealing with financing show that even though these NGO are active they still have a very hard time in finding donors. The existing NGOs are active not only because they could raise funds and find donors consistently, but because of the other factors which play an important role in sustainability and this served them to attract only foreign donors (75%). The active NGOs claim that financing is crucial but not sufficient for comprehensive sustainability. There are other strategic issues, such as the need to improve management capacity in order to increase transparency and build supporting constituencies. The study also revealed that internal control has significant effect on financial sustainability of NGOs. Effective internal control is of paramount importance for the NGOs. It could serve many purposes such as reducing the incidences of frauds and errors, make information available which can be used as basis for making financial and administrative decisions. This implies that internal control when effectively practice can lead to financial sustainability of NGOs.

CONCLUSION

Based on the research findings the research concludes that donor funding has significant effect on financial sustainability of NGOs in Jos metropolis. NGOs that depend on donor funding cannot be sustainable in the long run. The research in this study is among the earliest research in the literature to examine internal control systems from management's perspective, the weaknesses in internal control systems specifically in NGOs, and the occurrences of fraud and corruption within NGOs and any related effect or impact thereon. This is as a result of the gross reduction in donor funding, (especially, from international donor funding) over the years. For the NGOs to remain sustainable, there must be alternative funding, especially, funding that is internally generated.

The very existence of foreign operations does not mean the internal control system will fail; however, it signals to management their need to compensate for this weakness with strengths in the many other components of the internal control system. To look at this issue further, this research examined other components of the NGOs' internal control systems as well as sought to demonstrate several weaknesses exist across the NGOs' internal control systems, leaving the organizations vulnerable to failures in their internal control systems; thereby, increasing the opportunity for the occurrence of fraud and corruption.

Further, internal control principles indicate large organizations have greater resources and opportunities for stronger internal control systems. 83% of the respondents indicated their NGO's employed 100 or fewer people at the field location; while over the study also concludes that internal control has significant effect on financial sustainability of NGOs. Internal control helps in reducing the incidences of frauds and errors, and also make information available which can be used as basis for making financial and administrative decisions. This promises increase tendency of financial sustainability of the NGOs.

RECOMMENDATIONS

Based on the findings and conclusions of this study, the following recommendations were put forward:

1. The study revealed that donor funding has a profound effect on the success of an NGO. The findings further suggest that NGOs with easy accessibility to donor funding are most likely to be financially stable in the long run. This clearly shows that individuals who have been put in charge of donor aided projects should have the required skills and professionalism to ensure that they are sustainable in the future even after the donor support ends.

2. Since donor funding has significant effect on financial sustainability of NGOs, management and policymakers should ensure that their organizations do not rely on donor funds alone. But should make concerted effort to internally generate funds, so that Poor internal control, proper retirements of donor fund will not affect the financial sustainability's lifespan of NGOs.

3. The study powerfully supports the argument that donor capacity building impacts projects financial sustainability, in the long run; thus implementers should be willing to increase transparency to improve the growth of projects and hence realize their financial sustainability, especially that donor financing policies need to be adhered to by project implementers as this will result in the proper implementation of the projects. Donors' policies should be favorable and consider all stakeholders as this will ensure that they are acceptable.

ALTERNATIVE TO DONOR FUNDING

According to Boas (2012) the term 'diversification of sources of funding' describes a number of activities that strive to reduce the dependence on a; specific type of income, specific donor or grant maker, dominating customer, country that is the only or main source of funding and currency in which most or all funds are paid out. Boas (2012) continues to say that, NGOs that want to diversify their sources of funding and make their funding more reliable have to make a decision as to whether they want achieve this long- term goal only through; actions focused on donors and grant makers, potentially with minor self-financing activities or will also be open to consider, starting significant for-profit activities, possibly organized in form of a social enterprise. Alymkulova and Seipulnik (2005) also point out that a sustainable approach to NGO financing is one that avoids dependency on any single source of revenue, external or internal. There is difficulty in determining a formula for the percentages that need to be derived from various sources in order to come up with the optimum mix. However, maintaining a balance between externally and internally generated resources is necessary to allow an organization to meet its operating and administrative expenses while maintaining the freedom to determine its program priorities and projects, irrespective of donor preferences Alymkulova and Seipulnik, (2005).

Rasler (2007) argues that building a truly "sustainable" NGO is a multidimensional challenge entailing both internal factors of strengthening organizational capacity, as well as external factors of establishing a more supportive regulatory environment and secure resources for NGO initiative. On the other hand, levels of domestic resources and self-financing appear to be increasing and are therefore more reliable components in long-term sustainability strategy.

Under prevailing conditions, however, where very few NGOs can achieve 100% self-financing, more organizations are trying to gain control over at least portion of their funds by generating income themselves. In this contest, a rule of thumb is that NGOs raise sufficient funds from internal sources to cover their basic operating costs but approach external donors for their program costs.

CONTRIBUTION TO KNOWLEDGE

Practically, the study would key in towards donor capacity building, which is key in improving the financial sustainability of projects as donors can come up with better ways of achieving their set goals and implement projects with the involvement of the beneficiaries their by increasing the lifespan by applying the right action towards a specific project.

Theoretically, the study discovered that financial sustainability of donor funded projects will increase if donor policies are not stringent and are aligned towards the recipient countries' policies. It is, therefore, necessary for project implementers to act in accordance with donor financing policies, so as to guarantee donors' confidence which in turn increases financial sustainability of these projects Using the Dependency Theory

and Resource-view Theory, the study has been able to establish that donor funding and internal control have significant effect on financial sustainability in Jos Metropolis.

Policy aspect in NGOs that depend solely on donor funds cannot be financially sustainable in the long run. Thus, they need to generate funds internally by making a proper policies. More so, internal control can make an NGO to be financially sustainable in the short run and long run. This is because it has the capacity to block any leakage of funds.

Based on the limitations of the study, the research suggests that similar studies be conducted in other parts of the country to assess the factors affecting financial sustainability of the donor funded projects and compare the results of other parts of the country with other counties' results to come up with a more generalized conclusion. Equally, further research should be carried out including control theory to better explain the relationship between internal control and financial sustainability of NGOs.

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