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# Financial Accounting as a Tool to Enhance Non-Government Organisations' Performance: A Case Study of a Large NGO in Durban, South Africa

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**ABSTRACT**

Numerous non-governmental organisations (NGOs) in South Africa and elsewhere do not have standardised financial accounting practices to follow in preparing their financial statements and it is not clear whether the International Financial Reporting Standards (IFRS) for Small and Medium-sized Entities (SMEs) can be used to enhance NGOs performance (Kaya et al., 2015). This article explored the applicability of financial accounting practices as a relevant tool to enhance NGO performance with particular reference to a large NGO in Durban, South Africa. A qualitative approach was employed and data was collected through the use of semi-structured interviews and conventional thematic and document analysis. Evidence from this study showed that despite adopting accounting and financial policy and procedures, the selected NGO finds it difficult to maximise its financial performance due to failure to fully comply with IFRS for SMEs in South Africa. This article provides necessary recommendations applicable to other similar NGOs globally.

**Keywords:** Financial Accounting, Financial Performance, IFRS, Non-Governmental Organisations, Small and Medium-sized Entities, IASB
**JEL Classifications:** M41, M42

## 1. INTRODUCTION

There is currently no globally converged set of financial reporting standards to be used by NGOs to measure, assess, and manage their financial performance. Nobes et al. (2015) explained that NGOs operate in different jurisdictions and their financial reports differ in terms of type, style, and manner. This has led to confusion among the users of NGO's accounting information with regard to its reliability, dependability, and comparability (Carolyn, 2017). The fact that no framework or standards have been set to assess the reliability of the financial information provided by NGOs, makes it difficult to compare and evaluate their financial performance even within a single jurisdiction (France and Regmi, 2019). To address this dilemma, the application of IFRS for SMEs has been suggested and has the potential to assist in the effective operations of NGOs. Such IFRS for NGOs is relatively underutilised due to strict donors' requirements.

Van Staden and Heslop (2009) observed that many local and global NGOs receive funding from government institutions and private donors who are increasingly embracing a global approach of conforming to the standards issued by the International Accounting Standards Board (IASB) and to fully implement IFRS. By complying with both local and International Accounting Standards, these organisations could enhance their financial transparency and their legitimacy. NGOs are confronted by complex local and international grant regimes with different financial planning and reporting requirements. Often donors' financial reporting practices and applicability of accounting standards do not comply with the quality requirements set by the IASB (Yang et al., 2014). It is clear that the NGO sector needs to improve its financial reporting practices, but the question of how best to achieve this is subject to debate. This state of affairs creates a need to establish whether the application of the increasingly essential IFRS for SMEs can enhance NGOs' financial reporting and performance.

IFRS for SMEs is essential for the South African NGOs to meet the high-quality standards set by the IASB, Department of Social Development (DSD), and other users of the organisation's financial statements, in particular, higher quality of financial reports can answer a number of questions that stakeholders will have about how NGOs have performed financially and to allow sound analysis of financial performance as well as financial sustainability (Peterson-Palmer, 2017). This perception is supported by Despard et al. (2017) who argue to the extent, in South Africa and elsewhere, NGOs face the threat of funders withdrawal or disqualification from further funding if they do not comply with donors' financial reporting requirements. NGOs financial reports are inconsistent due to a lack of IFRS for NGOs and many of these organisations' financial reporting practices are not in accordance with the South African NPOs' Codes of Good Practices (Carman, 2011; Nobes et al., 2015). These open areas deal with financial accounting practices of NGOs and form the central motivating question of determining whether the quality of financial reporting systems can improve the financial performance among NGOs. The need to explore potential alternatives on how NGOs measure, assess and manage financial performance has intensified in the recent studies (Gassen, 2017). The majority of the existing literature on South African NGOs provide normative explanations of NGOs' accountability without analysing the impact of financial accounting on NGOs' performance. There is a lack of studies focusing on the role of financial accounting on NGOs' performance in the South African context. Consequently, the current study intended to investigate financial accounting as a potential instrument to enhance NGO performance using the case study of a large NGO based in Durban, South Africa.

Thus, the specific objectives of this article were to analyse the accounting standards adopted at the selected NGO; to investigate the factors that inhibit the adoption of IFRS for SMEs by the selected NGO; and to ascertain the selected NGO management's perceptions of the impact of using IFRS for SMEs to enhance organisational performance. The analysis and discussion on financial reporting practices of such selected NGO will give guidance and stronger support to other similar NGOs. The NGO's name is anonymised throughout this article for confidentiality purposes.

## 2. LITERATURE REVIEW

Financial accounting reporting practices within NGOs have become to be universally recognised as one greatest obstacles to financial performance. This emphasises the need for accounting standards and principles, rather than templates to guide NGOs' financial reporting practices (Cordery and Simpkins 2016). Kisaku (2017) suggested that, regardless of their scope and size, NGOs' financial reports are not consistent with Generally Accepted Accounting Principles (GAAP) and that IFRS for SMEs is the most relevant tool for financial reporting issues specific to the NGO/NPO sector. Consequently, Essa (2018) argues that IFRS for SMEs are relevant to NGOs' financial reporting, and highlights the need for NGOs to adopt IFRS.

Aboagye-Otchere and Agbeibor (2012) investigated the suitability of IRS for SMEs among three NGOs in Ghana using group discussions and interviews. The study recommended that NGOs should adopt IFRS for SMEs to provide open, easily understandable financial reports for a wide spectrum of users. However, the study did not consider financial accounting as a main driver for financial performance. De Villiers et al. (2014) and Du Toit et al. (2017) investigated inconsistencies in the financial reports of South African NGOs and both studies found that if accounting standards are not adopted by NGOs, the State is unable to ensure high-quality financial reporting and performance. It was also suggested that IFRS for SMEs would enable NGOs to comply with high-quality financial reporting standards. Kaya et al. (2015) tested the relevance of IFRS for SMEs in several countries and showed that IFRS for SMEs offers a robust and practical framework for preparing NGOs' financial statements. Additionally, Nakitare (2018) examined the link between NGOs' high quality financial statements and financial performance for NGOs in Kenya and established that financial reporting within Accounting frameworks is linked to financial performance among NGOs. The study's findings suggested that NGOs should be required to prepare financial reports in accordance with applicable accounting standards and principles.

Contrarily to findings supporting the application of IFRS for SMEs, there are still criticisms against the use of IFRS for SMEs. Schutte and Buys (2011) showed that NGOs cannot fully copy and paste profit-oriented financial reporting and management practices. This view is supported by Finkler et al. (2018) who emphasised that, even if simplifications were to be made, IFRS for SMEs would still be costly and complex for NGOs. Therefore, there is still debate on whether IFRS for SMEs can benefit NGOs or not, and this study sought to fill this research gap to investigate whether financial accounting can function as a tool to enhance NGOs' performance.

In the international space, Loi et al. (2006) investigated accounting practices in three Tanzanian NGOs using grounded theory. Overall, the study established that poor financial reports negatively affect performance among NGOs. The authors suggest that it should be compulsory for NGOs to implement IFRS in order to comply with stakeholders' requirements. Furthermore, NGOs should have efficient accounting systems, highly qualified accounting staff and watertight, documented accounting systems. However, the study by Loi et al. (2006) did not emphasise inconsistency reporting demands templates from funders. Also, their study did not approve or disprove whether IFRSs for SMEs would be easy to apply in NGOs sector nor there would be hard to comply with IFRSs for SMEs. Similar research was undertaken by Westerdahl (2001). Based on focus group discussions and interviews, the author recommends that NGOs should publish their financial reports for scrutiny by both government and the public. However, Goldon's (2011) study did not specify which accounting standards have the most significant impact on silencing stakeholders strongest objections regarding financial reporting issues. Aboagye-Otchere and Agbeibor (2012) investigated the suitability of IRS for SMEs among three NGOs in Ghana. The study recommended that NGOs should adopt IFRS for SMEs in the provision of all financial statements in order to provide open, easily understandable financial reports for a wide spectrum of users. However, they did not consider NGOs specific accounting issues. Also, Aboagye-Otchere and Agbeibor (2012) lacked guidance for accruals accounting and the notion of internatonal accounting standards for NGOs and their results lacked practical basis.

In the same vain, Eccles and Saltzman (2011) and Susanto (2016) adopted an empirical approach to examine the importance of the financial accounting in NGOs using a literature-based methodological approach. These studies showed that clear accounting systems can assist in distributing and tracking resources so that they reach their intended destination; donors appreciate this kind of action. They also found that NGOs that abide by the financial reporting standards stipulated by donors are able to mobilise further funds. The authors also recommend that NGOs adopt well-structured and efficient financial accounting practices. However, Susanto's (2016) study lacked a robust NGOs financial reporting framework that give a clear guidance, ensures consistency in preparation of acoounts and financial transperency. Also, IFRSs for SMEs were not mentioned or irrelevant information on issues which need to be considered in NGOs financial statements.

Yetman and Yetman (2012) and Waniak-Michalak and Michalak (2016) tested the effect of the interaction between NGOs' accounting and performance in Ethiopia using interviews and a questionnaire to gather data. They suggested that NGOs should use IFRS as a benchmark to evaluate their performance and should establish a well-functioning financial accounting system to measure it. However, their study did not focus on main drivers of financial performance factors but also the role financial accounting can play. Mwangi (2013) conducted a descriptive survey on the applicability of accounting and auditing standards among NGOs in Kenya. The study found that NGOs need to be competent and fulfill government and donorsttent and tive survey on the applicability of accounting and auditing sta in line with acceptable standards in order to boost donor support. But the research by Mwangi (2013) did not test factors influencing adoption of accounting systems in NGOs such as was done by Nakitare (2018) nor empirically validated multiple funders' financial reporting requirements.

While all these findings reaffirm the importance of a clear financial accounting system among NGOs, insufficient detail is provided to investigate the links between their financial accounting and performance in terms of achieving targets and financial performance. Haller (1982) empirical study on NGOs' financial performance analysed their financial statements. It established that financial performance measurement is primarily based on financial analysis through financial reports and footnotes. The author suggested that NGOs should be required to prepare financial reports that detail all components of assets and liabilities, and revenue and expenses in line with applicable accounting standards and principles. Studies conducted in the USA and European Union (EU) reveal the complex nature of NGOs and the social, political and economic issues confronting them (AbouAssi, 2013; Thayer and Fine, 2001). These studies used grounded theory strategy and established that accounting is important in legitimating NGOs.

In the local context, Mueller-Hirth (2012) investigated the factors that influence the performance of South African NGOs and other organisations using *various database platforms* to obtain information. They suggested that financial reports should contain improved measures of performance. It has been also suggested that the inclusion of information on financial performance for longer periods such as five or ten years, would shed more light on the performance of NGOs. However, the study by Mueller-Hirth (2012) did not refer to all highly ranked financial reporting standards which could influence entities towards the enhancing financial performance. Also, they did not indicate the main drivers that could be linked and use to enhance financial performance in NGOs sector. De Villiers et al. (2014) and Du Toit et al. (2017) also investigated inconsistencies in the financial reports of South African NGOs. Both studies used electronic databases to obtain information. They found that, if accounting standards are not adopted by NGOs, the State is unable to ensure high-quality financial reporting and performance. However, the study by De Villiers et al. (2014) did not consider technical issues. Schiebel (2008), Rossouw (2007) and Samujh and Devi (2015) provide a critical discussion on the implementation of IFRS for SMEs. Samujh and Devi (2015) contend that IFRS for SMEs is too complicated in the context of SMEs and has implementation costs. While it provides comparable financial information, it is only applicable to larger SMEs. Findings from these studies suggest implementation of IFRS for SMEs by NGOs are limited suggesting a need for empirical evidence on this topic in the South African context.

## 3. RESEARCH METHODOLOGY

The current study was based on a qualitative research approach with the use of face-to-face interviews and document analysis. The evidence collected from the interviews was supplemented by analysis of the organisation's confidential internal documents. A case study of identified NGO in South Africa was selected for investigation for this study. The NGO was selected because of its level of work nationally and internationally and its likelihood to experience significant financial accounting issues due to its large size. At the time of data collection, such NGO had partnerships with more than 63 Community- Based Organisations (CBOs) and NGOs throughout South Africa and five international NGOs. The NGO was compelled to submit financial reports as per IFRS for SMEs and other annual reports and documents to the Department of Social Development when required. This is necessary as the access to documents and participants was granted on condition of maintaining the anonymity of the NGO and its employees in order to protect their identity.

Purposeful sampling was used to select participants. This technique assists the researcher to target niche demographics to obtain specific data points (Tongco, 2007). The selected participants are key role-players in preparing financial reports and in assessing performance and growth within the organisation; and they have practical experience and knowledge of NGO's accounting and financial management systems. Based on these criteria, 24 participants were selected and interviewed individually. The interviews were recorded and later transcribed. The evidence collected from the interviews was supplemented and enhanced by the analysis of the organisation's confidential internal documents including audited financial reports, funding proposals, financial policies and accounting procedures, budgets, and donor funding guidelines for the organisation. Since the study focused on financial reporting practices, documentary evidence made a major contribution to the researcher's understanding of financial issues in an NGO setting. Information from the documents supplemented the data gathered by means of interviews. The researcher performed thematic content analysis of all interviews conducted and NGO's internal documents and results were summarised in anonymous format.

## 4. RESULTS AND DISCUSSION

The analysis of transcribed interviews and data from the NGO's documents was grouped based on the study's objectives which fall into three themes established based on the literature.

### 4.1. Accounting Standards Adopted and the Quality of NGO's Financial Reports

The first theme was the accounting standards adopted and the quality of NGO's financial reports. The findings of the research study showed that most of the participants were of the view that the US general accounting principles for not-for-profit entities are superior to IFRS for SMEs. This implies that the selected NGO is paying insufficient attention to the role of IFRS for SMEs. The principal reason is that the organisation depends on foreign donors. According to a team of participants: The first set of questions were designed to gain deeper insight of the accounting standards adopted by the NGO, which is the first research objective of this study. The participants stated that:

*"…. the organisation has not fully adopted accounting standards for reporting in accordance with IFRS for SMEs and its reports to its donors differ from those required by the Government of South Africa."*

This finding has been emphasised in the literature (Rudzani and Manda, 2016; Yang et al., 2014), where NGOs find it difficult to find a balance between the local financial standards and the international financial standards required by their donors. To confirm whether the donor influence the financial reporting of the selected NGO, the researcher utilised and analysed five reporting formats for different funders and noted that donors basically seek assurance that the funds they donate are being spent on projects**.** However, none of these reporting formats sought information on outcomes to adhere to IFRS for SMEs (NGO's Audited financial reports: 2015/2016). These findings support the findings of Brilon (2018) which showed that NGOs produces financial statements in the formats required by external donors. This is contrary to Cordery and Simpkins (2016) findings which emphasised the need for accounting standards and principles, rather than donors' templates to guide NGOs' financial reporting practices.

This finding provides evidence to support the claim that NGO's tend to overlook the prescribed standards to comply with donor's reporting requirements. This poses a challenge on conflicting reporting requirements which complicates the standardisation of financial reporting among NGOs. This finding is collaborated by Breen et al. (2018) who found that numerous NGOs-specific accounting issues are not adequately dealt with by existing international financial reporting frameworks set by IASB. This finding on accounting standards adopted by the selected NGO also accentuates with the conceptual framework developed and propounded by Valencia et al. (2015) on the relationship between financial transparency and efficiency in allocations of funds in NGOs. These authors show that financial credibility and financial sustainability is enhanced by high levels of financial transparency by producing higher quality of financial reports. However, NGOs seem to limit transparency to donor's requirements. This finding of the current research supports the body of knowledge that found that NGOs specific accounting and technical issues are not adequately dealt by existing IFRS (Cordery and Simpkins, 2016; Mwangi, 2013; Sha'ven, 2015; Wing et al., 2004).

### 4.2. Challenges the NGO Faces in Adopting IFRS for SMEs

The second research question was to gain deeper insight on the key factors inhibiting the NGO to adopt IFRS for SMEs. Therefore, the second theme is related to challenges the NGO faces in adopting IFRS for SMEs. A team of participants indicated that implementing IFRS for SMEs is challenging as it emerged in their responses to the interview questions. Most of the participants mentioned that:

*"…. implementing IFRS for SMEs can be complicated…. these standards are too complex and difficult for our NGO. Every funder wants a different type of reporting requirements [multiple financial reports] and this poses a challenge when consolidating funders' accounts. The NGO does not recruit professional accountants due to cost considerations as the organisation has limited resources and it is also expensive to apply IFRS for SMEs …. IFRSs for SMEs do not fully address particular issues confronting the NGO, for example, treatment and reporting of restricted funds, endowments funds, in-kind contributions, legacies, bequests, capitalisation, and depreciation of fixed assets……. IFRS for SMEs does not suit the organisation in respect of capitalisation and depreciation of fixed assets…… IFRS might need to be amended to suit the needs of NGO [in order] to be more applicable to NGO."*

The evidence gathered from interviews was confirmed and supported by documentary evidence, where the researcher highlighted that NGO's financial reports are not fully prepared according to the IFRS for SMEs but rather comply with different formats imposed by external donors. These findings are in agreement with several scholars (Brijlal et al., 2014; Perera and Chand, 2015; Wyngaard, 2013). For example, Wyngaard (2013) established that many NGOs are independently funded through foreign and private sources, and, as a result, they enjoy autonomy. Brijlal et al. (2014) reported that NGOs that accepted donors' reporting formats were not in compliance with the requirements of IFRS for SMEs. Additionally, Perera and Chand (2015) argue that IFRS for SMEs is too complicated and is costly to implement for small organisations. This is closely linked to current study's findings suggesting a suitable and cost-effective financial reporting model for NGOs may be required. The extent of literature reviewed provides empirical evidence of IFRS was primarily developed for application by for profit entities and its standards are thus not always entirely relevant to NGO (Ram and Newberry, 2013; Schutte and Buys, 2011; Patel and Prasad, 2013; Susanto, 2016). However, some participants argued that*:*

"*……there is a strong need for NGO to fully adopt the use of IFRS for SMEs…it makes more sense that government grants are being given only to NGOs that agreed [to] higher levels of financial transparency requirements."*

This finding is also materially in consonance with the findings of Carolyn (2017) who found that NGOs share their financial reports with a broad range of stakeholders with whom they interact and funders are seen as the primary users of NGOs' financial statements. They recommended globalisation of NGOs with adoption of a global financial reporting approach so that donors and global networks can use financial information to donate. This emphasises the need for donors to align their reporting requirements with international bodies and governments' recommended reporting standards to facilitate NGOs compliance and transparency in financial reporting.

### 4.3. Connection between NGOs' Financial Accounting and Financial Performance

The third research objective is to ascertain the NGO management's perceptions of the impact of using IFRS for SMEs to enhance organisational financial performance*.* The third theme dealt with the connection between NGO's financial accounting and financial performance and growth. This theme aims to rationalise if NGO's financial accounting had an impact on its financial performance. The findings revealed that financial performance measurements were well linked to the organisation's financial reports. This is evidenced in the responses below, from team of participants interviewed:

"*…In terms of performance against budgets and financial reports …. NGO does not have standardised financial performance measurement system, rather, Donors specify their financial reporting requirements specific to the projects they fund …. Therefore, NGO's Funders possess substantial power associated with their conferring of financial and non-financial to NGO…… NGO has now experienced a range of donor requirements and has acquired the skills and systems required [to meet] all donor expectations… these have contributed positively to the financial performance of our organisation…… we certainly increased the financed … projects and activities.".*

The study also found that there is a strong link between financial reports and financial measurements. This finding was confirmed and supported by the NGO's financial statements and analysed budgets. The NGO's financial statements indicated that the organisation had performed well with a surplus of R1, 936.00 in 2013; R 5,250.00 in 2014, respectively. It was also found that assigned targets were reached. However, the financial reports revealed a deficit of R 20,132 in 2014/2015 and R20,448 in 2015/2016 (NGO audited financial reports, 2015/2016- qualified audit opinion). This also confirms the results from interviews, which reached the same conclusion. The frequency distribution of them arising out of open ended questions indicates that respondents confirmed that financial statements will lead to strategic financial data analysis process within the organization were just mentioned eighteen (18) times by eighteen interviewees (knowledgeable individuals who were interviewed) in this study.

The researchers also highlighted adverse and positive variances (i.e., actual expenditure higher than budget, and actual income higher than budget). Notably, in 2015/2016, funding increased by about R3,890,795 and in 2014/2015 by R2,730,000, pointing to confidence in the organisation among funders and stakeholders (NGO audited financial reports, 2015/2016-qualified audit opinion). This finding is closely correlated with the views of the knowledgeable individuals who were interviewed and confirmed that budgetary accounting allows for comparison of plans (budgets) and actual results (accounts) were just mentioned fifteen (15) knowledgeable individuals. This finding is in line with that of Nobes et al. (2015) which argues that NGOs' financial reports and statements prepared in accordance with International Accounting Standards are powerful tools in enhancing their performance and the quality of financial reports and are usually required by different stakeholders. Nobes et al. (2015) explained that every step of the financial reporting process must be thoroughly documented. Engel (2016) concurs and notes that financial accounting has long been acclaimed as one of the most powerful tools to enhance NGOs' performance. Engel (2016) concluded that effectiveness and financial performance in not-for-profit settings is judged against financial reports but also requires a multidimensional approach.

The role of proper reporting in enhancing the NGO's performance was further emphasised by a team of participants who further added that:

*"……Given the fact that the organisation's financial reporting system is characterised by imbalances between the requirements of funders and those of government bodies…… in many cases, funders' reporting requirements conflict with IFRS for SMEs in terms of preparation of financial statements…consequently, the amount forthcoming from the government has decreased considerably over time….This could be attributed to the organisation's failure to fully adopt IFRS for SMEs".*

The findings of this study are in agreement with those of Kateeba (2010) who established that poor quality financial reports greatly diminish both performance and the quality of NGOs. Thus, NGOs need to ensure quality reporting to maintain their performance and growth. The findings of the current article contradict the current body of knowledge of Kisaku (2017) and Crawford et al. (2018) who showed that IFRS was developed primarily for application by for-profit entities and its standards are relevant to NGOs and NPOs.

### 4.4 Implication of the Findings and the Study's Contribution to the Literature

This article is one among a few that attempted to empirically investigate the phenomenon of financial accounting (IFRS for SMEs) and financial performance in NGOs in a developing country. Generally, there were calls for more studies in this area and this study is in response to these calls. The research contributed towards understanding financial accounting practices that explained, drive financial performances in NGO sector. The article demonstrated the role of the relationship between the main drivers enhancing and influencing performance within NGOs sector. This article expanded the knowledge of NGOs financial accounting studies using a qualitative research methodology in accounting discipline. The practical application of financial accounting model is the empowerment of the knowledge to NGOs potential stakeholders into the financial performance framework.

This complemented the growing literature, such as Perera and Chand (2015), Gassen (2017), Peterson-Palmer (2017); and Ercolano, (2020), on performance management, accounting for NGOs and IFRS for SMEs. More specifically, this article closes the gap in the literature by connecting IFRS for SMEs, the quality of financial statements and in NGO performance in the South African context. The well-known international accounting standards set by IASB, namely IFRS for large corporations has been criticised to be ineffective in financial reporting of NGOs practices and donors reporting requirements are mostly not accordance with globally acceptable accounting standards. The findings of this article emphasised the need for the development of new international financial reporting standards for NGOs and NPOs, which would consider the specificities. Such a relevant reporting framework can be easily adopted by donors to avoid the conflict between the donors reporting requirement and compliance with relevant accounting standards.

## 5. CONCLUSIONS AND RECOMMENDATIONS

Poor accounting systems have affected the growth and development of the NGO in the past decades. Numerous reporting templates have been adopted to produce financial reports without success. It has been established empirically that IFRS for SMEs is an effective tool to enhancing financial performance of the NGOs. Being aware of the critical role of financial accounting, the researchers can still draw valid conclusions from this study that are applicable to various NGOs across South Africa and globally. It has been established empirically that financial accounting is a tool to enhance NGOs' performance. Based on the researcher's analyses and findings, the culture of using financial accounting (IFRS) for SMEs can significantly assist NGOs to enhance their finances. However, this is often overshadowed by the need to comply with donors' financial reporting requirements' and, consequently, NGOs end up compromising government funding. Despite the challenge of balancing different reporting requirements from diverse donors, NGOs have incentive to rely on local and international financial reporting approaches and to build sound practices. This study recommended that proper and consistent presentation of financial statements is necessary to provide a true reflection of the NGOs' state of affairs and IFRS for SMEs would serve this purpose. For long term strategies to reduce donor impositions on NGOs, the study recommended that regulatory bodies develop strategies to limit foreign donors' practice of imposing reporting requirements on the organisation and NGOs. Instead, donors should be guided by IFRS for SMEs in their financial accounting, to ensure critical proper funding for NGOs.

The article further recommended that the relevant government authorities should engage more rigorously with NGOs to ensure that they report in accordance with IFRS for SMEs, to strengthen funded and non-funded NGOs' accountability holistically. It is essential for NGOs' accounts to be presented by qualified practitioners such as Chartered Accountants where possible, in order to capture all financial transactions. This is essential in reporting as the way transactions are recorded in the accounting records that determines the types of reports that can be produced. This would enable NGOs globally to report uniformly as well as to improve overall performance and stimulate the growth of this sector. It is recommended that NGOs should engage in constructive dialogue with overseas donors and other stakeholders to address the issue of multiple financial reporting burdens. This will assist in limiting donors' and funders' influence on NGOs' financial reporting, which results in multiple reporting templates. As with conventional accounting, financial accounting should be made mandatory for NGOs.

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