

**YANGON UNIVERSITY OF ECONOMICS
DEPARTMENT OF COMMERCE
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**EFFECT OF FINANCIAL CONTROL PRACTICES ON
ORGANIZATIONAL PERFORMANCE OF THE
LUTHERAN WORLD FEDERATION MYANMAR**

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WORLD FEDERATION MYANMAR**

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ABSTRACT

This study aim to establish effect of financial control practices on organizational performance of The Lutheran World Federation Myanmar (LWF) Myanmar. The objectives of the study are to examine the financial control Practices of LWF Myanmar and to analyze effect of financial control practices on organizational performance of the LWF Myanmar. The study used both primary and secondary data to meet the above objectives and the study targeted 110 staff from LWF Myanmar who are managing budgets and dealing with financial activities. A structured questionnaire was used to collect the primary data. The study conducted a regression analysis so as to determine the effects of financial control practices on organizational performance. The study concluded that The Lutheran World Federation Myanmar has an effective financial control practices in accounting records, financial policy and procedures, budgeting, reporting and auditing. The study showed that budgeting, Reporting and Auditing had the significant effect on the organizational performance of the LWF Myanmar. The study recommended that LWF Myanmar should maintain strong areas of success in the implementation of budgeting, reporting and auditing as per the results of this study to improve organizational performance.

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LIST OF ABBREVIATIONS

ACCA	Association of Chartered Certified Accountants
ACT Alliance	A global alliance of more than 145 churches and related organizations
ANOVA	Analysis of Variance
CSO	Civil Society Organization
CIMA	The Chartered Institute of Management Accountants
DIPECHO	The European Commission Humanitarian Aid department's Disaster Preparedness Programme
DWS	Department of World Service
ECHO	European Community Humanitarian Office
EMT	Executive Management Team
EU	European Union
IASC	International Accounting Standards Committee
LIFT	Livelihoods and Food Security Fund
LWF	The Lutheran World Federation
IDP	Internally Displaced Persons
INGO	International Non-Government Organization
MT	Management Team
NGO	Non-Government Organization
PMT	Project Management Team
UN	United Nations
UNDP	United Nations Development Programme
UNHCR	UN Refugee Agency
UNICEF	United Nations Children's Fund
UNOG	United Nations Office at Geneva
US AID	United States Agency for International Development

CHAPTER 1

INTRODUCTION

Non-government organization (NGO) is a non-profit organization and independent from the control of the government. Most of this kind of organization operate for development and humanitarian sectors of the related country. NGOs also fill the role of servicing the areas of poor central government control and armed conflict. Donors, governments, corporations, internal agencies and the United Nations (UN) concern the role and accountability of these NGOs. NGOs themselves are also recognizing the need to ensure good practices and supporting different measures to assess outcomes of their accountability to the people who they are serving (UNOG, 2007). They focus on achieving the goals and matching cost effectiveness with efficiency of their programs. Therefore, these organizations should be explored to understand how they operate and manage financial and non-financial resources to achieve efficiency and effectiveness of these resources.

For financial resources, donors provide funds to NGOs to run the organizational programs. Most of the sources of these funds are from the sale of goods and services, grants from international institutions or national governments, membership dues and private donations. Most of the NGOs depend completely on funds from donors. Therefore, it is important for NGOs to be transparent in their operations, achieve their goals and objectives and be accountable their donors and other related people. Practicing proper financial control in organizations is part of achieving their goals and objectives. Therefore, financial control becomes essential for the NGOs.

In management accounting, control means ensuring the activities are planned and undertaken to achieve the desired outcomes. (CIMA Official Terminology, 2005). Among various organisational controls, financial controls are the mechanism by which managers ensure that resources are obtained and used efficiently and effectively to achieve organisational objectives (Webster, 2000). Effective financial controls including the maintenance of proper accounting records help the organisations to prevent unnecessary financial risks and secure the financial information to use only within the organization (Hayles, 2005). These also contribute to the safeguarding of assets and the prevention and detection of fraud (ACCA, 2010).

Control for financial decisions, method, process and internal audit are established by the administration with the aim of compliance to the organisational purpose, policies and related legislation (Khoove, 2010). Other objectives of control are to protect organisational assets and resources, to keep accounting records with the accurate and complete manner and to produce financial and management information with in time and reliable manner (Khoove, 2010). In public institutions such as NGOs, controls of the financial decisions and transactions relate to the revenue, expenditure, assets and liabilities concerning their compliance to the budget in terms of item, amount and guidelines, administrative expenditure and financing programme, respective government law and other financial legislation provisions and effective, economic and efficient utilization of resources (Public Financial Management Act, 2004).

If the organisations have proper controls to meet these concerns, the organisational performances will be satisfied by the related stakeholders. In CIMA official terminology (2005) organizational performance is a process of assessing the proficiency of a reporting entity with its succeeds in economic acquisition of resources and their efficient and effective deployment in achieving its objectives. Measuring effective performance is a key in ensuring that an organization strategy is successfully implemented to fulfil its own predetermined goals or stakeholders' requirements. To achieve it, an organization must perform well in terms of cost, quality, flexibility, value and other dimensions such as accountability and transparency (Rahel Bekele Worku, 2017)

1.1 Rationale of the Study

After the 2010 election and the change of government in 2011, Myanmar is a new place for many international non-government organizations (INGOs) and donors in the development and humanitarian sectors. Currently, various INGOs are operating to support development efforts and help people affected by humanitarian crisis. They operate themselves in the related States and Regions of Myanmar and/or together with national NGOs and Civil Society Organizations (CSOs) as the partners.

The Lutheran World Federation (LWF) Myanmar also is an INGO which participate in Myanmar's humanitarian and development programs and serving Myanmar people since 2008. It is a rights-based humanitarian and development organization. LWF Myanmar operate in various spans such as the realms of

humanitarian assistance, recovery, and long-term development, building upon three interrelated programmatic areas: Livelihoods; Quality services; and Protection and social cohesion. LWF Myanmar is currently implementing humanitarian and development programs in Chin, Kayin and Rakhine States. As this INGO has operated more than a decade in Myanmar, it is interesting to understand its performances and accountability to its stakeholders.

According to previous researchers, a reliable financial control can promote the organizational performance to achieve its objectives and to prevent incorrect financial statements, loss of organization asset, unreliable and incorrect financial records which may lead to loss of organization integrity. It is because of its key role in the risk management impacting on organizational performance. Further, it contributes in safeguarding the donors' funds, facilitate effectiveness and efficiency of operations and support to produce the reliable internal and external financial reports. Therefore, evaluating financial control of LWF Myanmar will support to understand its performances in Myanmar.

This study evaluate the financial control practices of LWF Myanmar through studying its accounting records, financial policy and procedures, budgeting, reporting and auditing and the effectiveness of these practices on its organizational performance. And, it get lessons learn experiences of weak factors to go forward for the future project in order to run efficiently and effectively.

1.2 Objective of the Study

The objectives of this study are as follows.

- (1) To examine the financial control Practices of THE LUTHERAN WORLD FEDERATION MYANMAR
- (2) To analyze effect of financial control practices on organizational performance of THE LUTHERAN WORLD FEDERATION MYANMAR

1.3 Scope and Method of the Study

The research uses both primary and secondary data sources. The primary data is taken by sending structure questionnaires to the staff from Yangon head office and some branch office in Kayin, Chin and Rakhine state and interviewing the staff and

management from Yangon Office. The secondary data is collected from annual reports, previous researches, online sources and finance policy and manual of LWF Myanmar. Multiple regression analysis is applied by using Statistical Package for Social Sciences V 25 to analysis the effect of financial control practices on organization performance of LWF Myanmar.

1.4 Organization of the Study

This study includes five chapters in it. Chapter (1) includes the introduction of the thesis title, the rationale of the study, objectives of the study, scope and method of the study and organization of the study. Chapter (2) provides literature review that is definition of financial control, financial control practices, organizational performance and conceptual framework of the study. Chapter (3) identifies background history, Organizational and Management Structure, Funding Strategy, Emergency Preparedness and Risk Management, Accountability and Learning and Strategic Priority Areas and Project Activities of LWF Myanmar. Chapter (4) describes analysis on effect of financial control practices on organizational performance of LWF Myanmar. It includes accounting records, financial policy and procedures, budgeting, reporting and auditing. Finally, chapter (5) is conclusion with finding, recommendations and future studying.

CHAPTER 2

LITERATURE REVIEW

This chapter provides the literature review on the financial control and research finding. There are financial controls practices, accounting records, financial policy and procedures, budgeting, reporting, auditing, organizational performance and conceptual framework.

2.1 Financial Control

Financial control is the procedures designed to protect assets and ensure recording all financial transactions to prevent and reduce errors and fraud (Block & Geoffrey, 2008). Financial control plays an important role to achieve the organizational objectives with regard to reliability of financial report, effectiveness and efficiency of operations, eliminating fraud and protecting the organization's resources in physical and intangible. Webster (2000) also indicates that financial controls are a set of linked variables and simply the conceptual model of an organization; through providing to predict, explain and interpret the organization's behavior. Financial control practices provide variables under management supervision.

Bryce (2000) defines the finance simply as a necessary tool to meet the organization's strategic goals. Therefore, financial control is very important in the modern management. Financial management deals with an organization's efficient allocation of financial resources. Non-profit managers should have expertise in managing the financial resources of an organization, establishing and revising financial and accounting policies, budgets and financial reports, investing in the short- and long-term investments and controlling and managing risk (Hankin, Seidner and Zietlow, 1998). If the financial control is effective, the organization will grow significantly in the future. It means that financial control is crucial in controlling and assessing the performance of an organization.

2.2 Financial Control Practices

Financial control practices refer to all policies and procedures adopted by the management of an entity to achieve management objectives. These practices provide assurance the reliability of accounting data employed in making decisions to the

management. Management decisions lead to the organizational policies and the effectiveness of these policies communicating to all pertinent stakeholders and following of organizational activities consistently. According to the statement on auditing standards (SAS, 2002), control activities are the policies and procedures ensuring to carry out that management's directives. Further, these control activities usually involve two elements; a policy establishing what should be done and procedures to be effective that policy (Warren, 2003). Therefore, financial control practices of NGOs are relating to financial activities including accounting records, Financial Policy and Procedures, budgeting, reporting and auditing process.

2.2.1 Accounting Records

Accounting records are important sources of information and documentation for the planning, reviewing and auditing of financial statements. These records also provide valuable information whether the organization is achieving its objectives and how the organization is being managed. And it can be in electronic or physical formats. NGOs must keep an accurate record of financial transactions to show how funds have been used. Accounting records can take on many forms that include ledgers, journals, bank statements, contracts and agreements. verification statements, transportation receipts, invoices and vouchers

2.2.2 Financial Policy and Procedures

Financial policy refers to principles and guidelines for supervision, regulation, and oversight of the financial systems to promoting financial stability of an organization (International Monetary Fund, 2000). Finance managers and senior managers usually develop the financial policies and then discuss with management committee to approve those policies. Financial procedures are the guidelines to implement these financial policies. All of the financial policies and procedures in one document are called finance manual. The purpose of the Finance Manual is to give an outline to all staff about the financial policies and procedures of the organization. A finance manual might include sections on financial accounting routines, the chart of accounts and cost centre codes, delegated authority rules, the budget planning and management process, ordering and purchasing procedures, bank and cash handling procedures, management accounting routines and deadlines, management and control

of fixed assets, staff benefits and allowances, annual audit arrangements, how to deal with fraud and other irregularities and code of conduct for staff and board members

2.2.3 Budgeting in NGO

Budget is a plan of action expressed in financial terms economically articulated action plan and a tool of the financial management system which can apply in two central management functions: Planning and monitoring and controlling. It also occupies a leading place among the management special tools employed in directing and controlling the affairs of organizations (Burke and Modarresi, 2000). In a NGO, it is a critical part of donor agreements and an essential for fundraising process to achieve the identified its objectives, purpose, mission, activities, priorities and goals. The budget outlines what the NGO is going to do with a grant, including what the money is going to be spent on, and what outputs and outcomes will be achieved. Through the budget process, decision-makers look at financial implications of their plan: how much a project would cost, and what are the projected revenues. Priorities are set within the limits of scarce resources and budgets are created.

The budget is also a tool to monitor and control the ongoing activities of the organization as it describes and estimates the income from various sources and the expenditures needed to achieve its program goals (Debbie Greiff, and Hydeh Ghaffari, 1998). Once a plan has been developed, it needs information from the organization to assess if it is keeping to its plan. If the organization has gone "off track," it is possible to consider various responses. If a program costs more than planned, management may need to reduce costs, or it may be decided to review the plan to take a higher level of expense into account.

2.2.4 Reporting in NGO

Financial reporting is the system of preparing and distributing financial information to stakeholders in various forms such as revenues, expenses, profits and cash flow. Accounting typically limits itself to information in financial statements: a statement of financial position, an income statement, a statement of cash flow and a statement of retained earnings, including various notes and supporting schedules. Notes and supplementary schedules may include additional information that is useful to the and relating to the items of the statement of financial position and income

statement, eg; disclosures of risks and uncertainties affecting the organization and unrecognized resources and obligations during financial year (IASB, 1989).

Internal and external stakeholders require financial information for various purposes including management and accountability purposes. Different stakeholder has different purpose.

Project staff need to keep an eye on the financial progress of the project. They need to know the total funds received, the expenditure to date compared with budget and the balance of funds available.

Management Team of the organization holds the responsibility for the proper management of the organization. They need to ensure that donor funds are being received as expected, projects are being implemented as planned and the financial position of the organization is sound.

Donors need to ensure that their grants are being spent as agreed and that the project is progressing satisfactorily.

2.2.5 Auditing in NGO

Auditing is a systematic and independent examination of records, accounts, documents, procedures, vouchers and activities of an organization to ascertain how far the financial statements present a true and fair view of the concern. It also attempts to ensure that the books of accounts are properly maintained by the concern as required by law. This is done with the sole aim of ensuring that funds, resources and valuable of corporations, non-Governmental Organisation, and government institutions are not misappropriated, abused or used for personal gains (Ali Baba Solomon, 2015). There are two main types of audit in NGO that are internal audit and external audit.

2.2.5.1 Internal Audit

Internal audit is an independent, objective assurance and consulting activity designed to add value and improve organization's operations. The aim of the internal audit is to form an opinion on the organization's financial and management accounting systems and procedures and its internal control mechanisms and to provide recommendations on how they might be improved. It helps the organization

to accomplish its objectives through bringing a systematic approach in evaluating and improving the effectiveness of control and risk management.

2.2.5.2 External Audit

External audit is an independent examination of the published financial statements prepared by the organization. It has the purpose to verify a true and fair view, in all material respects, of the income statement and financial position of the organization and the use of funds complying organization's stated policies and objectives, donor requirements and international financial reporting standards. Even though it doesn't have the prime role of detecting fraud, this may be discovered during the course of the audit.

2.2.6 Donor Audit

Most project agreements allow the donor agencies to conduct an external audit in a NGO. It focus on specific transactions charged to the project in accordance with the funding agreement as well as the overall financial systems and procedures of the organization. If any expenditure is ruled to be unallowable, funds may have to be returned to the donor. This will result in a financial loss to the organization. It is therefore imperative for the Finance to be familiar with the donor requirements and regulations setting out in the project agreement.

2.3 Organizational Performance

Organizational performance refers to how well an organization achieves its objectives and financial goals determining in the strategic plan. The theory of organizational performance derives from the idea that an organization is the voluntary association of productive assets, including human, physical, and capital resources, to achieve a common goal (Barney, 2001). Brown (1996) mentioned that performance measures in organization must focus attention on what makes, defines and communicates the drivers of success and support organizations and provide a framework for assessment and reward. Dixons (2006) adds that successful performance measures allow organizations to direct their actions towards their strategic goals. This was agreed by Pincus (2009) who mentioned that appropriate performance measures are enable organizations to direct their actions towards

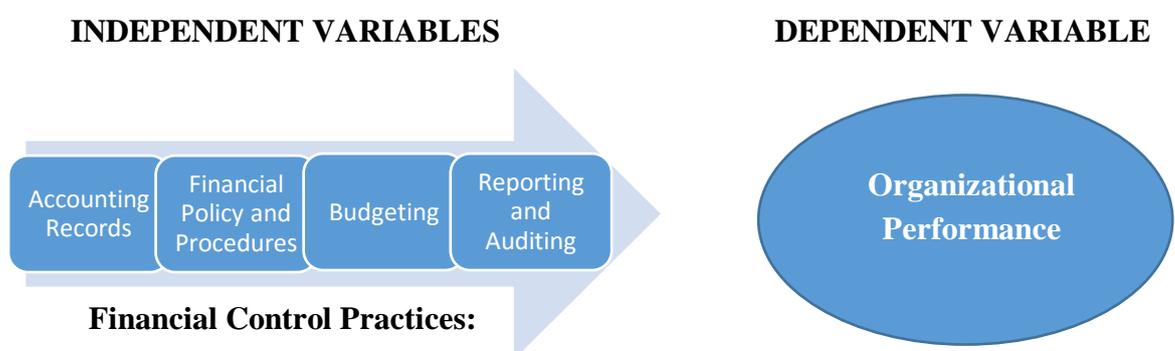
achieving their strategic objectives. This is because according to him, an organization's performance is central to the future well-being and prosperity of any organization.

Performance is measured by either subjective or objective criteria. However, subjective measures is difficult to collect qualitative performance data in small firms. Additionally, reliability of such data is questionable as they arise from different accounting methods used by firms. According to Armstrong and Baron (2006), performance of an organization should always consider the inputs, analyses the behaviours, and, focus on the results: outputs. An organization performs once it covers the competency levels and achieves as well as accomplishes the objectives of the organization strategy.

In measuring performance, NGOs should measure how well they are contributing to efforts of other people through using a combination of feedback and scope indicators. They should also manage their relationships, building more and monitoring the existing ones. For last, under measurement of performance, there is a need to ensure NGOs' technical quality, with systematic monitoring the quality of their activities meeting appropriate standards (Lewis, 2003; Jacobs, 2011).

2.4 Conceptual Framework of the study

Figure (2.1) Conceptual Framework of the study



Source: Own Compilation (2019)

In the Conceptual framework, financial control practices are independent variables: accounting records, financial policy and procedures, budgeting, reporting and auditing implicating on the organizational performance which is a dependent variable. This result will show that financial control practices significantly effect the organizational performance.

CHAPTER 3

THE LUTHERAN WORLD FEDERATION (LWF) IN MYANMAR

This chapter aims to provide information about The Lutheran World Federation (LWF) in Myanmar and highlighted in principles of organizational and management structure, funding strategy, emergency preparedness and risk management, accountability and learning, strategic priority areas and project activities of LWF Myanmar

3.1 Background of The Lutheran World Federation (Myanmar)

The Lutheran World Federation (LWF) was founded after the end of World War II in Lund, Sweden, in 1947. It is a global communion of Lutheran churches including 145 member churches in 98 countries. LWF World Service was set up as its relief and development arm to serve all people irrespective of gender, religion, ethnicity, race or political conviction.

In 2008, LWF started working in Myanmar as part of an ACT Appeal to respond to the devastation of Cyclone Nargis in the Ayeyarwaddy Delta region of the country. A one-year LIFT-funded food security project which ended in February 2011, was introduced following the initial response. LWF Myanmar is currently implementing humanitarian and development programs in Chin, Kayin and Rakhine States Interventions in Rakhine State are focused on both host communities and IDPs. As a result of these interventions, more than 149,136 people were enabled to improve their safety and security, protection, food security, livelihoods, education, health, gender equality and other rights and needs in 2019. LWF Myanmar is working closely with communities, groups, partner households, civil society organizations and community-based organizations. LWF Myanmar focuses on remote and rural communities with the challenges of accessing community-based management structure, practices and limited social services from government.

3.1.1 LWF Myanmar Vision

The people of Myanmar living in a just society, in peace and dignity, united in diversity and are able to meet their basic needs, achieve their full potential, and claim

their universal rights in order to improve their quality of life individually and collectively.

3.1.2 LWF Myanmar Mission

LWF Myanmar is dedicated to challenge and address the causes and effects of human suffering and poverty, linking local responses to national and international advocacy.

3.1.3 LWF Myanmar Overall Goal

To help alleviate poverty in Myanmar through rights-based empowerment for sustainable development.

3.1.4 LWF Myanmar Core Values

LWF Myanmar core values are Dignity, Human Rights, and Justice, Compassion and Commitment, Inclusion and Diversity, Meaningful Participation, Transparency and Accountability, Humanitarian Principles, Gender Justice and Climate Justice

3.2 Organizational and Management Structure

LWF has a Country Program Office in Yangon headed by a Country Representative and supported by a Regional Finance Manager, Program Coordinator and Deputy Program Manager. The program has financial, procurement and program support functions and systems in place. LWF in Geneva provides necessary policy guidance, technical and administrative support including oversight, compliance and control functions. Currently there are field offices in Chin State, Kayin State and Rakhine State, implementing long term development projects. A Project Coordinator heads each field office. The total LWF Myanmar staff (March, 2018) is 156 (45% female), and includes seven expatriates.

The overall management structure will consist of a country program office in Yangon and field offices in respective project locations such as Chin State, Kayin State and Rakhine State. In each field office, the project management team (PMT), on the basis of the approved project plans, decides implementation issues, maintains working relationships with government departments, monitors progress, supervises

the performance of the staff and manages other relevant matters. If there are unresolved issues in the field offices, they are referred to the Management Team (MT) and Executive Management Team (EMT) in Yangon. The MT takes decisions on relevant policy issues within the scope of approved projects such as guidelines, preparing and implementing plans, reporting and ensuring donors, LWF World Service and government compliance. At the most senior level, the EMT takes decisions relating to the execution of the program's policy, human resources, financial resources, and donor and government relations.

LWF embraces a highly participatory and inclusive management style that makes use of expatriate and local staff in decision making processes. The program is led by a Program Coordinator supervised by the Regional Representative. The Regional Finance and Administration Manager ensure financial and administration standards are maintained. Project Coordinators manage the field offices.

3.3 Funding Strategy

Currently, the LWF Myanmar Program is highly dependent on LWF Related Agencies for financial sustainability. The program, however, needs to scale up to a more efficient and effective level with wider influence and impact if it is to remain viable and sustainable. As per LWF Myanmar Revised Country Strategy (2013-2018), LWF Myanmar aimed to increase its fund in each year for example: EUR2.4 million in 2014, EUR 4.9 million in 2015 and EUR 5.8 million in 2018. These figures corresponded to a planned program expansion. The rest of expansion, however, would be governed by actual income, organizational capacity and situational context. Possible income sources include DIPECHO, ECHO, EU, LIFT, UNDP, UNHCR, UNICEF, USAID, and others. Towards this end, staff was designated to proposal writing. Three to five years grants were sought over short-term grants. Consortium approaches to grant application will be sought out when feasible. Only grants that fit within and complement this strategy will be sought. The table 3.1 indicate matrix of income by project for 2018.

Table (3.1) Matrix of income by donors for 2018

Sr No	Donor	Amount (EUR)	%
1	Anglican Overseas Aid	9,523	0.19%
2	Australian Lutheran World Service	53,863	1.08%
3	Bread for the World - Protestant Development Service	908,630	18.28%
4	Canadian Lutheran World Relief	79,484	1.60%
5	Church of Sweden	855,219	17.21%
6	Christian Aid	96,116	1.93%
7	DanChurchAid	100,443	2.02%
8	Diakonie Katastrophenhilfe	120,852	2.43%
9	Diakonia ECCB - Center of Relief and Development	170,772	3.44%
10	Disciples of Christ:Week of Compassion	4,228	0.09%
11	European Commission - Europeaid	1,128,150	22.70%
12	Evangelical Lutheran Church in America	266,824	5.37%
13	Finn Church Aid	386,292	7.77%
14	Finnish Evangelical Lutheran Mission	100,000	2.01%
15	German National Committee of the Lutheran World Federation	86,969	1.75%
16	ICCO COOPERATION	26,181	0.53%
17	Norwegian Refugee Council	50,116	1.01%
18	Primate's Relief and Development Fund	12,751	0.26%
19	Swedish Diakonia	3,484	0.07%
20	Swiss Department of Foreign Affairs	15,000	0.30%
21	United Church of Canada	1,690	0.03%
22	United Nations High Commissioner for Refugees	490,349	9.87%
23	Wider Church Ministries	2,514	0.05%
	TOTAL	4,969,449	100.00%

Source: LWF Myanmar Annual Report (2018)

3.4 Emergency Preparedness and Risk Management

With respect to emergency preparedness, ACT Myanmar Forum members have developed ACT Myanmar Forum Emergency Preparedness and Response Plan. LWF Myanmar through its engagement in Humanitarian Country Team, Clusters and Sectors is actively involved in the UN-OCHA led Humanitarian Needs Overview and Humanitarian Response Plan. This is also a continuous process,

Risk analysis exercises identify external and internal risks and recommend mitigation actions on an annual basis, taking into account management and operational plans. The main external risks continue to be the ongoing political and economic transactions, the political instability and social security, communal tensions, sporadic fighting between armed groups and government troops, displacement, banking restrictions, limited trust among different levels of government bureaucracy, non-availability of trained staff, and communities' capacity to absorb the participatory approaches of LWF Myanmar.

The main internal risks relate mostly to organizational development. Specific internal risks are limited national capable human resources which are increasingly attracted by greater private sector investment , UN agencies, Embassies and INGOs leading to unexpected turnover; personal safety and security in communal tension areas; capacity of staff to embrace the importance of networking which can be culturally challenging; delays in procurement ; shrinking funding capacity of existing and potential donors; mismatch of LWF's assessed programming needs and donor expectations and interests; and expectation of the staff for on-going , intensive instructions form supervisors.

3.5 Accountability and Learning

The simplest explanation of accountability is “the requirement to answer to somebody for something”. Accountability is taking responsibility towards affected populations and primary focus groups, LWF staff, LWF governance and external stakeholders, for actions undertaken, decisions made, and policies complied with. LWF has further defined accountability in terms of 6 elements, 8 dimensions and 3 levels. LWF Myanmar will continue to fully adhere to these. LWF Myanmar will

continuously review policies and guidelines and prepare new ones to adhere to good governance dimension. Project and program audits will be routinely completed to assure that projects are relevant, effective and efficient. As part of LWF DWS, LWF Myanmar will actively engage in Core Humanitarian Standards verification and certification as appropriate.

LWF Myanmar internalizes the accountability commitments and has prepared an LWF Myanmar Accountability Framework and Action Plan. LWF is a learning organization, therefore it will document learning from mechanisms such as meetings with communities, action-reflection-action process with communities, interaction with government departments at all levels, staff meetings, management team meetings, planning processes like village development plans, monitoring, evaluations, partner roundtables, and others and adjust annual plans.

3.6 Strategic Priority Areas and Project Activities of LWF Myanmar

LWF Myanmar operates in three strategic priority areas bringing positive changes and impacts to the lives of the targeted groups: Disaster risk reduction and Emergency Preparedness and Response; Sustainable Livelihoods and Community-Led Action for Justice and Peace. Institutionally, to ensure the success of these, LWF Myanmar as an organization strengthen itself by ensuring the quality, accountability and sustainable practices of programs and processes. The table 3.2 indicate matrix of income by project for 2018.

Table 3.2 Matrix of income by project for 2018

Sr No	Project	Amount (EUR)	%
1	Right Based Empowerment Project, Myanmar	924,180	18.60%
2	Humanitarian Appeal for Rakhine	153,162	3.08%
3	ELCA: Diaconal Project Support with Churches	95,545	1.92%
4	Qualification of Programs and Strengthening of Partner Institutions	55,629	1.12%
5	CCCM Support to IDP Camps in Rakhine	163,067	3.28%
6	CCCM and Shelter Maintenance Support to IDP Camps in Sittwe and Pauktaw Townships	327,282	6.59%
7	EU - Education Assistance to Children in Rakhine State	34,973	0.70%
8	Universal Periodic Review (UPR)	54,026	1.09%
9	Rakhine Rights Based Empowerment	70,371	1.42%
10	Improvement of living conditions & strengthen peaceful co-existence among IDPs, hosts & surrounding communities in Rakhine State Myanmar	120,852	2.43%
11	Women's Livelihood & Empowerment Project (WELP)	131,438	2.64%
12	Isolated ACT Joint Project-Building Resilience of conflict affected and displaced communities in Kayin State, Myanmar	93,841	1.89%
13	Conflict-Sensitive Humanitarian Response to IDPs and Conflict-Affected Communities	96,116	1.93%
14	Access to Education for internally displaced children and conflict affected children in host communities, Rakhine State	143,396	2.89%
15	Cyclone Mora Response: Rehabilitation and Provisions for Damaged Schools in Central Rakhine State	50,116	1.01%
16	Response to Crisis in Rakhine, Myanmar	40,329	0.81%
17	Livelihoods Support for Displaced Persons in Rakhine, Myanmar	79,484	1.60%
18	Resource Mobilization Coordination	21,529	0.43%
19	Diaconia ECCB – Center of Humanitarian and Development Aid	170,772	3.44%
20	Education for Change: Education Assistance to Children in Rakhine	1,178,150	23.71%
21	Access to quality education for crisis affected children in Rakhine	270,765	5.45%
22	Inclusive Development and Empowerment of Women in Rakhine	54,677	1.10%
23	Camp Improvements through Cash for Work in Sittwe and Pauktaw	44,848	0.90%
24	Lao Rights Based Empowerment Program (2018-2020)	594,900	11.97%
	Total	4,969,449	100.00%

Source: LWF Myanmar Annual Report (2018)

CHAPTER 4

ANALYSIS ON EFFECT OF FINANCIAL CONTROL PRACTICES ON ORGANIZATIONAL PERFORMANCE OF LWF MYANMAR

This chapter includes the analysis on effect of financial control practices on organizational performance of LWF Myanmar. This analysis is based on the survey data collection responded by LWF Myanmar staffs. There are three main parts in this chapter which are research design, personal profile of Respondents and effect of financial control practice on organizational performance of LWF Myanmar.

4.1 Research Design

The study aims to analyze the impacts of financial controls practices on organizational performance of LWF Myanmar. The study focuses only on LWF Myanmar staff and both primary data and secondary data are used in this study. The secondary data is sourced from annual reports and internet source. The study aims to conduct through the use of a descriptive design. The total LWF Myanmar staff (March 2018) is 156. Out of them, 110 staffs who are managing budget and dealing with financial activities are selected to conduct a survey by using structured questionnaire. Likert scale questions are prepared in the survey which are the most widely used tools in researching popular opinion. 5-point Likert scale (1=Strongly Disagree and 5=Strongly Agree) is designed for the questions and the survey consisted of 35 Likert scale questions and 5 multiple choice questions. Data collected using questionnaire are analyzed by using a statistical Package for Social Sciences (SPSS) software V 25. Tables are used to summarize responses for further analysis and facilitate comparison. In addition, the study conducted a regression analysis so as to determine the effects of independent variables on organizational performance.

The regression equation is: $Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$

Where: Y = Organizational Performance

β_0 = Constant

$\beta_1, \beta_2, \beta_3, \beta_4$ = Beta Coefficients

X1 = Accounting Records

X2 = Financial Policy and Procedures

X3 = Budgeting

X4 = Reporting and Auditing

ε =Error Term

4.1.1 Response Rate

The study targeted to 110 respondents and to collect the data from Yangon Head office and field offices from Chin, Kayin and Rakhine State. The questionnaires were distributed to the staff who were managing budgets and dealing with finance department because of the subject matter of the study. The researcher was conducted interviews with some staff from Yangon office and sent the questionnaires to field offices by email. In this study, 84 out of the 110 respondents fully filled in and returned the questionnaires, representing the response rate of 76.4 percent.

Table (4.1) Response rate

Sr No.	Response Rate	Frequency	Percentage
1	Responded	84	76.4
2	Not responded	26	23.6
	Total	110	100

Source: Survey Data (2019)

4.2 Personal Profile of Respondents

The first section in this study is demographic characteristics of respondents. Demographic characteristics of respondents are classified into gender, education level, position, department and work experience in LWF Myanmar.

4.2.1 Gender of Respondents

According to the table (4.2), the study found that majority of the respondents were female by 51.2%, 47.6% were male and 1.2% was other. Female response rate is higher because female are influenced in such kinds of job related to accounting and finance.

Table (4.2) Gender of Respondents

Sr No.	Gender	Frequency	Percent
1	Male	40	47.6
2	Female	43	51.2
3	Other	1	1.2
	Total	84	100.0

Source: Survey Data (2019)

4.2.2 Level of Education

According to the table (4.3), the majority of the respondents 92.9% had bachelor degree and 7.1% had master degree. This means that the respondents were well educated.

Table (4.3) Highest Education Level by Respondents

Sr No	Education	Frequency	Percent
1	Master degree	6	7.1
2	Bachelor degree	78	92.9
	Total	84	100.0

Source: Survey Data (2019)

4.2.3 Respondent's Position in LWF Myanmar

As per table (4.4), 8.3% of the respondents were Coordinators, 41.7% who were the majority were Officers, 35.7% were Assistant Officers and 14.3% were Assistants. The study gets the different views by having the responses from different positions and it can lead to get accurate output.

Table (4.4) Positions of Respondents

Sr No.	Position	Frequency	Percent
1	Coordinator	7	8.3
2	Officer	35	41.7
3	Assistant officer	30	35.7
4	Assistant	12	14.3
	Total	84	100.0

Source: Survey Data (2019)

4.2.4 Respondent's Department in LWF Myanmar

According to table (4.5), this study found that the respondent rate is in finance department 19.0%, Human Resource department 4.8%, Program Department 61.9% and Admin Department 14.3%. The two highest respondent departments are Finance and Program. The staff from Program department are key personal for their respective projects and finance staff are responsible for day-to-day financial transactions.

Table (4.5) Departments of respondents

Sr No.	Department	Frequency	Percent
1	Finance	16	19.0
2	Human resource	4	4.8
3	Program	52	61.9
4	Admin	12	14.3
	Total	84	100.0

Source: Survey Data (2019)

4.2.5 Respondent's Work Experience

On the years of service at LWF Myanmar, the finding in the table (4.6) show that 67.8% of the respondents had worked for 2 years and below, 17.9% had worked for 3 to 4 years and 14.3% had worked for 5 years and above

Table (4.6) Work Experience in LWF Myanmar

Sr No.	Experience	Frequency	Percent
1	2 years and below	57	67.8
2	3-4 years	15	17.9
3	5 years and above	12	14.3
	Total	84	100.0

Source: Survey Data (2019)

4.3 Analysis on Financial Control Practices and Organizational Performance

This study collects quantitative data from LWF Myanmar. 84 staffs from this organization participate in this quantitative survey data collection. In terms of financial control practices, this study proxies for according records, financial policy and procedures, budgeting, reporting and auditing and to study how its effect on organization performance LWF organization. Specific questions for each category ask to respondents by their view on the level of agreements (1=strongly disagree, 2=disagree, 3=neither agree nor disagree, 4=agree, 5=strongly agree).

4.3.1 Accounting Records

The first section analyses financial control practices on accounting records and the respondents were asked six questions about the financial control practices on accounting records that are the organization uses financial software for transaction recording, Account categories exist for separating project funds and in line with the Planning, Monitoring documents, there is clear filing and documentation system, the organization records and updated all financial events timely, the financial information is provided in time from field office to prepare organizational reports and procedures of recording are stated on financial manual.

According to the table (4.7). an overall mean score for accounting records is 4.2778. From the study findings, majority of the respondents agreed that the organization use financials software for accounting records as shown by a mean score of 4.3571. The organization is using the Sage 300 ERP accounting software and it can easily set-up of the account structures, the chart of accounts and that has great flexibility in producing financial reports and to design reports specifically to meet management or donor's needs. They also agreed in Account categories exist for separating project funds and in line with the Planning, Monitoring documents as shown by mean score of 4.2857. The organization records and updated all financial events timely had the highest mean of 4.4048 followed by there is clear filing and documentation system and the financial information is provided in time from field office to prepare organizational reports as shown by the same mean score of 4.2381. Procedures of recording are stated on financial manual had the lowest mean of 4.1429 as summarized in the table (4.7).

Table (4. 7) Respondents Perception on Accounting Records

Sr No.	Particular	Mean	Standard Deviation
1	The organization uses financial software for transaction recording.	4.3571	.61768
2	Account categories exist for separating project funds and in line with the Planning, Monitoring documents.	4.2857	.59615
3	There is clear filing and documentation system.	4.2381	.69175
4	The organization records and updated all financial events timely.	4.4048	.58683
5	The financial information is provided in time from field office to prepare organizational reports.	4.2381	.72615
6	Procedures of recording are stated on financial manual	4.1429	.75131
	Overall	4.2778	.42399

Source: Survey Data (2019)

4.3.2 Financial Policy and Procedures

The second section analyses financial control practices on financial policy and procedures and the respondents were asked seven questions about the financial control practices on financial policy and procedures that are financial procedures including receipt and payment procedure are in place, receipts and payments are made after approving by authorized person, payments are made after checking with approved budget, there is duty of delegation to collect and record financial data, financial policies and guidelines are utilized properly. Asset controls systems exist and are followed, procurement systems are in place and are being used.

According to the table (4.8), Both Receipts and payments are made after approving by authorized person and Payments are made after checking with approved budget were found that to strongly agree as shown by an mean score of 4.7381. The respondents also strongly agree that financial procedures including receipt and payment procedure are in place as shown by a mean 4.5476. The majority of the respondents agreed that there is duty of delegation to collect and record financial data, financial policies and guidelines are utilized properly. Asset controls systems exist and are followed. Procurement systems are in place and are being used as shown by the mean of 4.3095, 4.3810, 4.2143 and 4.3810 respectively. The overall mean for Financial Policy and Procedures is 4.4738.

Table (4.8) Respondents Perception on Financial Policy and Procedures

Sr No.	Particular	Mean	Standard Deviation
1	Financial procedures including receipt and payment procedure are in place	4.5476	.59274
2	Receipts and payments are made after approving by authorized person.	4.7381	.49680
3	Payments are made after checking with approved budget.	4.7381	.49680
4	There is duty of delegation to collect and record financial data.	4.3095	.71527
5	Financial policies and guidelines are utilized properly.	4.3810	.58236
6	Asset controls systems exist and are followed.	4.2143	.64527
7	Procurement systems are in place and are being used.	4.3810	.62283
	Overall	4.4728	.40343

Source: Survey Data (2019)

4.3.3 Budgeting

The third section analyses financial control practices on budgeting and the respondents were asked six questions about the financial control practices on budgeting that are project Budgets are based on the costs of planned activities, there is yearly, quarterly and monthly budget, there is regular system to review budget, budget is flexible to be revised to the existing situation, there is a cooperation of different departments in developing a budget and budget holder/Project Officer is responsible for implementing and managing each budget.

According to the table (4.9), the respondents strongly agree that project budgets are based on the costs of planned activities, there is yearly, quarterly and monthly budget and there is regular system to review budget as shown by mean scores of 4.5714, 4.6429 and 4.5238 respectively. They also agree on Budget is flexible to be revised to the existing situation, there is a cooperation of different departments in developing a budget, Budget holder/Project Officer is responsible for implementing and managing each budget as shown by mean scores of 4.0714, 4.1190 and 4.4048. The respondents agree that there is financial control practice on budget as shown in overall mean 4.3889.

Table (4. 9) Respondents Perception on Budgeting

Sr No.	Particular	Mean	Standard Deviation
1	Project Budgets are based on the costs of planned activities.	4.5714	.50087
2	There is yearly, quarterly and monthly budget.	4.6429	.53289
3	There is regular system to review budget.	4.5238	.59420
4	Budget is flexible to be revised to the existing situation.	4.0714	.60052
5	There is a cooperation of different departments in developing a budget.	4.1190	.77152
6	Budget holder/Project Officer is responsible for implementing and managing each budget.	4.4048	.62701
	Overall	4.3889	.38196

Source: Survey Data (2019)

4.3.4 Reporting and Auditing

The fourth section analyses financial control practices on reporting and auditing. The respondents were asked six questions about the financial control practices on reporting and auditing that are budget holders/officers receive budget monitoring reports every month. preparing timely financial report to management and stakeholders, donor financial and narrative reports are consistent and clearly linked to each other, annual financial report is reviewed by a registered firm of auditors, audit findings are aware by the related department, there is follow up procedure on audit recommendation.

As shown by the table (4.10) an overall mean score for reporting and auditing is 4.3651. Majority of the respondents agreed on financial control practices on reporting and auditing as shown by an overall mean score of 4.3571. The highest mean is 4.4048 on preparing timely financial report to management and stakeholders and Audit findings are aware by the related department. The lowest mean is 4.3333 respectively to the statements of Budget Holders/Officers receive budget monitoring reports every month, Donor financial and narrative reports are consistent and clearly linked to each other and there is follow up procedure on audit recommendation.

Table (4. 10) Respondents Perception on Reporting and Auditing

Sr No.	Particular	Mean	Standard Deviation
1	Budget Holders/Officers receive budget monitoring reports every month.	4.3333	.75439
2	Preparing timely financial report to management and stakeholders.	4.4048	.58683
3	Donor financial and narrative reports are consistent and clearly linked to each other	4.3333	.65020
4	Annual financial report is reviewed by a registered firm of auditors.	4.3810	.66083
5	Audit findings are aware by the related department.	4.4048	.73450
6	There is follow up procedure on audit recommendation	4.3333	.68669
	Overall	4.3651	.52478

Source: Survey Data (2019)

4.3.5 Organizational Performance

The fifth section analyses effect of financial control practices on organizational performance and the respondents were asked ten questions related to organizational performance that are the organization has been able to prevent incidences and occurrence of fraud, theft and abuse of resources, well established financial control practices have helped to increase the trust of donors, partners, beneficiaries and stakeholders, the organization's financial control practices have improved organization's accountability, the organization's financial control practices have helped to achieve the objectives of the organization, etc.

According to table (4.11), the respondents agree that there is financial control practices on organizational performance as shown in overall mean 4.3119. They strongly agree on well-established financial control practices have helped to increase the trust of donors, partners, beneficiaries and stakeholders and the organization's financial control practices have improved organization's accountability by showing the highest mean 4.5714 and 4.5952 respectively. The lowest mean is 3.8810 which is they agree on the suppliers do not complain relation with payments.

Table (4. 11) Level of agreement with statements on Organizational Performance

Sr No.	Particular	Mean	Standard Deviation
1	The organization has been able to prevent incidences and occurrence of fraud, theft and abuse of resources.	4.4762	.70670
2	Well established financial control practices have helped to increase the trust of donors, partners, beneficiaries and stakeholders	4.5714	.59028
3	The organization's financial control practices have improved organization's accountability.	4.5952	.58683
4	Financial control practices of the organization have helped to strengthen fundraising efforts.	4.4048	.54368
5	The organization's financial control practices have helped to achieve the objectives of the organization	4.4048	.62701
6	Staff can make better decisions on the use of funds due to financial control practice	4.0714	.74549
7	Programs receive the required fund in time for implementing budget	4.1905	.63392
8	Offices receive the required assets in time for implementing budget	4.2381	.69175
9	Receipt and payment procedures are fair in implementing programs	4.2857	.77415
10	Suppliers do not complain relation with payments.	3.8810	.94230
	Overall	4.3119	.52878

Source: Survey Data (2019)

4.4 Analysis on effect of financial control practices on organizational performance of LWF Myanmar

A regression analysis is used to test the influence among predictor variables. The research used statistical Package for Social Sciences (SPSS) software version V 25 to analyze the effects of financial control practices on organization performance of LWF Myanmar.

R-Squared is a commonly used statistic to evaluate model fit and it is one minus the ratio of residual variability. The adjusted R Square is also called the coefficient of multiple determinations and is the percent of the variance in the dependent explained uniquely or jointly by the independent variables. 40.0% of the changes in the organizational performance of LWF Myanmar could be attributed to the combined effect of the predictor variables such as according records, financial policy and procedures, budgeting, reporting and auditing. And it means there are other variables that are significant and explained the organizational performance.

Table (4.12) Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.655 ^a	.428	.400	.40729
a. Predictors: (Constant), Accounting Records, Financial Policy and Procedures, Budgeting, Reporting				
b. Dependent Variable: Organizational Performance				

Source: Survey Data (2019)

Table 4.13 shows that regression results for Organization Performance with the effects of Accounting records, Financial Policy and Procedures, Budgeting, Reporting and Auditing. In the data analysis, dependent variable is Organizational Performance and independence variables are Accounting records, Financial Policy and Procedures, Budgeting, Reporting and Auditing. According to the results shown in the Table 4.13, correlation coefficient, R is 0.655 which measures the linear relationship between independent variables and dependent variables and it line between 0 and 1. Therefore, it indicates that the level of financial control practices reported by respondents and the organizational performance are correlated. Although all the independent variables effect positively on Organization Performance, budgeting and reporting and auditing have significant at 1 % level.

The result shows that two variables are strongly significant as stated by regression analysis table among four elements. Budgeting, Reporting and Audit have significant relationship with organizational performance at 1% significant level. That

means LWF Myanmar have good budgeting, reporting and auditing practices that is positively influence on organizational performance. Among four elements of financial control practices, budgeting, reporting and auditing play significant roles for organizational performance. Therefore, to improve the organizational performance of LWF Myanmar, the management team should focus more on budgeting, reporting and auditing.

Table (4.13) Analysis on effect of financial control practices on organizational performance of LWF Myanmar

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.202	.560		.361	.719
	Accounting Records	.130	.166	.104	.786	.434
	Financial Policy and Procedures	.118	.186	.090	.635	.527
	Budgeting	.411	.172	.297	2.391	.019***
	Reporting and Auditing	.279	.112	.277	2.498	.015***
(N= 84, R= 0.655, R ² =0.428, Adjusted R ² =0.40, F=14.804, (P value= 0.000)						

***, **, * Statistically Significant at 1%, 5% and 10% level.

Source: Survey Data (2019)

CHAPTER 5

CONCLUSION

This chapter describes conclusion of the study area of the effect of financial control practices on organizational performance of LWF Myanmar. This chapter includes findings, recommendations and needs for future research of the study.

5.1 Findings

The study aimed to examine financial control practices of LWF Myanmar and to analyze the effect of financial control practices on its organizational performance. Proxy for dependent variable organizational performance and independent variables are accounting records, financial policy and procedures, budgeting, reporting and auditing. The target population of this study is over 110 staff from Yangon and field offices from Chin, Kayin and Rakhine State who is managing budgets and dealing with finance department. However, respondent rate is only 84 from Yangon head office and field offices from Chin State, Kayin State, Rakhine State. This study applied questionnaires for primary data collection and annual reports and internet sources for secondary data. The study conducted a regression analysis so as to determine the effects of each independent variables of financial control practices on organizational performance of the LWF Myanmar.

Evidence from the study showed that LWF Myanmar have a sound financial control practices in accounting records, financial policy and procedures, budgeting, reporting and auditing. The study concludes that that budgeting, Reporting and Auditing had the significant effect on the organizational performance of the LWF Myanmar at 1 percent significant level, followed by Accounting Records and Financial Policy and Procedures that have positively effect on organizational performance, but it has not significant in this study because of limited sampling size and staff respondents in this study.

5.2 Recommendations

This study tried to evaluate the financial control practices of LWF Myanmar through studying its accounting records, financial policy and procedures, budgeting,

reporting and auditing and the effectiveness of these practices on organizational performance. The result shows that two variables are strongly significant as stated by regression analysis table among four elements. Budgeting, Reporting and Auditing have significant relationship with organizational performance at 1% significant level. Therefore, the management team should focus more on these practices to improve the organizational performance of LWF Myanmar

LWF Myanmar should maintain strong areas of success in the implementation of the existing financial control practices as per the results of this study to improve organizational performance. LWF Myanmar should advocate accounting records, financial policy and procedures to the non-finance staffs in order to improve their financial knowledge. Moreover, financial control practices should be regularly revised to ensure they are effective.

5.3 Need for Further Study

The study only focused effect of financial control practices on organizational performance of LWF Myanmar. So, further research to be done on effect of financial control practices on organizational performance of the NGOs in Myanmar. The study also recommends that further research should be done on the challenges to financial control at LWF Myanmar and other NGOs in Myanmar. The study also suggests that a study should be done effect of financial control practices on financial efficiency of LWF Myanmar and other NGOs in Myanmar.

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THESIS ON MASTER OF BANKING AND FINANCE PROGRAM (MBF)

Effect of Financial Control Practices on Organizational Performance of The Lutheran World Federation Myanmar

This questionnaire is only for MBF (Master of Banking and Finance) thesis about "Effect of Financial Control Practices on Organization Performance of The Lutheran World Federation Myanmar". It will be used only for a survey that will be conducted in a research required to submit for the attainment of MBF degree conferred by Yangon University of Economics. Your responses to the questionnaire will be entered directly into a data base and will be treated as confidential. Please kindly provide feedback to this questionnaire and I do appreciate for your time.

Section A: General Information of the respondents

1. Gender

Sr No	Gender	Tick Option
1	Male	
2	Female	
3	Other	

2. Education

Sr No	Education	Tick Option
1	High School	
2	Bachelor Degree	
3	Master Degree	
4	PhD	

3. Level of position at LWF

Sr No	Position	Tick Option
1	Manager	
2	Coordinator	
3	Officer	
4	Assistant Officer	
5	Assistant	

4. Department held by the respondent

Sr No	Position	Tick Option
1	Finance	
2	Human Resource	
3	Program	
4	Admin	

5. Years of Experience in LWF

Sr No	Position	Tick Option
1	2 years and below	
2	3-4 years	
3	5 years and above	

Section B: Financial Control Practices

On the following pages you will get questions regarding financial control practices on Accounting Records, Financial Policy and Procedures, Budgeting, Reporting and Auditing.

Please indicate your opinion using the scale of 1 to 5 where 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree

No.	Statement of Best Practices	Strongly Disagree 1	Disagree 2	Neutral 3	Agree 4	Strongly Agree 5
	Accounting Records					
6	The organization uses financial software for transaction recording.					
7	Account categories exist for separating project funds and in line with the Planning Monitoring document.					
8	There is clear filing and documentation system.					
9	The organization records and updated all financial events timely.					
10	The financial information is provided in time from field office to prepare organisational reports.					
11	Procedures of recording are stated on financial manual.					
	Finance Policy and Procedures					
12	Financial procedures including receipt and payment					

	procedure are in place					
13	Receipts and payments are made after approving authorized person					
14	Payments are made after checking with approved budget.					
15	There is duty of delegation to collect and record financial data.					
16	Financial policies and guidelines are utilized properly.					
17	Asset controls systems exist and are followed					
18	Procurement systems are in place and are being used					
	Budgeting					
19	Project Budgets are based on the costs of planned activities					
20	There is yearly, quarterly, monthly budget.					
21	There is regular system to review budget.					
22	Budget is flexible to be revised to the					

	existing situation.					
23	There is a cooperation of different departments in developing a budget					
24	Budget holder/Project Officer is responsible for implementing and managing each budget					
	Reporting and Auditing					
25	Budget Holders/Officers receive budget monitoring reports every month					
26	Preparing timely financial report to management and stakeholders					
27	Donor financial and narrative reports are consistent and clearly linked to each other					
28	Annual financial report is reviewed by a registered firm of auditors					
29	Audit findings are aware by the related department.					
30	There is follow up procedure on audit recommendation					

Section C: Organizational Performance

Please indicate your opinion using the scale of 1 to 5 where 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree

No.	Particular	Strongly Disagree 1	Disagree 2	Neutral 3	Agree 4	Strongly Agree 5
31	The organization has been able to prevent incidences and occurrence of fraud, theft and abuse of resources.					
32	Well established financial control practices have helped to increase the trust of donors, partners, beneficiaries and stakeholders.					
33	The organization's financial control practices have improved organization's accountability.					
34	Financial control practices of the organization have helped to strengthen fundraising efforts					
35	The organization's financial control practices have helped to achieve the objectives of the organization					

36	Staff can make better decisions on the use of funds due to financial control practice					
37	Programs receive the required fund in time for implementing budget					
38	Offices receive the required assets in time for implementing budget					
39	Receipt and payment procedures are fair in implementing programs					
40	Suppliers do not complain relation with payments.					