GOVERNANCE PRACTICES AND FINANCIAL REPORTING IN NOT-FOR-PROFIT ORGANIZATIONS: A CASE OF NOT-FOR-PROFIT ORGANIZATIONS WORKING WITH REFUGEES IN SOUTH WESTERN UGANDA

OKECH STEVEN

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DECLARATION

I Okech Steven, hereby declare that this dissertation is my original work and works of other scholars that has been used are acknowledged

Signature:……………………………….. Date:…………………………………..

APPROVAL

This is to certify that this dissertation has been done under our supervision and we now approve it for submission.

Signature:……………………. **Date:**……………..………………

Assoc. Prof. Jacob L. Oyugi

Supervisor

Signature:……………………… **Date:**………..…..………………

Dr. Regis Zombeire

Supervisor

DEDICATION

I dedicate this dissertation to my mother, Aryemo Rose, whose unwavering support and prayers have been my greatest source of motivation and encouragement. You have always believed in me through all circumstances.

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TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

LIST OF ACRONYMS

CVI:	Content Validity Index
GAAP:	Generally Accepted Accounting Principles
IASB:	International Accounting Standards Board
IASC:	International Accounting Standards Committee
ICPAU:	Uganda Institute of Certified Public Accountants
IFRS:	International Financial Reporting Standards
IFRS:	International Financial Reporting Standards
IPSAS:	International Public Sector Accounting Standards
IRC:	International Rescue Committee
M&E:	Monitoring and Evaluation
NRC:	Norwegian Refugee Council
OAU:	Organisation of African Unity
OECD:	Organisation for Economic Co-operation and Development
SEC:	Securities and Exchange Commission
SPSS:	Statistical Package for Social Sciences
OPM:	Office of the Prime Minister
U.S:	United States
UN:	United Nations
UNHCR:	United Nations High Commissioner for Refugees

ABSTRACT

This study examined the relationship between governance practices and financial reporting in not-for-profit organizations working with refugees in South Western Uganda. The study focused on three objectives which included; establishing the relationship between governance structure and financial reporting, the relationship between audit committee and financial reporting and the relationship between accountability and financial reporting. The study employed a cross-sectional survey research design and quantitative research approach. The study targeted 92 participants and 79 participated in the study indicating 85.9%, response rate. The study findings revealed that that governance structure have a significant and positive relationship with the financial reporting ($r = .534^{**}$, $P < 0.01$). Then, from the regression analysis, governance structure had a significant positive effect on financial reporting ($B = 0.316$, $p = 0.003$). The results also revealed that audit committee had a significant and positive correlation with the financial reporting ($r = .366^{**}$, $P < 0.01$). However, from the regression analysis, the audit committee variable showed no significant contribution ($B = 0.020$, $p = 0.846$). It was also revealed that accountability was significantly and positively related with the financial reporting ($r = .603^{**}$, $P < 0.01$) and from the regression analysis, accountability emerged as a strong and significant predictor ($B = 0.479$, $p < 0.001$). In the multiple regression analysis, the combination of governance structure, audit committee, and accountability collectively explained 42.5% of the variation in financial reporting (Adjusted R Square = 0.425). Therefore, the study concluded that, accountability was the most the significant predictors of financial reporting. The study recommended that not-for-profit organizations serving refugees strengthen their governance structures by prioritizing management and board independence, enhancing stakeholder representation, promoting gender balance, and ensuring transparency in board appointments. It was also recommended that not-for-profit organizations working with refugees strengthen the strategic role and functional relevance of their audit committees. Lastly, it was recommended that not-for-profit organizations serving refugees strengthen their accountability systems by enhancing stakeholder engagement, reinforcing legal compliance, and institutionalizing performance accountability measures.

CHAPTER ONE

INTRODUCTION

1.1 Introduction

Effective financial reporting is vital for not-for-profit organizations as it enhances transparency, accountability, and stakeholder trust, which are critical for sustaining donor support and achieving organizational missions (Mulindwa & Kato, 2022). Ugandan not-for-profits have increasingly adopted governance practices, such as the implementation of internal control systems, board oversight, and adherence to international financial reporting standards, to improve financial integrity (Kyeyune & Nakiganda, 2023). However, despite these efforts, many organizations still face challenges in producing high-quality financial reports. This study established the relationship between governance practices and financial reporting in not-for-profit organizations working with refugees in South Western Uganda. This chapter presents the background to the study, statement of the problem, research objectives, research questions, hypothesis, conceptual framework, significance of study, scope of study and operational definitions.

1.2. Background to the study

The section presents the background to the study in four different perspectives which included historical, theoretical, conceptual and contextual perspectives.

1.2.1 Historical background

The historical evolution of financial reporting is deeply connected to the development of governance and accountability systems in different regions and organizational types. Early financial reporting practices were primarily centered around ensuring the accurate and timely dissemination of financial data to key stakeholders (Cangiano, Curristine & Lazare, 2013). These practices can be traced back to the mercantile systems of Europe during the

Renaissance (Previts & Bricker, 1994). Merchant-led economies demanded better ways of tracking profits, losses, and inventories, giving rise to rudimentary forms of accounting. One of the most significant breakthroughs was the development of double-entry bookkeeping by Luca Pacioli in the 15th century, which formalized the way financial transactions were recorded. This system allowed businesses to keep more accurate records of their financial dealings, creating the foundation for what we now recognize as modern accounting and financial reporting practices (Previts & Bricker, 1994). Double-entry bookkeeping not only facilitated better financial management but also enabled organizations to prepare financial statements that reflected both assets and liabilities in a balanced way, paving the way for the development of accounting standards (Lusiani, Pancot, Sangster & Vedovato, 2023).

Financial reporting has witnessed substantial shifts, particularly as a result of global economic downturns. Following the Great Depression of the 1930s, there was an urgent need to regulate financial practices, especially in capital markets, to rebuild reliance on the stability of the financial sector, resulting in the creation of regulatory institutions like the U.S. SEC in 1934, which was instrumental in enforcing mandatory financial reporting standards for publicly listed companies (Camfferman & Zeff, 2007). These regulations were designed to ensure greater transparency, accountability, and fairness in financial markets. The creation of the IASC in 1973 represented another significant step towards harmonizing global financial reporting practices. The IASC sought to develop common accounting standards that could be applied by companies worldwide, promoting consistency in financial statements across different jurisdictions. In 2001, the IASC was replaced by the IASB, which continues to refine these global standards, including the development of IFRS. The embrace of IFRS standards by a large number of countries has strengthened the uniformity and trustworthiness of financial statements, making cross-border investment and trade more transparent (Camfferman & Zeff, 2007).

In Africa, the historical influence of colonial rule has greatly impacted the progression of financial reporting. The initial accounting systems in many African countries, including Uganda, mirrored the practices of their colonial powers, particularly Britain and France (Austin, 2010). These systems were primarily designed to serve colonial interests and were not tailored to the unique economic realities of the African context. Following independence, many African nations faced the challenge of reforming their financial reporting practices to reflect their sovereignty while also attracting foreign investment and integrating into the global economy. One of the most important steps taken in this regard was the adoption of IFRS (Comelli, Kovacs, Montoya Villavicencio, Sode, David, & Eyraud, 2023). By aligning their financial reporting systems with these global standards, African countries have been able to enhance transparency, attract foreign capital, and improve governance among public bodies and private companies. In Uganda, this transition has been a key component of broader economic reforms aimed at improving financial management and accountability (Muwema & Mbabazi, 2020).

In Uganda, the journey of financial reporting closely mirrors the country's colonial history and its post-independence economic trajectory (De Zoysa, Sharer & McDonald, 1995). During the colonial period, Uganda's financial reporting practices were heavily influenced by the British system of accounting. However, with the push towards economic reforms in the post-independence era, Uganda gradually shifted towards adopting IFRS. This transition was seen as essential for aligning Uganda's financial systems with global best practices, particularly in light of increasing globalization and the desire to appeal to international investors. The Uganda Institute of Certified Public Accountants (ICPAU) has been pivotal in this transformation, guaranteeing that accounting professionals in the country are equipped to adhere to international standards (ICPAU, 2021). Additionally, reforms in public sector financial management, often driven by international organizations such as the

World Bank, have bolstered governance practices, emphasizing greater accountability, transparency, and efficient use of public resources (World Bank, 2017). The improvements in financial reporting have not only enhanced Uganda's financial system but have also contributed to stronger governance frameworks within the country.

1.2.2 Theoretical background

The study was guided by Freeman's (1984) Stakeholder Theory, which emphasizes the importance of considering the interests of various stakeholders in organizational decision-making processes. Introduced in Freeman's seminal work "Strategic Management: A Stakeholder Approach" in 1984, this governance theory emphasizes the inclusion of stakeholders beyond shareholders, such as employees, customers, suppliers, and communities, in organizational considerations. Scholars have expounded on the fundamental principles and assumptions of Stakeholder Theory. Clarkson (1995) notes that organizations exist within a complex web of relationships with stakeholders, necessitating the balancing of their interests for sustainable governance. Additionally, Jones and Wicks (1999) stress the ethical obligation of organizations to transparently and ethically manage relationships with stakeholders.

In the context of not-for-profit organizations, Stakeholder Theory holds particular relevance. Hu (2019) highlights that not-for-profits engage with diverse stakeholders, including donors, beneficiaries, volunteers, and the community. By applying Stakeholder Theory, these organizations can enhance governance practices and financial reporting through a focus on transparency, accountability, and ethical conduct towards all stakeholders (Phillips, Freeman & Wicks, 2010). Consequently, this theory provides a solid foundation for examining the correlation between governance practices and financial reporting in not-for-profit organizations operating with refugees in Uganda.

1.2.3 Conceptual background

This study was structured around two variables, which was governance practices and financial reporting. According to Aguilera and Crespi-Cladera (2021), governance practices encompass the frameworks, principles, and processes that direct and control organizations, ensuring transparency, accountability, ethical behavior, and efficient management. These practices involve the establishment of governance structures, such as boards of directors and various oversight committees, which provide strategic guidance and monitor management performance. Core principles include accountability, transparency, fairness, and responsibility, which collectively foster trust and mitigate risks (Clarke, 2020; Tricker, 2021). However, in this study, governance practices was looked at inform of governance structure, audit committee and accountability.

The governance structure defines the system by which an organization is steered and regulated through established rules and procedures, typically including the board of directors, management, and various oversight committees (Clarke, 2020). In this study it was looked at in form of composition, independence and appointments in the organization. Then, audit committee is a specialized committee within an organization's board of directors responsible for overseeing financial reporting, internal controls, and the audit process to ensure accuracy and integrity in financial statements (Aguilera & Crespi-Cladera, 2021). In this study it was looked at in form of independence of members, committee diligence and use of audit charter. According to Tricker (2021), accountability in governance involves the obligation of organizational leaders to furnish stakeholders with transparent, factual, and timely data and to be answerable for their decisions and actions. In this study it was looked at in form of competence, recording keeping and accounting procedures.

On the hand, financial reporting involves the preparation of statements that present an organization's financial condition to management, investors, and regulatory authorities, offering a clear and truthful depiction of its financial performance and standing (Beyer, Cohen, Lys & Walther, 2021). This includes the preparation of essential documents Including income statements, balance sheets, cash flow statements, and shareholders' equity reports, all prepared in accordance with standards like IFRS or GAAP. In this study, financial reporting refers to ensuring timeliness, accuracy, comparability, reliability and transparency in the financial reporting process.

1.2.4 Contextual background

Uganda stands as one of Africa's foremost hosts for refugees, currently accommodating over 1.5 million individuals, primarily from South Sudan, the Democratic Republic of Congo, and Burundi (UNHCR, 2023). The country's progressive and inclusive refugee policy has drawn international recognition, offering refugees significant rights including the freedom to move, employment rights, and access to vital social services, including education and healthcare (Government of Uganda, 2021). Uganda's Refugees Act of 2006 and the 2010 Refugees Regulations incorporate these generous provisions, aligning with global frameworks such as the 1951 UN Refugee Convention and the 1969 OAU Refugee Convention. This legal framework underlines Uganda's commitment to creating an enabling environment for refugees by promoting self-reliance and integrating them into national development plans (Betts et al., 2019).

Given the vast scale of refugee support required, not-for-profit organizations play an essential role in augmenting government efforts. NPOs deliver a range of services across sectors such as emergency relief, healthcare, education, psychosocial support, and livelihoods development. For example, IRC and the NRC are actively involved in providing essential services aimed at improving the resilience and well-being of refugee communities (IRC, 2022; NRC, 2022). These organizations often collaborate with international agencies, including theUNHCR and UNICEF, as well as local government bodies, ensuring a coordinated response that caters to both short-term necessities and long-term development objectives (UNHCR, 2023).

One of the most critical aspects of NPO operations is financial reporting, as it serves a key function in upholding transparency and accountability. It fulfills several essential purposes: ensuring adherence to regulatory requirements, facilitating effective internal decision-making, and fostering trust among external stakeholders especially donors (Mwesigwa, 2020). For organizations working in complex environments like refugee support, financial reporting is not only a statutory requirement but also a tool for demonstrating how funds are utilized. Proper financial reporting enables NPOs to present a clear picture of how donor contributions are allocated to various activities, ensuring that resources are used for their intended purposes and maximizing the impact of programs (Mwesigwa, 2020; Mugume & Muwanga-Zake, 2020).

However, many NPOs in South Western Uganda face significant challenges in maintaining accurate and comprehensive financial reporting systems. The complexity of funding sources, often involving multiple donors with varying financial reporting requirements, can overwhelm the financial capacities of these organizations (Mwesigwa, 2020). Diverse donor expectations require tailored financial statements, making it difficult for NPOs to produce a unified financial report that satisfies all stakeholders. This, combined with inadequate financial systems and capacity constraints, hampers the ability of NPOs to manage their finances efficiently and transparently (Mugume & Muwanga-Zake, 2020). Weak regulatory enforcement in the nonprofit sector further exacerbates these challenges, as organizations may not feel sufficient pressure to adopt stringent financial reporting standards, leading to inconsistent practices (World Bank, 2021).

The implications of poor financial reporting are far-reaching. Inaccurate or incomplete financial reports can lead to a loss of trust from donors, resulting in reduced funding, which ultimately compromises the organization's ability to deliver services effectively (Schiltz & Kigozi, 2021). Furthermore, poor financial management affects decision-making processes, leading to inefficiencies, wastage of resources, and a reduction in the quality and reach of services provided to refugees. Effective financial reporting is, therefore, crucial for maintaining accountability and ensuring that NPOs can continue to meet their goals (Schiltz & Kigozi, 2021).

To mitigate these challenges, many NPOs in Uganda adhere to international governance frameworks that emphasize transparency, accountability, and ethical management. The Core Humanitarian Standard on Quality and Accountability (CHS) is one such framework that guides NPOs in maintaining operational integrity and building stakeholder trust. These governance practices include structured leadership, strategic planning, and robust monitoring and evaluation (M&E) systems, all of which are essential for improving financial reporting (CHS Alliance, 2020). However, despite these frameworks, the real challenge lies in the operationalization of such standards within NPOs, particularly in environments where financial systems are underdeveloped or constrained by limited resources (Schiltz & Kigozi, 2021). This provides a solid foundation for exploring the connection between governance practices and financial reporting in not-for-profit organizations working with refugees in Uganda.

1.3. Statement of the problem

The ideal state of affairs for any organization, particularly not-for-profit organizations working with refugees in Uganda, involves robust financial reporting characterized by timeliness, accuracy, comparability, reliability and transparency (Kusemererwa, Nyende & Kasigwa, 2020). Such financial reporting is essential for ensuring efficient resource allocation, building donor trust, and achieving organizational goals. It requires a comprehensive financial management system, trained personnel, and strict adherence to regulatory standards and donor requirements (Mikeladze, 2021).

However, in the context of NPOs working with refugees in Uganda, financial reporting practices often fall short of these ideals with almost 70% having challenges in their financial reporting (Sekiwano, 2023). They encounter timeliness issues, such as delayed or incomplete reports, hinder decision-making and accountability. Moreover, accuracy is compromised by inadequate financial expertise and outdated systems, leading to errors in financial statements and misrepresentation of financial health, while comparability suffers due to inconsistent methods among NGOs, making performance assessment challenging (Sekiwano, 2023; Mwesigwa, 2020; Mugume & Muwanga-Zake, 2020). Furthermore, there is poor financial transparency and accountability, which erode trust among donors and beneficiaries, hamper effective decision-making, and result in inefficiencies and wastage (Schiltz & Kigozi, 2021). This reveals a considerable disparity between the expected standards of financial reporting and the realities of how these practices are presently executed within these organizations.

To address persistent challenges in financial reporting, several NPOs have adopted governance practices such as establishing governance structures, audit committees, and accountability mechanisms (Dossani, 2012). Despite these efforts, NPOs in Uganda continue to face significant reporting issues, including delays, inaccuracies, and limited transparency, all of which undermine donor confidence and weaken their ability to provide essential services to refugees (Kirunda & Irumba, 2023). Although previous studies highlight these challenges, there is still limited empirical evidence on how governance practices specifically influence financial reporting among NPOs working with refugees in South Western Uganda. This study therefore seeks to bridge this gap by examining the relationship between governance practices and financial reporting within this context.

1.4. Purpose of the study

The purpose of the study was to establish the relationship between governance practices and financial reporting in not-for-profit organizations working with refugees in South Western Uganda.

1.5. Objectives of the study

(i) To assess the relationship between governance structure and financial reporting in not-for-profit organizations working with refugees in South Western Uganda

(ii) To examine the relationship between audit committee and financial reporting in not-for-profit organizations working with refugees in South Western Uganda

(iii) To investigate the relationship between accountability and financial reporting in not-for-profit organizations working with refugees in South Western Uganda

1.6 Research questions

(i) What is the relationship between governance structure and financial reporting in not-for-profit organizations working with refugees in South Western Uganda

(ii) How is audit committee related to the financial reporting in not-for-profit organizations working with refugees in South Western Uganda

(iii) What is the relationship between accountability and financial reporting in not-for-profit organizations working with refugees in South Western Uganda

1.7 Hypotheses of the study

Ho_1: There is no significant relationship between governance structure and financial reporting in not-for-profit organizations working with refugees in South Western Uganda

Ho_2: There is no significant relationship between audit committee and financial reporting in not-for-profit organizations working with refugees in South Western Uganda

Ho_3: There is no significant relationship between accountability and financial reporting in not-for-profit organizations working with refugees in South Western Uganda

1.8 Conceptual framework

The conceptual framework depicts the interaction between the study's independent and dependent variables, highlighting the presumed relationship between governance practices and financial reporting in not-for-profit organizations.

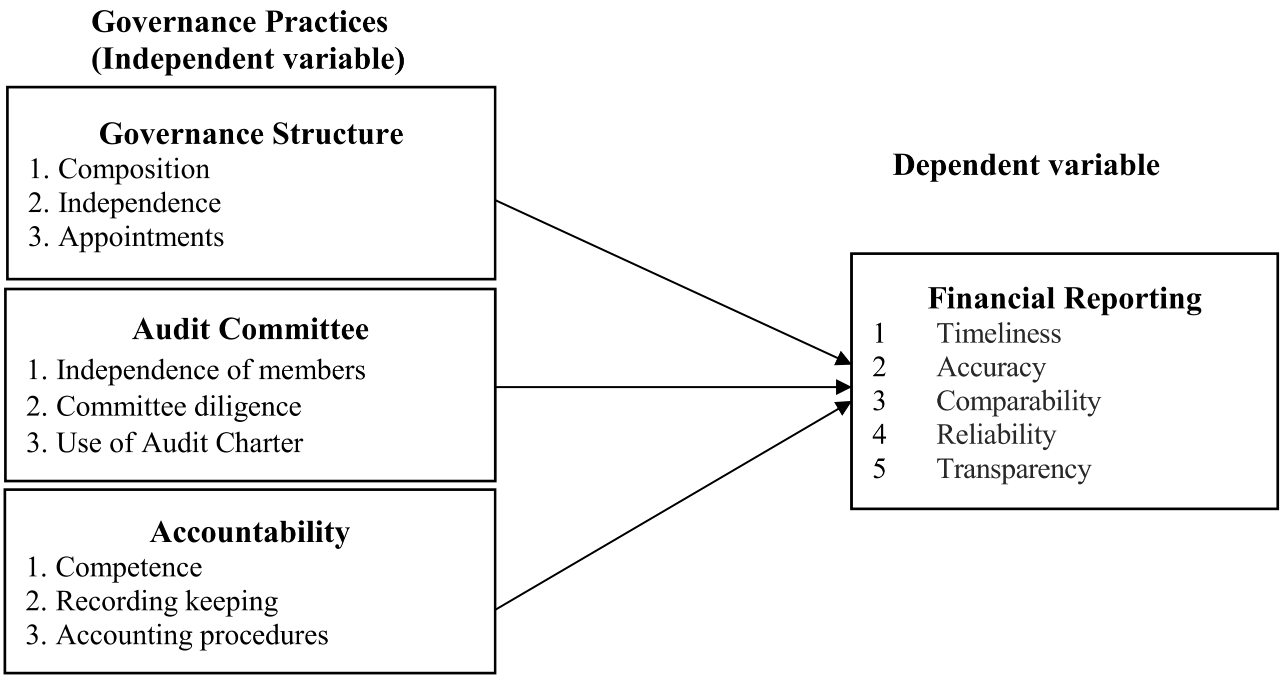

Figure 1.1: Conceptual framework

Source: *Adopted with modification from Dossani (2012) and International Integrated Reporting Frame Work (2013).*

According to figure 1.1 above, governance practices were identified as the independent variable, alongside financial reporting as the dependent variable. Governance practices bear the constructs of governance structure, audit committee and accountability (Dossani, 2012) while financial reporting operationalized into timeliness, accuracy, comparability, reliability and transparency (International Integrated Reporting Frame Work, 2013). The conceptual framework hypothesizes that strong governance practices leads to increase in financial reporting which this study sought to investigate.

1.9 Scope of the study

1.9.1 Geographical scope

The research was conducted in South Western Uganda considering the Rwenzori Sub-region aka Greater Tooro, Ankole Sub-region and Kigezi Sub-region. This area was considered because it is leading areas with number of refugees hence attracting a lot of not-for-profit organizations providing support to the refugees. Besides that, most not-for-profit organizations in South Western Uganda were having gaps in their financial reporting.

1.9.2 Content scope

The scope of the study was confined to examining governance practices as the independent variable and financial reporting as the dependent variable. However, more emphasis was put on assessing the relationship between governance structure, audit committee, accountability and financial reporting in not-for-profit organizations working with refugees in South Western Uganda.

1.9.3 Time scope

The study covered the literature for the period between 2018 and 2023. This period was considered because it was when there have been increased cases of mismanagement and poor reporting of donor funds by the not-for-profit organizations working with refugees in South Western Uganda.

1.10 Significance of the study

Firstly, for policy makers, this investigation may contribute meaningful perspectives regarding the crucial role of governance practices and transparent financial reporting in guaranteeing accountability and efficiency within these organizations. By understanding the effect of governance on financial reporting, policy makers can develop informed regulations and guidelines that promote good governance standards, ultimately strengthening the sector's overall effectiveness and impact.

Moreover, not-for-profit organizations themselves stand to benefit. By recognizing the link between governance practices and financial reporting, these organizations can enhance their internal processes, decision-making, and overall transparency. Improved governance and financial reporting can not only help them attract more funding and support from donors but also build trust with their stakeholders, including the refugee communities they serve.

For donors, this research may serves as a crucial tool for conducting due diligence and making informed funding decisions. Understanding the relationship between governance practices and financial reporting enables donors to assess the effectiveness and efficiency of the organizations they support. By aligning their contributions with well-governed and transparent organizations, donors can maximize the impact of their investments and guarantee the efficient use of their resources to support refugees in Uganda.

Lastly, academia stands to benefit from this study by advancing knowledge in the area of governance, financial reporting, and nonprofit management in the context of refugee aid organizations. This research adds depth to the academic discourse, providing a foundation for further studies and educational initiatives in these areas.

1.11 Operational definition of terms

Governance Practices: This refers to the established policies, procedures, and mechanisms that guide decision-making, oversight, and accountability within an organization. These practices encompass the governance structure, audit committee and accountability.

Governance Structure: This defines the framework of governance within an organization, including the composition, independence and appointments.

Audit Committee: This is a specialized committee within an organization's governance structure ensuring independence of members, committee diligence and use of audit charter.

Accountability: This denotes the responsibility of persons or institutions to answer for their actions, choices, and results. In governance, fostering accountability involves competence, recording keeping and accounting procedures.

Financial Reporting: This involves the preparation and disclosure of financial information to various stakeholders such as investors, donors, regulatory bodies, and the general public. It involves the timeliness, accuracy, comparability, reliability and transparency.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents literature on the relationship between governance practices and financial reporting in not-for-profit organizations working with refugees in Uganda. The chapter drew upon a documentary literature review focused on the variables under study. Both national and international literature was considered. The literature review was organized according to the study objectives and existing research gaps.

2.2 Theoretical Review

The study was guided by the Stakeholder Theory advanced by Freeman (1984). The theory was introduced by R. Edward Freeman in his seminal work "Strategic Management: A Stakeholder Approach" in 1984, the Stakeholder Theory of governance highlights the importance of taking into account the needs and interests of all stakeholders within organizational decision-making. According to Freeman (1984), stakeholders encompass a diverse range of entities impacted by the organization, not limited to shareholders, but also involving employees, customers, suppliers, and local communities.

Scholars have further elaborated on the foundational principles and assumptions underpinning Stakeholder Theory. Clarkson (1995) underscores that organizations function within a complex web of relationships engaging multiple stakeholders such as customers, personnel, suppliers, and nearby communities. According to Clarkson, effective governance necessitates a balanced approach to addressing the diverse and often conflicting interests of these stakeholders. This balancing act is crucial for achieving long-term sustainability and organizational success. Clarkson’s analysis highlights the importance of understanding that stakeholder interests are interconnected and that organizations must navigate these relationships carefully to maintain their social legitimacy and operational viability. Jones and Wicks (1999) build on this notion by emphasizing the ethical dimension of Stakeholder Theory. They argue that organizations have an ethical obligation to manage their relationships with stakeholders in a manner that is both transparent and ethical. This involves not only acknowledging stakeholder interests but also engaging with them in ways that are honest and fair. Jones and Wicks advocate for a normative approach to stakeholder management, suggesting that ethical considerations should guide organizational practices and decision-making processes.

Despite these contributions, Stakeholder Theory has not been without its criticisms. Mitchell et al. (1997) raise concerns about the practical challenges organizations face when attempting to manage the interests of multiple stakeholders. They argue that balancing diverse stakeholder needs can complicate decision-making and resource allocation, leading to potential inefficiencies and conflicts. Mitchell et al. point out that the complexity of stakeholder relationships can make it difficult for organizations to prioritize and adequately address the requirements of all stakeholders. Furthermore, Donaldson and Preston (1995) critique it for its lack of specificity regarding how organizations should prioritize conflicting stakeholder interests. They argue that the theory does not provide clear guidance on how to reconcile and manage competing stakeholder demands, which can lead to implementation difficulties. Donaldson and Preston (1995) further suggested that the theory's broad and general principles may not offer sufficient direction for organizations facing real-world dilemmas involving conflicting stakeholder interests.

Besides the criticisms, in the context of not-for-profit organizations, Stakeholder Theory holds significant relevance. Hu (2019) highlight that not-for-profits collaborate with various stakeholders, including donors, beneficiaries, volunteers, and community members. By applying Stakeholder Theory, these organizations can enhance governance practices and financial reporting by prioritizing transparency, accountability, and ethical behavior towards all stakeholders (Phillips et al., 2010). Therefore, this forms a strong basis for investigate the connection between governance practices and financial reporting within not-for-profit organizations serving refugees in Uganda.

2.3 Conceptual Review

This section brings out a conceptual overview of the variables involved in the study

2.3.1 Governance practices

Governance practices involve the intricate frameworks, policies, and processes through which organizations are effectively directed and controlled (Aguilera et al., 2018). These practices are fundamental in establishing the rules and guidelines that shape how decisions are made and how organizational operations are monitored. Recent studies have increasingly emphasized the critical role that robust governance structures play in enhancing organizational transparency, accountability, and ethical behavior (Aguilera et al., 2018). By providing clear and structured mechanisms for oversight and decision-making, effective governance practices help to ensure that organizations operate with integrity and adhere to high ethical standards.

Moreover, empirical evidence indicates that strong governance frameworks are critical in ensuring that management's interests coincide with shareholders', thereby supporting corporate integrity and minimizing the likelihood of fraud and corruption (García-Sánchez et al., 2019). This alignment is primarily facilitated through the implementation of a well-defined governance structure, the establishment of a competent audit committee, and the enforcement of rigorous accountability measures (García-Sánchez et al., 2019). Together, these elements help to create an environment where organizational activities are closely monitored, and ethical standards are upheld, ultimately supporting the organization's effectiveness and trustworthiness as a whole.

Governance Structure

The governance structure of a corporation refers to the system of rules, practices, and procedures utilized by the board of directors to guide and oversee the organization to ensure accountability, fairness, and transparency in its interactions with stakeholders (Gerged et al., 2021). This structure encompasses various elements including the structure and responsibilities of the board of directors, along with the delineation of executive roles and responsibilities, and the establishment of oversight mechanisms. The effectiveness of this framework is crucial for maintaining stakeholder trust and making certain the organization conducts its operations within defined ethical and legal frameworks.

Recent studies underscore the significance of a well-constructed governance structure in mitigating risks and enhancing organizational performance. According to Khatib and Nour (2021), formal governance structures, which include clearly defined command hierarchies and standardized procedures, are vital for effective organizational governance. These structures help to delineate authority, facilitate consistent decision-making, and provide mechanisms for accountability, thereby reducing the potential for mismanagement and improving overall firm performance. (Khatib & Nour, 2021) By establishing clear guidelines and procedures, a robust governance structure contributes to better risk management and more effective oversight, consequently enhancing the organization's sustained success and long-term resilience.

Audit Committee

The audit committee is a crucial element of organizational governance, playing a central role in overseeing various aspects of financial management and control. The committee is responsible for supervising financial reporting, overseeing the audit process, and ensuring the effectiveness of the company's internal controls with regulatory requirements (Kaawaase et al., 2021). Through these responsibilities, the audit committee plays a crucial role in ensuring that financial statements are accurate, dependable, and accurately reflect the company's financial position. This oversight is essential for maintaining transparency and accountability, which form the foundation for fostering trust among stakeholders and regulatory bodies.

Research by Filatotchev and Nakajima (2023) highlights that an effective audit committee can significantly improve a firm's operational performance by providing rigorous oversight and mitigating issues such as managerial overconfidence. Having independent directors on the audit committee is especially advantageous, as it enhances the committee's ability to conduct unbiased and thorough evaluations of financial statements and internal processes. Independent directors bring a level of objectivity that is critical for scrutinizing financial reports and ensuring that internal controls are functioning as intended (Filatotchev & Nakajima, 2023). Their presence helps to reinforce the committee's effectiveness, ensuring that financial oversight remains robust and impartial, which in turn supports the overall integrity and performance of the organization.

Accountability

Accountability within governance refers to the principle of holding management responsible for their actions and decisions, ensuring that they are answerable for their performance and conduct (Zumofen et al., 2022). This concept is integral to effective governance as it ensures guaranteeing that management decisions are transparent and consistent with the organization's objectives and ethical standards. Accountability is not only about addressing failures or missteps but also about fostering a culture of responsibility where management is proactive in adhering to policies, regulations, and ethical norms. This commitment helps in maintaining the integrity of organizational operations and supports a robust governance framework.

The OECD (2023) stresses that governance frameworks should be designed to promote the exercise of shareholder rights and ensure fair treatment for all shareholders, which is a key aspect of enhancing corporate accountability (Murphy & Topyan, 2015). By creating mechanisms for shareholders to voice concerns and ensure their rights are respected, organizations can better align management practices with shareholder expectations and regulatory requirements. By enhancing transparency, this approach also builds trust among stakeholders, contributing to the organization’s stability and positive reputation.

2.3.2 Financial reporting

Financial reporting serves an essential function in fostering corporate transparency, boosting investor confidence, and enhancing market efficiency. By adhering to high-quality financial reporting practices, organizations ensure the provision of accurate, reliable, and timely information, which is essential for stakeholders' decision-making processes (Darmawan, 2023). Effective financial reporting helps to build trust among investors and other stakeholders by providing a clear and truthful representation of an organization's financial health (Darmawan, 2023). This transparency is vital for informed investment decisions and for maintaining the integrity of financial markets.

The implementation of IFRS has played a key role in enhancing consistency and comparability across global markets, thereby significantly influencing financial performance and disclosure practices of firms (Iatridis, 2020). Additionally, the adoption of cutting-edge technologies such as blockchain and AI is reshaping financial reporting through enhanced data precision and reducing reporting times, leading to more efficient and reliable financial disclosures (Cao et al., 2021). Additionally, robust governance mechanisms, including effective governance structures, audit committees, and accountability practices, are critical in safeguarding the integrity of financial reports and ensuring that financial information is presented fairly and accurately (Al Daoud et al., 2019). These combined efforts help to uphold the credibility of financial reporting and support the overall stability of financial systems.

2.4 Empirical review

This section has been presented in the order of study objectives;

2.4.1 Governance structure and financial reporting

Governance structures significantly impact financial reporting quality as it boosts internal controls and independent audit committees. DeFond and Zhang (2020) emphasize that strong governance mechanisms are essential in mitigating financial misstatements and guaranteeing the trustworthiness of financial reporting. Their research indicates that companies with more Organizations with strong audit committees often achieve higher financial reporting quality through improved oversight and minimized earnings management. Additionally, Cohen et al., (2019) highlight the role of ERM in enhancing financial reporting. They argue that firms with integrated ERM frameworks and active board involvement in risk oversight demonstrate more accurate and timely financial disclosures, thus improving investor confidence and market efficiency.

Furthermore, García-Sánchez et al., (2020) discussed how board diversity positively affects the quality of financial information disclosure. Their study reveals that diverse boards, in terms of gender and expertise, resulting in more thorough and transparent financial reporting. Similarly, Albu et al., (2021) examine the effects of corporate governance reforms across Europe on the quality of financial reporting. Their study reveals that initiatives focused on strengthening board independence and enhancing accountability have led to notable advancements in the reliability and transparency of financial disclosures. Specifically, these reforms have contributed to narrowing information asymmetry and improving the precision and trustworthiness of reported financial data.

Additionally, Chen et al., (2021) investigate Chinese firms and find that those with well-established governance structures, such as independent boards and effective audit committees, produce superior financial reports. These firms benefit from enhanced monitoring and reduced opportunities for earnings manipulation. Additionally, Li et al., (2020) explore how governance affects financial reporting in Japan, concluding that firms with strong governance practices, including comprehensive risk management and internal audit functions, exhibit higher levels of financial transparency and accuracy.

Additionally, Sanni and Umar (2021) examine Nigerian firms and conclude that efficient governance practices, such as vigilant board monitoring and well-established internal control systems are crucial for accurate financial reporting. Similarly, Asamoah and Agyei-Mensah (2020) investigate Ghanaian firms and find that those with enhanced corporate governance measures, such as increased board independence and improved audit committee performance, produce more reliable and transparent financial statements, thereby improving stakeholder trust and investment decisions.

Furthermore, a study by Kaawaase et al. (2021) highlights that internal audit quality and comprehensive risk management processes are integral to enhancing financial reporting integrity. Their study on Ugandan financial institutions shows that robust corporate governance practices, including independent audit functions and stringent oversight mechanisms, lead to higher quality financial disclosures. Similarly, Namanya and Kyobe (2020) emphasize the impact of board effectiveness in improving the quality of financial reporting finding that organization with more independent and skilled board members provides more accurate and timely financial information.

2.4.2 Audit committee and financial reporting

DeFond and Lennox (2019) discovered that audit committees staffed with members possessing financial expertise significantly reduce the incidence of financial misstatements and enhance the reliability of financial reports. Their research highlights the vital importance of including individuals with accounting and financial knowledge to effectively supervise the audit process. Similarly, Cohen et al., (2020) emphasize the essential function of audit committees in safeguarding the integrity of financial reporting by implementing thorough oversight and effective risk management practices. They argue that proactive audit committees are essential for recognizing and addressing risks, thereby boosting the quality of financial disclosures in diverse organizations.

According to Zaman et al., (2020), it was revealed audit committees that meet frequently and exhibit a strong degree of independence and are linked to improved financial reporting quality. Their study, indicated that regular meetings allow for better oversight and more thorough reviews of financial statements. Meanwhile, García-Sánchez et al., (2019) highlight that audit committees with diverse membership, including gender diversity, contribute positively improving the quality of financial reporting through contributing diverse perspectives and expertise to the oversight process.

In addition, Chen et al., (2021) revealed that those with active and independent audit committees report more accurate and reliable financial statements. The study indicates that the presence of independent members and frequent meetings are key factors in enhancing financial oversight. Additionally, Li et al., (2020) revealed that audit committees with greater expertise and independence significantly improve financial reporting quality through ensuring financial statements are accurate and offering dependable information to stakeholders.

Sanni and Umar (2021) revealed that audit committees characterized by greater independence and expertise substantially improve the quality of financial reporting by providing rigorous oversight and reducing opportunities for earnings manipulation. Similarly, Asamoah and Agyei-Mensah (2020) revealed that effective audit committees are key to maintaining accurate and transparent financial reporting, which underpins stakeholder trust and confidence in the financial markets. In addition, Kaawaase et al. (2021) revealed that audit committees possessing greater levels of expertise and independence are associated with better financial reporting practices in Ugandan financial institutions. The study emphasizes that effective oversight by audit committees helps in detecting and preventing financial irregularities. Furthermore, Namanya and Kyobe (2020) revealed that the presence of active and independent audit committees is crucial for ensuring the accuracy and dependability of financial reports, thereby promoting greater transparency and accountability within the non-profit sector.

2.4.3 Accountability and financial reporting

According to Brown and Knechel (2020), the implementation of stringent accountability mechanisms within organizations ensures that financial reports are accurate and transparent. Their study highlights that organizations with strong accountability frameworks, such as clear roles and responsibilities for financial reporting with competent accountants produce more reliable financial statements. Similarly, DeFond and Zhang (2020) discuss how accountability via regulatory mandates, including laws like the Sarbanes-Oxley Act improve financial reporting integrity by imposing stringent internal control requirements and obliging management to verify the accuracy of financial statements. Additionally, Zaman et al., (2020) highlight that accountability in the form of regulatory compliance and stakeholder engagement leads to more accurate and timely financial reporting in European companies.

Chen et al., (2021) revealed that those with robust mechanisms of accountability, such as autonomous boards and strong audit committees, exhibit higher quality financial reporting. The study suggests that accountability helps in monitoring and enforcing financial reporting standards, thus reducing the likelihood of financial misstatements. Similarly, Li et al., (2020) revealed that accountability through corporate governance reforms, such as increased board oversight, markedly improves the correctness and reliability of financial reports.

According to Maroun and Solomon (2019), South African organizations are required to adhere to the guidelines set forth in the King IV Report on Corporate Governance, which emphasizes ethical leadership and transparency in financial reporting. This regulatory framework has significantly improved the accountability of companies by mandating rigorous disclosure requirements and regular auditing processes. Additionally, Ntim et al., (2020) highlight that South Africa's emphasis on integrated reporting has further strengthened the link between financial reporting and accountability, as it requires organizations to present a holistic view of their financial and non-financial performance.

Accountability in financial reporting has been a focal point of regulatory changes designed to strengthen corporate governance and boost investor confidence. Adeyemi and Fagbemi (2021) observed that the implementation of the Financial Reporting Council Act in Nigeria has been instrumental in standardizing financial reporting practices across various sectors. This legislation mandates the adoption of IFRS, as a result, ensuring heightened transparency and uniformity in financial statements. Furthermore, Okike and Adegbite (2019) argue that these reforms have significantly contributed to improving accountability by holding management liable for the correctness and trustworthiness of financial data provided to stakeholders.

According to study by Kakaire and Muhumuza (2020), The Ugandan government has introduced several reforms to improve transparency and accountability in financial reporting. These measures include adopting the IPSAS and establishing the Office of the Auditor General to monitor and ensure the integrity of financial statements. Similarly, Tumwebaze and Twebaze (2021) argue that these measures have led to improved financial management practices within public institutions, thereby fostering greater accountability and reducing instances of financial misconduct.

2.5 Literature gaps

The literature above had explored the conceptual and scholarly studies on different concepts of the study and research objectives. However, no single study had focused on the three combined constructs of governance structure, audit committee and accountability in a single study. Besides that, most of the studies were done outside Uganda hence creating literature gap in the Ugandan context. That said, most of the studies were done in profit making organization hence creating literature gap regarding not-for-profit organizations. Methodologically, some were qualitative in nature hence leaving the aspect of quantitative study which this study seeks to examine. Generally, this leaves a context and information gap in Uganda and not-for-profit organizations. Therefore, this study sought to close up the gap by conducting a study regarding the connection between governance practices and financial reporting in not-for-profit organizations working with refugees in Uganda.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter presents methods employed in this study. It covers the research design, target population, sample size determination, sampling techniques, data sources, data collection methods and tools, data quality control measures, data collection procedures, data analysis approaches, as well as ethical considerations and limitations of the study.

3.2 Research Design

The researcher utilized a cross-sectional survey design, which involves gathering data from various individuals at a single time point using the same data collection tool (Kothari, 2014). This survey design was preferred due to its efficiency in collecting a substantial amount of field data economically. The study primarily employed quantitative techniques to obtain numerical and measurable data, aligning with the goal of investigating the relationships between variables (Mugenda & Mugenda, 2013). The selection of a quantitative data was used because of its ability to offer empirical support for the research findings. Furthermore, it facilitates the easy running of correlations and regressions.

3.3 Target Population

The study targeted 120 not-for-profit organizations that are working Refugees in South Western Uganda (OPM Report, 2023) (***Appendix IV***).

3.4 Sample Size

The sample size refers to the subset of the population that is selected for study or analysis (Mbabazi, 2011). The number of not-for-profit organizations to be considered in this study, the sample size was calculated using Yamane's formula, which was developed in 1967.

$$\mathbf{n}=\frac{N}{1+N\,(e^2)},$$

Where
N– Population = 120
e - Standard error = 5%
n- Sample size =?

$$n=\frac{120}{1+120(0.05^2)}$$

$$n=\frac{120}{1+0.3}$$

$$n=\frac{120}{1.3}$$

<u>92 Not-for-Profit Organizations</u>

From each organization, 01 respondent who was Director of Finance or Head of Finance & Accounts was selected to respond on behalf of the organization.

3.5 Sampling Techniques

The study utilized simple random sampling to choose the not-for-profit organizations that participated in the research. Using simple random sampling, all the targeted not-for-profit organizations were equally likely to be selected for participation in the study (Kombo & Tromp, 2016). After generating the list of not-for-profit organizations, the researcher assigned numbers to those organizations and the researcher picked numbers without replacement until the required sample size was reached. Those that picked were considered in the study while those not picked were dropped. Employing this technique helped to minimize sampling bias. For the respondents, only one member from each organization who was the Director of Finance or Head of Finance and Accounts was selected to respond on behalf of the organization.

3.6 Data Collection Method

Data for the study was collected using a survey questionnaire, focusing on gathering quantitative data. Both online and hard copy questionnaires were utilized for field data collection. Following the suggestion of Bouranta, Chitiris, and Paravantis (2009), the questionnaire featured questions structured around a 5-point Likert scale.

3.7 Data Collection Tool

The main approach to data collection in the study involved utilizing a questionnaire. A questionnaire serves as a vital tool for collecting research data, comprising a set of questions designed to aid the researcher in gathering essential information for the study. The questionnaires encompassed closed-ended to limit respondents from give irrelevant information (Bryman, 2018). The questionnaire was sent to respondents for reading and completion. This data collection approach was used as it ensures the anonymity and confidence of research participants. The questionnaire included general participant information and study objectives, with question items structured on a 5-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree).

3.8 Data Collection Procedure

Upon receiving approval for the proposal and research instruments, the researcher obtained an introductory letter from the Kyambogo University Graduate School. This letter was presented to the management of the Not-for-Profit Organization to request permission to conduct the study. After securing organizational consent, the researcher sought informed consent from individual respondents. Those who agreed to participate were then provided with the questionnaire to complete at their convenience.

3.9 Data Quality Control

For data quality control, the researcher tested the data collection tool for validity and reliability.

3.9.1 Validity

Validity in a data collection instrument indicates its effectiveness in accurately capturing the intended variable or construct and delivering the desired outcomes (Amin, 2005). To ensure face validity, the tool underwent a review by the supervisor. Any items identified as lacking were revised. In terms of context validity, two research experts (Supervisors) were tasked with evaluating the tool by classifying questionnaire items as Relevant (R) or Irrelevant (IR). Based on their assessments, the Content Validity Index (CVI) was calculated using the formula: CVI= R/(R+IR). To establish the validity of the tool, it was imperative that all items achieve CVIs of 0.7 or higher, in accordance with the recommendation by Basu (2021).

3.9.2 Reliability

Reliability pertains to the tool's capability to deliver consistent and reliable outcomes across different scenarios and conditions (Creswell, 2018). To assess the tool's reliability, a pilot study involving 10 individuals not included in the main study were not conducted and these were not part of the targeted categories of people in targeted organizations. The data from this pilot study was analyzed using SPSS Version 23 to calculate Cronbach's alpha values. To be deemed reliable, all items within the tool achieved Cronbach alpha values above 0.7 aligning with the recommendation by (Basu, 2021).

3.10 Data analysis and presentation

Following data collection, the researcher engaged in data cleaning and editing procedures. This phase involves scrutinizing the data for errors and omissions. Subsequently, the data were coded and analyzed using SPSS Version 23. The analysis included descriptive statistics such as percentages, means, and standard deviations, alongside correlation and regression analyses (Bell et al., 2022). The correlation outcomes were utilized to evaluate the relationships among the study variables, with hypotheses tested at $p < 0.01$. The findings were presented through tables complemented by explanatory statements underneath them.

3.11 Ethical consideration

In this research study, following ethical considerations were observed;

Informed consent: Participation in this study required voluntary consent from each participant; no individual was compelled to take part in the research.

Plagiarism: To uphold academic integrity, all relevant literature sources were properly acknowledged and referenced to give credit to the original authors. To safeguard the authenticity and uniqueness of the research, literature was rephrased and paraphrased to prevent instances of plagiarism.

CHAPTER FOUR

PRESENTATION, ANALYSIS, INTERPRETATION AND DISCUSSION OF STUDY FINDINGS

4.1 Introduction

This section presents, analyzes, interprets and discusses the study's findings. It covers the descriptive statistics of the study, starting with the demographic characteristics of the respondents, and then presenting the findings related to the study objectives, which included assessing the relationship between governance structure and financial reporting in not-for-profit organizations working with refugees in South Western Uganda, the relationship between audit committee and financial reporting in not-for-profit organizations working with refugees in South Western Uganda and the relationship between accountability and financial reporting in not-for-profit organizations working with refugees in South Western Uganda.

4.2 Response rate

Figure 4.1 below illustrates the distribution of respondents who participated in the study compared to those who did not respond.

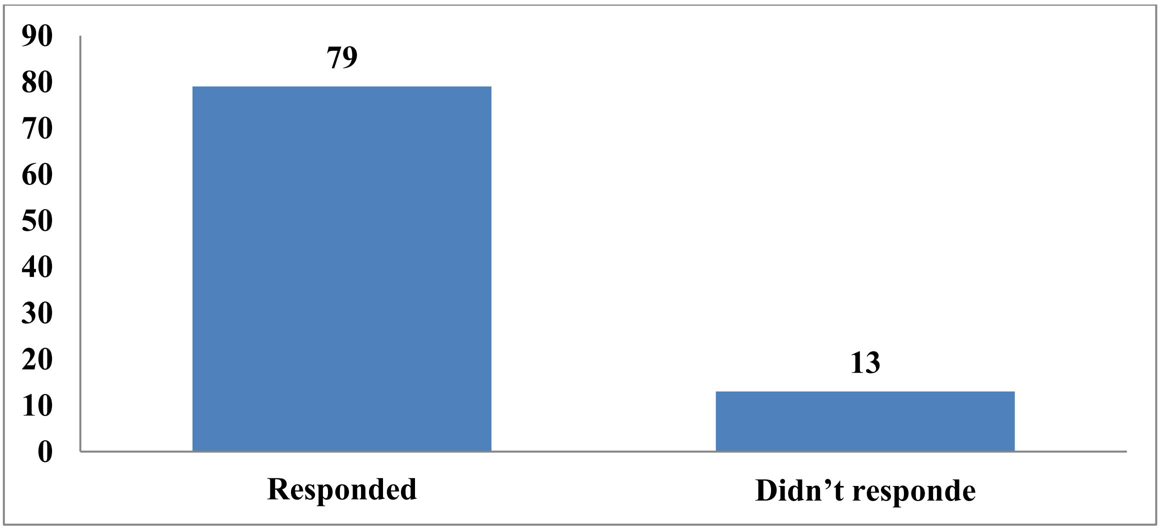

Figure 4. 1: Showing the response rate

Source: Field data, 2025

Data depicted in the bar chart, 79 out of the 92 targeted participants responded, representing a response rate of 85.9%, while 13 participants (14.1%) did not respond. This response rate surpasses the 70% benchmark recommended by the Guttmacher Institute (2006), thereby confirming that the study achieved a satisfactory level of participant engagement.

4.3 Findings on the demographic characteristics of the respondents

The study collected demographic information from respondents to evaluate various factors, including gender, educational background, age, and duration on employment with the organization. These demographic characteristics are summarized and presented in terms of frequencies and percentages in Table 4.1 below.

Table 4. 1: Demographic characteristics of respondents

Sex	**Frequency**	**Percent**
Male	34	43.0
Female	45	57.0
Total	**79**	**100.0**
Education	**Frequency**	**Percent**
Certificate	01	1.3
Diploma	03	3.8
Degree	48	60.8
Masters	22	27.8
Others	05	6.3
Total	**79**	**100.0**
Age	**Frequency**	**Percent**
18-27	9	11.4
28-37	60	75.9
38-47	10	12.7
Total	**79**	**100.0**
Period spent working	**Frequency**	**Percent**
Less than 1	04	5.1
1-3	35	44.3
4-6	28	35.4
7-9	10	12.7
10 and above	02	2.5
Total	**79**	**100.0**

Source: Field data, 2025

As shown in Table 4.1, 57.0% of the respondents were female, while 43.0% were male, indicating that women were more represented in the study sample. This distribution reflects a significant female presence within the organization, which may point to ongoing gender inclusion efforts or indicate the types of job roles that tend to attract a higher proportion of female employees. The near-equal gender distribution is important in ensuring that the study captures diverse perspectives across gender lines.

Regarding educational qualifications, the largest proportion of respondents 60.8% possessed a bachelor's degree, followed by 27.8% who held a master's degree. A smaller number held diplomas 3.8%, certificates 1.3%, or other forms of education 6.3%. These results indicate that a significant majority of the respondents had attained higher education, equipping them with the intellectual capacity to understand and meaningfully contribute to the study. This educational background implies that the responses received are likely to be well-informed and reflective of a competent workforce.

The results presented in Table 4.1 further reveal that the majority of participants 75.9% were between the ages of 28 and 37, followed by 12.7% aged 38–47, and 11.4% in the 18–27 age range. This indicates a predominantly youthful workforce within the organization, suggesting a potentially dynamic, adaptable, and tech-savvy team. Additionally, younger employees might be motivated by different factors than their older colleagues. Table 4.1 further illustrates that 44.3% of respondents had been with the organizations for 1 to 3 years, 35.4% had between 4 and 6 years of experience, while 12.7% reported having served for 7 to 9 years. Meanwhile, 5.1% had less than one year of experience, and only 2.5% had worked for 10 years or more. This data implies that a significant portion of the workforce had spent a considerable amount of time in the organizations to understand their operations regarding governance practices and financial reporting in not-for-profit organizations working with refugees.

4.4 Data Quality Control Results

This section presents the validity and reliability results of the tool that was used for data collection.

Table 4. 2: Validity Test

Construct	Total Items	Relevant Items	Irrelevant Items	CVI
Governance Structure	09	07	02	**0.78**
Audit Committee	09	08	01	**0.89**
Accountability	11	09	02	**0.82**
Financial Reporting	17	14	03	**0.82**

The results showed that the tool was valid given that all items achieved CVIs higher than 0.7 as recommended by (Basu, 2021). Modifications were carried out to enhance the instrument's validity, particularly by revising items that were deemed irrelevant.

Table 4.3: Reliability Test

Construct	Item tested	Alpha values
Governance Structure	09	.772
Audit Committee	09	.831
Accountability	11	.885
Financial Reporting	17	.928

The tool was tool was found to be reliable given that all items within the tool achieved Cronbach alpha values above 0.7 aligning with the recommendation by (Basu, 2021).

4.5 Descriptive statistics basing on the study objectives

The descriptive statistics summarized the findings related to all the study variables.

4.5.1 Governance structure

Participants were instructed to rate their responses, which were and subsequently analyzed using means and standard deviations to aid interpretation. The resulting descriptive statistics (mean scores) were compared against an overall grand mean was calculated to assess the degree of agreement or disagreement with each statement.

Table 4.4: Governance structure

Statement	*Min*	*Max*	*Mean*	*S.D*
The board is the supreme governing body of our organization	1	5	4.23	.960
The organization has clear lines of responsibility at all levels	1	5	4.34	.959
The organization has the clear reporting channels	1	5	4.41	.954
Board members possess the required knowledge and skills required to perform their roles	3	5	4.30	.740
The management is independent during decision making	1	5	3.72	1.025
The board takes decisions independently	1	5	3.59	1.156
During board formation, representation of all stakeholders is considered	2	5	3.97	.843
There is gender balance on the board	2	5	3.96	.980
The board appointments are always transparent	2	5	3.95	.861
GRAND MEAN			**4.05**	

Source: Field data, 2025

From Table 4.4 on governance structure, it was revealed that the board is perceived as the supreme governing body of the organization, as evidenced by a high mean value of (4.23), which exceeds the grand mean of (4.05), with a standard deviation of (.960). This indicates general agreement among respondents about the board's ultimate authority, although the moderate standard deviation suggests there is some variance in perceptions of how firmly the board holds this status pointing to an opportunity to reaffirm and communicate the board's governing mandate more uniformly.

Regarding the clarity of lines of responsibility at all levels, respondents registered a mean score of (4.34), well above the grand mean of (4.05), with a standard deviation of (.959). This strong result, coupled with relatively low variability, suggests that the organizational hierarchy and role definitions are broadly understood and accepted, representing a clear governance strength that underpins effective accountability and coordination.

The finding that the organization has clear reporting channels scored the highest mean of (4.41), significantly above the grand mean of (4.05), with a standard deviation of (.954). This implies that most members feel confident about whom to report to and how information flows, with only minor differences in perception. This consistency underscores robust communication pathways that facilitate transparency and timely decision-making.

Board members' possession of the required knowledge and skills to perform their roles yielded a mean value of (4.30), above the grand mean of (4.05), and a notably low standard deviation of (.740). This reflects a high level of confidence in the competencies of board members and a strong consensus on their preparedness, marking it as a core strength of the governance structure with minimal divergence in views.

In contrast, the independence of management during decision-making recorded a mean of (3.72), below the grand mean of (4.05), with a standard deviation of (1.025). The lower average and higher variance indicate that while some respondents believe management acts autonomously, others perceive undue influence, suggesting a need to bolster and more clearly define management's operational independence to ensure unbiased execution of strategies.

The board's capacity to make independent decisions received a mean score of (3.59), which is below the overall grand mean of (4.05), accompanied by a relatively high standard deviation of (1.156). This points to significant inconsistency in how respondents view board autonomy, with some questioning whether decisions are free from external pressures. Addressing this gap may involve reinforcing decision-making protocols and transparently documenting board deliberations to build uniform confidence in board independence.

During board formation, the consideration of all stakeholders' representation garnered a mean score of (3.97), slightly below the grand mean of (4.05), with a standard deviation of (.843). The proximity to the grand mean and moderate consistency suggest that stakeholder inclusion is generally acknowledged but not consistently practiced, indicating room to formalize stakeholder nomination processes to ensure broader and more equitable representation.

Perceptions of gender balance on the board resulted in a mean of (3.96), under the grand mean of (4.05), with a standard deviation of (.980). While many respondents recognize efforts toward gender parity, the slight shortfall and variability point to uneven progress highlighting an opportunity to adopt clearer gender-balance targets and monitor adherence to promote a more consistently balanced board composition.

Finally, the transparency of board appointments scored a mean of (3.95), below the grand mean of (4.05), with a relatively low standard deviation of (.861). This suggests that while most respondents feel appointments are generally open, there remains a slight perception gap about the rigor and openness of the process. Enhancing formal appointment criteria and publicizing selection procedures could further strengthen trust in the board's transparency.

4.5.2 Audit committee

Respondents were asked to rate their responses, and the results showed interpreted using mean scores and standard deviations. These computed descriptive statistics were then compared with the overall grand mean was used to evaluate the level of agreement or disagreement with each statement.

Table 4.5:Responses for Audit Committee

Statement	*Min*	*Max*	*Mean*	*S.D*
The audit committee is independent of management and the board	1	5	3.97	.960
There are not cases of conflict of interest among the audit committee	1	5	3.78	1.058
The audit committee is always changed regularly	1	5	3.59	.968
The audit committee holds meetings regularly	1	5	3.76	.880
The audit committee prepares clear and detailed minutes and records of meetings and decisions	1	5	4.18	.694
Audit committee is always assessed to evaluate the committee effectiveness	1	5	3.91	.793
The organization has a charter that aligns with relevant auditing standards and frameworks	3	5	4.22	.617
The audit function operates in accordance with the guidelines set out in the charter	2	5	4.18	.698
The audit committee integrates the charter's provisions into the audit planning, execution, and reporting processes.	2	5	4.06	.757
GRAND MEAN			**3.96**	

Source: Field data, 2025

From Table 4.5, it is evident that the audit committee is generally perceived to be independent from management and the board, with a mean value of (3.97), which is slightly above the grand mean of (3.96). The standard deviation of (0.960) suggests that responses were somewhat consistent, but there is still variability in how respondents view the committee's independence. This indicates that while many agree on the committee’s independence, there are some discrepancies, pointing to an opportunity for further clarification or improvement in maintaining this independence.

Concerning the presence of conflicts of interest among audit committee members, the mean score of (3.78) falls just below the grand mean of (3.96), with a standard deviation of (1.058). This indicates that although most respondents did not report significant conflict of interest issues, there is considerable variability in the responses. The high standard deviation highlights differing perspectives on the extent of conflict, indicating that the committee may benefit from more stringent measures to prevent or address conflicts of interest.

Regarding the frequency of the audit committee's meetings, the mean score of (3.76) is slightly below the grand mean of (3.96), accompanied by a standard deviation of (0.880). This suggests that although the committee generally holds meetings regularly, there is some variance in the frequency with which these meetings occur. The relatively low standard deviation indicates that most respondents agree that meetings are held regularly, but occasional lapses in consistency may need to be addressed to enhance the committee’s effectiveness.

The committee’s performance in preparing clear and detailed minutes and records of meetings received a high mean score of (4.18), well above the grand mean (3.96), with a low standard deviation of (0.694). This indicates that the audit committee excels in maintaining comprehensive and accurate records, contributing to transparency and accountability. The low variance in responses suggests that all respondents consistently perceive the committee's documentation practices as strong.

Regarding the evaluation of the audit committee’s effectiveness, the mean score of (3.91) is slightly below the grand mean of (3.96), with a standard deviation of (0.793). This implies that while the audit committee is generally seen to undergo assessments, there is room for improvement in the regularity or thoroughness of these evaluations. The relatively low variance shows that there is a shared understanding of the importance of such assessments, though the process could be enhanced to ensure continuous improvement.

The presence of a charter that aligns with relevant auditing standards and frameworks scored a mean value of (4.22), above the grand mean of (3.96), with a low standard deviation of

(0.617). This suggests that the organization has effectively established a solid foundation for the audit committee's operations, ensuring alignment with best practices. The low standard deviation highlights a strong consensus on the clarity and relevance of the auditing charter.

For the audit function's operation in accordance with the guidelines set out in the charter, the mean score of (4.18) is again above the grand mean of (3.96), with a standard deviation of (0.698). This indicates that the audit function is largely compliant with the established guidelines, reinforcing the strength of governance in the organization. The relatively low variance in responses confirms that there is widespread agreement regarding how effectively the audit function aligns with the charter.

Lastly, the integration of the charter's provisions into the audit planning, execution, and reporting processes scored a mean value of (4.06), above the grand mean of (3.96), with a standard deviation of (0.757). This suggests that the audit committee generally integrates the charter's provisions effectively into its operations. While the standard deviation is slightly higher than the other indicators, it still indicates a relatively consistent approach, though there might be occasional lapses in full integration that could be improved.

4.5.3 Accountability

Respondents were also asked to rate their responses, and the results were interpreted using mean scores and standard deviations. The resulting mean values were then compared to the grand mean was used to assess the degree of agreement or disagreement with each statement.

Table 4.6: Responses for Accountability

Statement	*Min*	*Max*	*Mean*	*S.D*
There are clear roles and responsibilities for financial reporting.	1	5	4.56	.656
All the records or the organization are always kept and filed	1	5	4.67	.677
The accounting team have got enough accounting knowledge	2	5	4.56	.594
The organization always maintains accountability among its stakeholders	1	5	4.46	.748
Management provides adequate information when making accountability	2	5	4.28	.750
The management is always accountable for the resources invested	2	5	4.44	.712
Management adheres to accountability procedures set by law and regulations	1	5	4.32	.809
The board always holds management accountable for the use of organization resources	2	5	4.35	.734
The degree of participation during the accountability process leads to compliance	2	5	4.30	.722
The management is always held accountable for organization's performance	1	5	4.30	.882
Management is held responsible for the decisions made regarding service delivery	2	5	4.29	.736
GRAND MEAN			**4.41**	

Source: Field data, 2025

The analysis of Table 4.6 reveals that the statement regarding the existence of clear roles and responsibilities for financial reporting received a high mean score of (4.56), surpassing the grand mean of (4.41), and was paired with a comparatively low standard deviation of (0.656). This signifies a strong and widespread agreement among respondents that financial reporting roles are clearly defined and well communicated within the institution. The low variability in responses suggests a uniform understanding and implementation of reporting duties across departments, reflecting robust internal governance practices. Such clarity not only supports financial transparency but also reinforces organizational accountability frameworks that are crucial for stakeholder trust and regulatory compliance.

The statement affirming that all organizational records are always kept and filed garnered the highest mean value of (4.67), significantly above the grand mean of (4.41), and a low standard deviation of (0.677). This finding indicates an overwhelming consensus regarding the organization's commitment to systematic record-keeping. The uniformity in responses suggests a high standard of documentation procedures, which is essential for maintaining operational continuity, facilitating audits, and preserving institutional knowledge. This level of diligence in managing records reflects positively on the organization's administrative integrity and its capacity to endure scrutiny from both internal and external sources.

The competence of the accounting team was evaluated with the statement that they possess sufficient accounting knowledge, which scored a mean of (4.56) again above the grand mean (4.41) along with a notably low standard deviation of (0.594). This denotes a high level of confidence in the technical qualifications and capabilities of the accounting personnel. The low variation among responses reinforces the perception that financial matters are being handled by knowledgeable professionals who can ensure accuracy in reporting and compliance with standards. This strength in human resource capacity is foundational to the institution's overall financial performance and regulatory adherence.

Regarding the maintenance of accountability among stakeholders, the organization achieved a mean score of (4.46), slightly above the grand mean of (4.41), with a standard deviation of (0.748). This result suggests a generally positive perception of stakeholder accountability. However, the moderate variability in responses hints at inconsistencies in engagement or transparency practices with different stakeholder groups. These findings highlight the need for more inclusive accountability mechanisms and consistent stakeholder communication to enhance institutional responsiveness and public confidence.

The statement that management provides adequate information during accountability processes scored a mean of (4.28), which is below the grand mean of (4.41), with a standard deviation of (0.750). While the score reflects a moderately high level of agreement, it also points to opportunities for improvement. The findings suggest that information provided may not always be timely, detailed, or sufficiently accessible, potentially hindering stakeholder understanding and participation. Strengthening communication channels and improving the quality of information disclosed during accountability processes could significantly improve institutional transparency and effectiveness.

In terms of management's accountability for the resources invested, the mean score was (4.44), just above the grand mean of (4.41), with a standard deviation of (0.712). This indicates a positive general sentiment regarding management's resource stewardship. Nonetheless, the moderate spread in responses suggests that the visibility or documentation of how resources are utilized could be enhanced. Providing more explicit reports on the outcomes and impacts of investments may help to further validate management's accountability in this area.

The adherence to accountability procedures mandated by laws and regulations recorded a mean value of (4.32), just below the grand mean of (4.41), with a higher standard deviation of (0.809). This reflects a reasonably strong, yet somewhat varied, perception of legal compliance. The higher variability suggests that while some areas within the organization may be strictly following legal procedures, others might be less consistent. This signals a need for periodic audits, compliance training, and reinforcement of standardized legal frameworks to ensure uniform application across all departments.

The role of the board in holding management accountable for resource use received a mean of (4.35), marginally below the grand mean of (4.41), and a standard deviation of (0.734).

The data suggests that the board is generally perceived as active in its oversight duties, but with some variability. To reinforce and standardize accountability mechanisms, the board may consider adopting more formalized monitoring tools and documentation practices to ensure that all managerial actions are systematically reviewed and evaluated.

The influence of participation during the accountability process on compliance was reflected in a mean score of (4.30), slightly below the grand mean of (4.41), with a standard deviation of (0.722). This suggests that while stakeholder involvement in accountability efforts positively influences compliance, the process might not be equally participatory for all involved. Enhancing opportunities for inclusive dialogue, feedback mechanisms, and transparent communication may help close the participation gap and improve overall compliance outcomes.

The assessment of management being held accountable for the organization's performance yielded a mean of (4.30), also below the grand mean of (4.41), accompanied by the highest standard deviation in this set at (0.882). This wide variance in responses highlights a significant difference in how consistently performance accountability is enforced or perceived. This finding calls for the implementation of standardized performance appraisal systems, clear benchmarks, and transparent performance reporting to ensure management is consistently evaluated and held accountable.

Finally, the statement that management is responsible for decisions made regarding service delivery scored a mean value of (4.29), slightly under the grand mean of (4.41), with a standard deviation of (0.736). This suggests that, while most respondents acknowledge managerial responsibility in service delivery, the consistency of this recognition is not uniform. To strengthen decision accountability, it may be beneficial to establish clearer documentation of decision-making processes and link them more directly to performance outcomes, thus reinforcing both internal discipline and external stakeholder confidence.

4.5.4 Response on the financial reporting in not-for-profit organizations working with Refugees

Participants in the study were requested to share their views on financial reporting in not-for-profit organizations supporting refugees and were guided to rank their responses. The study utilized mean scores and standard deviations to interpret the data. The computed mean values were then compared to the overall grand mean to determine the level of agreement or disagreement with each statement.

Table 4.7: Responses for financial reporting in not-for-profit organizations working with Refugees

Statement	*Min*	*Max*	*Mean*	*S.D*
Annual reports disclose forward looking statements that help develop expectations and predictions by users regarding the future	1	5	4.15	.735
Annual reports disclose information relating to business opportunities and risks	2	5	4.14	.734
Reported earnings provide feedback to users of annual reports regarding how various events and significant transactions affected the company	1	5	3.90	.886
Annual reports disclose forward looking statements that help develop expectations and predictions by users regarding the future	3	5	4.18	.594
Financial reports provide valid and sufficient explanations regarding assumptions and estimates made in preparation of financial statements	1	5	4.32	.726
Financial reports highlight both positive and negative events in a balanced way when discussing annual results	1	5	4.10	.877
Annual report extensively discloses information on corporate governance issues	1	5	4.01	.870
Annual report provide clear explanations for the choice of accounting principles	1	5	4.20	.774
Information in financial report is classified and presented in a well organised manner	3	5	4.47	.528
The notes to financial statements are clear and understandable	2	5	4.37	.683
Annual report use language and technical jargon that is easy to understand, and or we include glossary of jargon used in annual report	1	5	4.01	.980
Notes referring to changes in accounting policies explain the effect of the change	2	5	4.14	.697
Notes to revision in accounting estimates and judgment explain the effect of the revision	2	5	4.04	.733
Results of current accounting period numbers are compared with results of previous period numbers	1	5	4.28	.767
Annual report presents financial ratios and other index numbers	2	5	4.04	.808
Information provided in annual report is comparable to information provided by other organizations in same industry	1	5	3.99	1.013
Previous accounting period figures are adjusted for changes in accounting policy or changes in accounting estimates	1	5	3.85	.893
GRAND MEAN			**4.13**	

Source: Field data, 2025

From Table 4.7 above, in evaluating the disclosure of forward-looking statements within financial reports, respondents assigned an average score of (4.15), slightly surpassing the overall grand mean of (4.13), with a standard deviation of (0.735). This positive deviation implies that stakeholders generally value the presence of anticipatory information in reports, recognizing its role in shaping expectations and informing strategic forecasting. However, the moderate dispersion in responses also indicates that not all users find these projections equally beneficial some may perceive them as overly generalized or lacking in actionable detail.

When it comes to information disclosure on business opportunities and risks, the data revealed a mean score of (4.14), also exceeding the grand mean of (4.13), with a standard deviation of (0.734). This suggests that a significant number of stakeholders appreciate efforts to articulate both potential growth areas and threat landscapes. Nevertheless, the observed variability points to a potential disconnect between risks and their strategic implications, or a demand for more thorough risk-opportunity integration.

In contrast, the mean score for the use of reported earnings to reflect the effects of major events and transactions stood at (3.90), which is below the grand mean of (4.13), and accompanied by a relatively higher standard deviation of (0.886). This finding illustrates a more fragmented stakeholder view. While some readers consider the narrative around earnings changes sufficiently descriptive, others perceive a lack of clear linkage between significant occurrences and their financial consequences.

An evaluation of forward-looking disclosures yielded a higher mean score of (4.18) than the grand mean of (4.13), along with a lower standard deviation of (0.594), indicating stronger consensus among respondents regarding the usefulness of such statements especially when they are well-structured and guided by a consistent framework. This implies that standardizing the format of these projections (e.g., presenting base-case, best-case, and worst-case outcomes) may enhance their perceived value and interpretability.

Respondents rated the adequacy of assumptions and estimates explanations in financial reports with a mean of (4.32), among the highest in the analysis, and a standard deviation of (0.726). This strong performance reflects broad confidence in the transparency surrounding managerial judgments. Nonetheless, the modest spread suggests potential benefits from expanding disclosures through illustrative examples and sensitivity analyses that show how alternative assumptions might influence reported outcomes.

The discussion of both positive and negative developments within the reporting period garnered a mean score of (4.10), with a standard deviation of 0.877. Stakeholders largely appreciated the balanced tone, though the wide dispersion in ratings signals concerns about possible bias towards favorable narratives. Disclosure of corporate governance practices received a mean rating of (4.01), slightly below the grand mean of (4.13), with a standard deviation of 0.870. While the score implies general satisfaction with governance reporting, the spread suggests a desire for deeper insights among some users.

Clarity in explaining the rationale for chosen accounting principles was well received, with a mean score of (4.20) higher than the grand mean of (4.13) and a standard deviation of (0.774). This reflects a favorable perception of transparency in accounting policy disclosures. However, some stakeholders may still benefit from seeing these choices connected explicitly to the entity's strategic priorities, operational realities, or historical financial trajectories. Classification and presentation of financial information was rated highest, achieving a mean of (4.47) with the lowest standard deviation of 0.528, suggesting near-universal approval. This confirms that stakeholders find the report structure intuitive and the visual hierarchy effective, making content easier to digest.

Notes to the financial statements earned a strong mean of (4.37) higher than the grand mean of (4.13) with a standard deviation of 0.683, indicating widespread appreciation for the clarity and understandability of explanatory footnotes. Still, enhancing these notes with summary tables, callouts, and plain-language paraphrasing may make them even more accessible especially for stakeholders with limited financial expertise. However, the use of accessible language and glossary inclusion scored (4.01), just shy of the grand mean of (4.13), with the highest variability (standard deviation of 0.980) among positively rated items. This variability reveals divergent user experiences while some applaud the readability, others continue to struggle with technical terminology.

Explanations of changes in accounting policies were evaluated at (4.14), with a standard deviation of (0.697). This reflects positive sentiment but also signals that clarity around policy impacts can be enhanced. Adding before-and-after figures, pro forma restatements, and clear transitional explanations can increase users' understanding of policy shifts. Then, revisions in accounting estimates and judgments were rated at (4.04), slightly below the grand mean of (4.13), with a standard deviation of 0.733. This suggests that while disclosures are generally satisfactory, readers could benefit from retrospective performance reviews of past estimates, highlighting the accuracy of forecasting processes and instilling greater confidence in future projections.

Comparative analysis of current and prior period results received a commendable mean of (4.28), with a standard deviation of (0.767). The strength of this score shows that users value longitudinal insights, though some desire deeper segmentation. Then regarding, disclosures of financial ratios and index numbers yielded a mean of (4.04), below the grand mean of (4.13) with a standard deviation of (0.808). While users generally find these metrics informative, some believe they could be more aligned with the entity's operational model.

The comparability of information with peer organizations rated low among positive indicators, with a mean of (3.99) below the grand mean of (4.13) and the highest standard deviation of 1.013. This wide divergence highlights inconsistent benchmarking practices. Introducing standardized peer selection criteria, along with side-by-side comparisons and ratio analyses, could enhance benchmarking clarity and utility. Lastly, adjustments of prior-period figures due to policy or estimate changes scored the lowest mean of (3.85), below the grand mean of (4.13) with a standard deviation of 0.893. This reflects stakeholder concerns about the completeness and transparency of restatements. Strengthening this area may involve clearly footnoting adjustments, quantifying impacts, and explaining implications for trend analysis and decision-making.

4.6 Inferential Statistics

Inferential statistics played a crucial function in evaluating the connection between the study objectives and evaluating how well the independent variables predicted the dependent variables. To accomplish this, the study employed correlation analysis and multiple regression techniques.

4.6.1 Correlation analysis

Pearson correlation analysis was conducted using SPSS Version 23 to examine the relationships between governance structure, audit committee, accountability, and financial reporting in not-for-profit organizations working with refugees in South Western Uganda. Table 4.8 below presents the results.

Table 4.8: Correlation results on relationship between governance structure, audit committee, accountability and financial reporting

Items	1	2	3	4
1. Governance Structure	**1**			
2. Audit Committee	.584**	**1**		
3. Accountability	.460**	.417**	**1**	
4. Financial Reporting	.534**	.366**	.603**	**1**

** Correlation is significant at the .01 level (2-tailed).

From in Table 4.8, it was revealed that governance structure have a significant and positive relationship with the financial reporting in not-for-profit organizations working with refugees ($r = .534^{**}$, $P < 0.01$). This indicates that what happens in governance structure is linked to what happens on the financial reporting in not-for-profit organizations working with refugees. Similarly, audit committee had a significant and positive correlation with the financial reporting in not-for-profit organizations working with refugees ($r = .366^{**}$, $P < 0.01$). This also suggests that effective audit committee positively and significantly related to financial reporting in not-for-profit organizations working with refugees. Lastly, accountability also showed a significant and positive relationship with the financial reporting in not-for-profit organizations working with refugees ($r = .603^{**}$, $P < 0.01$). This demonstrates that what happens on the accountability is linked to the financial reporting in not-for-profit organizations working with refugees.

4.6.2 Multiple Regression Analysis

This study utilized regression analysis to determine the degree of influence exerted by the constructs of governance structure, audit committee and accountability served as a predictor for financial reporting in not-for-profit organizations working with refugee

Table 4.9: Multiple Regression Results

	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	.820	.445		1.844	.069
Governance Structure	.316	.104	**.336**	3.037	.003
Audit Committee	.020	.103	**.021**	.195	.846
Accountability	.479	.104	**.457**	4.621	.000
Model Summary					
R Square	.447				
Adjusted R Square	**.425**				
F	20.207**				
Dependent Variable: Financial Reporting					

From on Table 4.9, the results from the multiple regression analysis revealed that the constructs of governance structure, audit committee, and accountability collectively explained 42.5% of the variation in financial reporting among not-for-profit organizations working with refugees (Adjusted R Square = 0.425). The model was statistically significant and demonstrated a good fit ($F = 20.207$, $p < 0.01$), suggesting that the independent variables meaningfully contribute to predicting financial reporting practices.

Specifically, the governance structure demonstrated a significant positive influence on financial reporting ($B = 0.316$, $p = 0.003$), suggesting that a one-unit enhancement in governance structure corresponds to a 0.316 increase in the quality of financial reporting. Likewise, accountability proved to be a strong and significant predictor ($B = 0.479$, $p < 0.001$), implying that an enhancement in accountability corresponds to a 0.479 increase in financial reporting outcomes. However, the audit committee variable showed no significant contribution ($B = 0.020$, $p = 0.846$), suggesting that its presence or effectiveness did not significantly influence financial reporting in this context.

4.7 Discussion of the study findings

4.7.1 Governance structure and financial reporting in not-for-profit organizations working with refugees in South Western Uganda

The study revealed that governance structure significantly contributes to enhancing the quality of financial reporting in not-for-profit organizations that support refugees. The presence of clear reporting channels, well-defined responsibilities, and competent boards were identified as governance strengths that significantly contribute to financial accountability and transparency. These results are in strong agreement with DeFond and Zhang (2020), who assert that robust governance frameworks, particularly those with effective audit committees, minimize the risks of financial misstatements and ensure the reliability of financial disclosures. Similarly, Cohen et al., (2019) emphasize that organizations with integrated enterprise risk management and active board oversight report more accurate and timely financial data, reinforcing the current study's indication that governance competencies positively influence financial reporting outcomes.

Moreover, the study's results partly align with García-Sánchez et al., (2020), who argue that board diversity in gender and expertise enhances the transparency and breadth of financial disclosures. While this study observed strong reporting practices in certain areas, it also highlighted notable weaknesses, particularly in gender balance and stakeholder representation within the governance framework. This gap reflects the concerns of Albu et al., (2021), who demonstrate that governance reforms improving board independence and diversity directly strengthen financial reporting quality by reducing information asymmetry. The lack of gender balance and limited stakeholder inclusion in the observed organizations suggests untapped potential for further enhancing governance effectiveness.

Additionally, the findings resonate with Sanni and Umar (2021) and Asamoah et al., (2020) who emphasize the importance of strong internal controls and independent boards for accurate and transparent financial reporting in Nigerian and Ghanaian firms respectively. However, the observed weaknesses in board independence and transparency in the appointment of members within refugee-focused organizations point to areas that require deliberate reform. These governance shortcomings potentially hinder the full realization of financial accountability. Consistent with the observations of Kaawaase et al. (2021) and Namanya and Kyobe (2020), the current findings support the assertion that strengthening internal audit functions, improving board independence, and enhancing oversight mechanisms are crucial for better financial reporting. Therefore, while the study affirms key governance strengths, it equally identifies structural limitations that, if addressed, could elevate financial reporting quality and stakeholder confidence in not-for-profit governance systems.

4.7.2 Audit committee and financial reporting in not-for-profit organizations working with refugees in South Western Uganda

The study determined that while audit committees exhibited a positive relationship with financial reporting, their influence was not statistically significant in not-for-profit organizations serving refugees presents a critical deviation from a significant body of literature that strongly emphasizes the effectiveness of audit committees in enhancing financial oversight. While the structural presence of audit committees through adherence to auditing standards, documented procedures, and charter integration is acknowledged, their limited practical influence suggests a potential gap in strategic involvement. This stands in contrast to DeFond and Lennox (2019), who underscore that audit committees with deep financial expertise substantially reduce misstatements and improve reporting accuracy. The current findings suggest that despite having foundational structures in place, the audit committees may lack the strategic engagement or contextual relevance required to assert a meaningful impact in the refugee-focused nonprofit sector.

Moreover, the limited practical impact of audit committees observed in this study diverges from the arguments of Zaman et al., (2020), who report that frequent meetings and a high degree of independence directly correlate with improved financial reporting quality. Similarly, García-Sánchez et al. (2019) find that diverse committee composition enhances financial oversight by broadening analytical perspectives. However, in the context of refugee-serving nonprofits, while committees may formally exist and show signs of independence and compliance, their operational influence seem muted possibly due to contextual limitations such as resource constraints, lowers financial literacy among members, or lack of enforcement of committee recommendations. This indicates a disconnect between theoretical governance mechanisms and their actual implementation in practice, particularly within complex humanitarian settings.

Furthermore, the study findings partly align with Chen et al. (2021) and Kaawaase et al. (2021), who stress that the mere presence of audit committees is insufficient; their effectiveness is conditional on member expertise, independence, and active involvement. The current study supports this view by revealing that although the committees are perceived positively in terms of structure and transparency, their functional engagement remains weak. This points to the need for rethinking the design and utility of audit committees within the not-for-profit context especially those working in humanitarian environments by enhancing training, redefining roles, and increasing their strategic input into financial decision-making processes. Therefore, while the findings challenge the prevailing literature that sees audit committees as pivotal to financial reporting quality, they also highlight the need for a deeper understanding of how these governance bodies can be strengthened to increase their effectiveness.

4.7.3 Accountability and financial reporting in not-for-profit organizations working with refugees in South Western Uganda

The findings revealed pivotal role accountability plays in enhancing financial reporting within not-for-profit organizations serving refugee populations, highlighting it as the most significant predictor of financial reporting quality. The results highlight that effective accountability mechanisms, such as rigorous record-keeping, clarity in financial roles, and the presence of a competent accounting team, significantly contribute to reliable and transparent financial reporting. These findings align with Brown and Knechel (2020), who assert that organizations with clearly defined financial roles and competent financial staff tend to produce more accurate and transparent reports. Similarly, DeFond and Zhang (2020) emphasize the value of internal controls and accountability regulations such as the Sarbanes-Oxley Act, which enforce rigorous financial reporting standards and help minimize errors or fraudulent misstatements. The consistency between the present study and these prior findings affirms the centrality of internal governance structures and clear accountability frameworks in fostering trustworthy financial disclosures.

Furthermore, the results of the present study are consistent with those of Chen et al. (2021) and Li et al., (2020), who collectively argue that robust accountability characterized by effective board oversight and transparent processes yields higher quality financial reporting. Despite slight weaknesses observed in stakeholder engagement, legal compliance, and performance accountability, the broader findings emphasize that accountability contributes significantly to financial transparency. This is in agreement with Zaman et al., (2020), who noted that organizational accountability, especially in relation to regulatory compliance and inclusive stakeholder engagement, enhances both the accuracy and timeliness of financial reports. These parallels suggest that while technical aspects of accountability are well-established within refugee-serving non-profits, further attention is needed to standardize stakeholder involvement and compliance with legal frameworks to ensure comprehensive and equitable reporting outcomes.

The study findings also correspond with broader African and Ugandan research perspectives. Maroun and Solomon (2019) underscore how frameworks like South Africa's King IV Code improve accountability by mandating ethical leadership and transparent disclosures, mirroring the current study's emphasis on internal governance structures. In the Ugandan context, Kakaire and Muhumuza (2020) and Tumwebaze and Twebaze (2021) emphasize reforms such as the adoption of IPSAS and the oversight role of the Auditor General, which have collectively strengthened financial management and accountability in public institutions. These reforms reflect a commitment to enhancing transparency, paralleling the internal practices observed in not-for-profits in the current study. Thus, the current findings not only corroborate previous literature but also highlight that despite promising strides, improving performance accountability and stakeholder inclusion remains essential for achieving comprehensive financial reporting integrity.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This section offers a summary of the study's findings, followed by the presentation of conclusions and recommendations. The results are organized according to the study objectives, which included examining the relationship between governance structure and financial reporting in not-for-profit organizations working with refugees, the relationship between audit committee and financial reporting in not-for-profit organizations working with refugees and the relationship between accountability and financial reporting in not-for-profit organizations working with refugees.

5.2 Summary of the study findings

The findings revealed that that governance structure have a significant and positive relationship with the financial reporting in not-for-profit organizations working with refugees ($r = .534^{**}$, $P < 0.01$). Then, from the regression analysis, governance structure had a notable positive influence on financial reporting ($B = 0.316$, $p = 0.003$), indicating that a one-unit improvement in governance structure is associated with a 0.316 increase in financial reporting quality.

The results also revealed that audit committee had a significant and positive correlation with the financial reporting in not-for-profit organizations working with refugees ($r = .366^{**}$, $P < 0.01$). However, from the regression analysis, the audit committee variable showed no significant contribution ($B = 0.020$, $p = 0.846$), suggesting that its presence or effectiveness did not significantly influence financial reporting in this context.

It was also revealed that accountability was significantly and positively related with the financial reporting in not-for-profit organizations working with refugees ($r = .603^{**}$, $P <$

0.01). Similarly, from the regression analysis, accountability was identified as a robust and statistically significant predictor ($B = 0.479$, $p < 0.001$), implying that an enhancement in accountability corresponds to a 0.479 increase in financial reporting outcomes.

5.3 Conclusions

The study concluded that governance structure significantly improves the precision and trustworthiness of financial reporting in not-for-profit organizations serving refugees, as evidenced by strong positive correlations and regression results. There were clear reporting channels, defined responsibilities, and board competencies which highlighted critical governance strengths. However, areas like management and board independence, stakeholder representation, gender balance, and appointment transparency were not well implemented hence suggesting the need for targeted improvements to ensure more consistent and inclusive governance practices that fully support financial accountability.

It was also concluded that despite audit committee having a positive relationship with financial reporting, it was an insignificant predictor of financial reporting. While the audit committee exhibits strong structural elements such as adherence to auditing standards, clear documentation, and integration of charter provisions its influence on financial reporting in not-for-profit organizations working with refugees appears limited. Additionally, despite positive perceptions of independence, compliance, and operational transparency, the audit committee's practical impact on financial reporting quality remains minimal, suggesting a need to enhance its strategic engagement and functional relevance in financial oversight.

Finally, the study concluded that accountability played a vital and statistically significant role in enhancing financial reporting within not-for-profit organizations serving refugees and was the highest predictor. Accountability was achieved particularly in areas such as record-keeping, financial role clarity, and accounting team competence reflect strong internal governance and widespread commitment to transparency. However, slight inconsistencies in areas like stakeholder engagement, legal compliance, and performance accountability suggest opportunities for further strengthening accountability systems to ensure uniformity, bolster stakeholder trust, and sustain regulatory adherence.

5.4 Recommendations

Based on the study findings, the following recommendations are proposed;

It is recommended that not-for-profit organizations serving refugees strengthen their governance structures by prioritizing management and board independence, enhancing stakeholder representation, promoting gender balance, and ensuring transparency in board appointments. These improvements will foster a more inclusive and accountable governance environment, thereby enhancing the accuracy and trustworthiness of financial reports and promoting stakeholder confidence in the organization's operations.

It was also recommended that not-for-profit organizations working with refugees strengthen the strategic role and functional relevance of their audit committees. This can be achieved by enhancing the committees' involvement in financial oversight, increasing their capacity for independent review, and aligning their activities more closely with organizational goals. Doing so will transform the audit committee from a structurally sound but underutilized body into a key driver of financial reporting quality and accountability.

Lastly, it was recommended that not-for-profit organizations serving refugees strengthen their accountability systems by enhancing stakeholder engagement, reinforcing legal compliance, and institutionalizing performance accountability measures. This can be achieved through inclusive feedback mechanisms, regular compliance audits, and transparent performance evaluation frameworks, all of which will help ensure consistency, deepen stakeholder trust, and uphold regulatory standards in financial reporting.

5.5 Study limitations

Gathering information from respondents posed difficulties, given their reluctance and privacy concerns regarding their personal data. In response, researcher reassured participants that the information was solely serve academic purposes.

Certain respondents encountered time limitations and struggle to promptly interact with the researcher due to their work obligations. This potentially led to delays in data collection. To mitigate this issue, the researcher provided advance notice and clear communication for the respondents allocate time to fill the questionnaire. The researcher gave the respondents the questionnaire link to fill at their free time and the filled questionnaires were received online for analysis.

5.6 Areas for further research

Future researcher can study on ***"The effect of Board and Management Independence on Financial Transparency in Not-for-Profit Organizations Serving Refugee Communities*"**. This topic can investigate how independence in decision-making and reduced external interference affect the credibility and objectivity of financial reporting in humanitarian-focused entities.

Additionally, they researcher can focus on ***"Enhancing the Strategic Role of Audit Committees in Strengthening Financial Oversight in Not-for-Profit Organizations".*** This study can examine how to reposition audit committees for greater effectiveness in driving financial accountability and reporting quality.

Lastly, focus can be put on ***"Stakeholder Engagement and Legal Compliance as Drivers of Accountability in Refugee-Serving Not-for-Profit Organizations"*** This will bring out how participatory accountability practices and adherence to legal frameworks influence stakeholder trust, compliance, and ultimately, the integrity of financial reports.

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APPENDICES

Appendix I: Questionnaire for data collection

Dear Respondent,

I am Steven Okech, a student at Kyambogo University pursuing a Master's in Business Administration. As part of my academic requirements, I am conducting a study titled, "The Relationship Between Governance Practices and Financial Reporting in Not-for-Profit Organizations Working with Refugees in Uganda." As a key stakeholder, your participation in this study is highly valued. Kindly complete this questionnaire by providing responses that best reflect your views. Please be assured that all information you provide will be treated with strict confidentiality and used solely for academic purposes.

Thank you very much for your time and cooperation.

Section A: Bio-data

Kindly mark your responses with a tick (√) in the boxes or write your answers in the spaces provided

1. Name of the organization:………………………………………………………………

2. Sex
   i) Male ☐ ii) Female ☐

3. Age of respondent
   i) 18-27 ☐ ii) 28-37 ☐ iii) 38-47 ☐ iv) 48-57 ☐ v) 58 and Above ☐

4. Respondent's highest level of education
   i) Certificate ☐ ii) Diploma ☐ iii) Bachelor's Degree ☐
   iv) Master's Degree ☐ v) Others (please specify): ....

5. For how many years have you been working with this organization?
   i) Less than 1 ☐ ii) 1-3 ☐ iii) 4-6 ☐ iv) 7-9 ☐ iv) 10 and above ☐

For questions in Section B, please respond to the statements given below basing on the ranking scale.

1: Strongly Disagree (SD), 2: Disagree (D), 3: Neutral (N), 4: Agree (A) 5: Strongly Agree (SA).

SECTION B: ***<u>Governance Structure</u>***

Code	**Item**	**Scale**				
		SD	**D**	**N**	**A**	**SA**
B1	The board is the supreme governing body of our organization					
B2	The organization has clear lines of responsibility at all levels					
B3	The organization has the clear reporting channels					
B4	Board members possess the required knowledge and skills required to perform their roles					
B5	The management is independent during decision making					
B6	The board takes decisions independently					
B7	During board formation, representation of all stakeholders is considered					
B8	There is gender balance on the board					
B9	The board appointments are always transparent					

For questions in Section C, please respond to the statements given below basing on the ranking scale.

1: Strongly Disagree (SD), 2: Disagree (D), 3: Neutral (N), 4: Agree (A) 5: Strongly Agree (SA).

SECTION C: ***<u>Audit Committee</u>***

Code	**Item**	**Scale**				
		SD	**D**	**N**	**A**	**SA**
C1	The audit committee is independent of management and the board					
C2	There are not cases of conflict of interest among the audit committee					
C3	The audit committee is always changed regularly					
C4	The audit committee holds meetings regularly					
C5	The audit committee prepares clear and detailed minutes and records of meetings and decisions					
C6	Audit committee is always assessed to evaluate the committee effectiveness					
C7	The organization has a charter that aligns with relevant auditing standards and frameworks					
C8	The audit function operates in accordance with the guidelines set out in the charter					
C9	The audit committee integrates the charter's provisions into the audit planning, execution, and reporting processes.					

For questions in Section D, please respond to the statements given below basing on the ranking scale.

1: Strongly Disagree (SD), 2: Disagree (D), 3: Neutral (N), 4: Agree (A) 5: Strongly Agree (SA).

SECTION D: *<u>Accountability</u>*

Code	Item	Scale				
		SD	D	N	A	SA
D1	There are clear roles and responsibilities for financial reporting.					
D2	All the records or the organization are always kept and filed					
D3	The accounting team have got enough accounting knowledge					
C4	The organization always maintains accountability among its stakeholders					
C5	Management provides adequate information when making accountability					
D6	The management is always accountable for the resources invested					
D7	Management adheres to accountability procedures set by law and regulations					
D8	The board always holds management accountable for the use of organization resources					
D9	The degree of participation during the accountability process leads to compliance					
D10	The management is always held accountable for organization's performance					
D11	Management is held responsible for the decisions made regarding service delivery					

For questions in Section E, please respond to the statements given below basing on the ranking scale.

1: Strongly Disagree (SD), 2: Disagree (D), 3: Neutral (N), 4: Agree (A) 5: Strongly Agree (SA).

SECTION E: *<u>Financial Reporting</u>*

Code	Item	Scale				
		SD	D	N	A	SA
E1	Annual reports disclose forward looking statements that help develop expectations and predictions by users regarding the future					
E2	Annual reports disclose information relating to business opportunities and risks					
E3	Reported earnings provide feedback to users of annual reports regarding how various events and significant transactions affected the company					
E4	Annual reports disclose forward looking statements that help develop expectations and predictions by users regarding the future					
E5	Financial reports provide valid and sufficient explanations regarding assumptions and estimates made in preparation of financial statements					

E6	Financial reports highlight both positive and negative events in a balanced way when discussing annual results					
E7	Annual report extensively discloses information on corporate governance issues					
E8	Annual report provide clear explanations for the choice of accounting principles					
E9	Information in financial report is classified and presented in a well organised manner					
E10	The notes to financial statements are clear and understandable					
E11	Annual report use language and technical jargon that is easy to understand, and or we include glossary of jargon used in annual report					
E12	Notes referring to changes in accounting policies explain the effect of the change					
E13	Notes to revision in accounting estimates and judgement explain the effect of the revision					
E14	Results of current accounting period numbers are compared with results of previous period numbers					
E15	Annual report presents financial ratios and other index numbers					
E16	Information provided in annual report is comparable to information provided by other organizations in same industry					
E17	Previous accounting period figures are adjusted for changes in accounting policy or changes in accounting estimates					

END: THANK YOU

Appendix II: Introductory Letter

Appendix III: Plagiarism Clearance