CATHOLIC UNIVERSITY COLLEGE OF GHANA

CASH MANAGEMENT PRACTICES OF NON -GOVERNMENTAL ORGANISATIONS: A CASE STUDY OF NGOs IN THE SUNYANI MUNICIPALITY

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BY

ERIC AMPAABENG KYEREMEH

Dissertation submitted to the Faculty of Economics and Business Administration, Catholic University College of Ghana, in partial fulfilment of the requirements for the award of Master of Business Administration degree in Accounting

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DECLARATION

Candidate`s Declaration

I, hereby declare that this dissertation is the result of my own original research and that no part of it has been submitted for another degree in this university or elsewhere.

Candidate's Signature:………………………….. Date:……………………….

Name: Eric Ampaabeng Kyeremeh

Supervisor`s Declaration

I hereby declare that the preparation and presentation of the dissertation were supervised in accordance with the guidelines on supervision of dissertation laid down by the Catholic University College of Ghana.

Supervisor's Signature:………………………….. Date:………………………

Name: Stephen Frimpong

ABSTRACT

Cash management and sustainability is crucial for the long-term survival and effectiveness of all types of NGOs. The challenge is how to achieve such levels of cash management and sustainability. The study sought to examine cash management practices among NGOs in the Sunyani Municipality. The objectives of the study were; to identify cash management practices of NGOs, examine how cash management practices affect the operations of the NGOs, find out the challenges facing NGOs in cash management and suggest measures to enhance cash management practices among the NGOs. Both primary and secondary sources of data were used to gather data for the study. Data was collected for analysis through purposive sampling technique by administering fifty-four (54) questionnaires to finance managers of fifty-four (54) NGOs in the municipality. From the study, it was found that the preparation of cash budget or cash flow forecasts was practised as cash management practice among the NGOs. The study also uncovered that proper cash management practices enabled the NGOs to decide how to generate and spend financial resources. The study further posited lack of cash budgeting, lack of accountability and transparency, and poor record keeping practices, as four critical challenges facing cash management of the NGOs. Some finance officers in the NGOs identified that the use of computers to manage cash was sometimes practised as cash management activity. Therefore, the management of the NGOs should adopt the continuous culture for proper accounting information system and invest in computerized systems (technologies) for their accounting processes.

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DEDICATION

To my wife, children, family and friends.

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CHAPTER ONE

INTRODUCTION

Background to the Study

Cash management practices among NGOs have been a centerstage resulting from the fact that many NGOs especially within the Sunyani Municipality are overly bedeviled with improper practices as far as cash management is concerned. In a study on 19 Sub-Saharan African countries including Ghana, it was found that only 6.2% of the NGOs in Africa were financially sustainable ensuing from inappropriate cash management (Abor & Quartey, 2010). Hence, this study sought to look into the cash management practices among NGOs in the Sunyani Municipality. It is noteworthy to internalize sustainable cash management practices since cash management and sustainability are essential to the survival of NGOs.

Non-governmental Organisations (NGOs) are intermediary organisations engaged in funding or offering other forms of support to communities and other establishments that seek to promote development and they may either be local, national or international NGOs (Kinney, 2012). A non-governmental organization (NGO) is an organization that is neither a part of a government nor a conventional for-profit business. It is usually set up by ordinary citizens; NGOs may be funded by governments, foundations, businesses, or private persons (McMahon et al., 2013). NGOs are said to be groups and institutions that are entirely or largely independent of government and that have primarily humanitarian or cooperative rather than commercial objectives (Lucas, 2000). Non-Governmental Organizations (NGOs) are increasingly being recognized by governments as important partners in nation building, national development and valuable forces in promoting the qualitative and quantitative development of democracy.

Cash management is essential to the survival of an organization. Gaist (2009) defined cash management and sustainability as the ability of a Non-Governmental Organization (NGO) to maintain financial capacity over a period of time. Again, Sera (2010) defined cash management and sustainability as the ability of an NGO to develop a range of resources so that it could continue with its activities after the withdrawal of donor funding. Cash management and sustainability is crucial for the long-term survival and effectiveness of all kinds of NGOs (Barrera, 2013). The challenge is how to achieve such levels of financial management and sustainability. The financial management and sustainability of an NGO depends on its ability to source for funding especially from donor agencies (Clark, 2009). Major NGOs in the world have collapsed due to funding challenges and management. A major British NGO (Childhood Development & Aid (CDA) collapsed in 2002 due to poor financial management (Hurdon, 2008). The general reserves were negative for five years with the organization relying on restricted grants – which meant that income fluctuated a great deal (falling by almost 50% between 2000 and 2001). Another major NGO that ceased operations was a major American NGO, Academy for Educational Development (AED). The NGO experienced financial issues in December 2010 after USAID suspended its funding to AED because of corporate misconduct, funds mismanagement, and lack of internal controls (Hedgpeth & Boak, 2011). Despite spearheading major projects in the world for over 50 years, AED collapsed in less than three months after the withdrawal of funding by USAID.

Cash management and sustainability has a major challenge on Non-Governmental Organizations. Shizhen (2005) stated that Non-Governmental Organizations in Central Asia were unable to manage, sustain and finance their activities. They accrued the financial unsustainability of the NGOs to decreased donor funding, decreased allocations for the region, donor focus on new markets and decreased amounts for the social programs. There is need to diversify income to remain sustainable financially. Cohen (2008) indicated that in Canada the local NGOs face financial management challenges which made some of the organizations to cease operation.

Cash is the blood that runs through the veins of every organization. According to Khan and Jain (2013), cash is the most current asset of any organization; cash is also seen as the common denominator to which all current assets can be reduced to. Kavitha (2013) further explained that all other liquid assets of any given organization were converted to or expressed in terms of cash eventually. Cash management is the determination of optimal level of cash, appropriate type and amount for a short-term investment in cash as well as the efficient method and control of cash collections and disbursements (Scher, 2007). This includes the supervision of liquid assets and liability and the raising of capital to fund a venture.

A big chunk of every business operation involves the receipt or disbursement of cash and effective cash control which are crucial to ensure that an organization remains liquid enough to be able to meet its entire obligation when they are due. This is done through the proper management of cash receipts, expenditures, cash balance and cash transfers between various departments and agents of the organization (Ott & Bajo, 2001). The main duty of a financial manager of any organization is to balance the organizations liquid cash with its profitability. Holding on to cash despite its advantages comes with opportunity cost. Investing the cash instead of just holding it enhances the bottom-line of the organization in the long run (Caesar, 2006).

Organizations must create or adopt appropriate frameworks to adequately manage and correctly forecast its cash needs to ensure that appropriate decisions are made with respect to borrowing and investment. An effective cash management is the best way of ensuring that limited cash available to the organization is utilized to the fullest benefit of the organization (Khawaja, 2011).

Effective cash management practices employed in the raising and utilising cash or near cash resources ensure that organizations are capable of meeting all their liquid obligations while delivering on their core mandate. Poor cash management on the other hand creates cash flow problems dominated by inability to honor financial obligations, inability to recruit and maintain good employee and ultimately an inability to deliver on core organizational mandates among others (Moore et al.,2008).

Cash management system of Non-Governmental Organizations (NGOs) involves the planning, organising, controlling and monitoring the financial resources efficiently in order to achieve the key goals and objectives of the NGO. Adopting good cash management system is important because the main source of most of the NGO is donor funds. So, management of NGOs must ensure that donated funds are properly managed. Management must be careful at how the whole organisation is financed in the medium and long term, not just focusing on projects and programmes. This study was conducted to provide current understanding on cash management practices adopted by NGOs in Ghana, specifically those in the Sunyani Municipality.

In a study on 19 Sub-Saharan African countries, Abor and Quartey (2010) found that only 6.2% of the NGOs in Africa were financially sustainable. The study concluded that local Non-Governmental Organizations (LNGOs) provided excellent service, but lacked proper cash management and sustainability despite the overdependence on external donors as the only source of funding. Many of the local NGOs in Africa were found to be weak and unable to compete with international NGOs for donor funding resulting from cash management challenges.

Okorley and Nkrumah (2012) in their study on the cash management and sustainability of NGOs found that 26% of the NGOs in Ghana were not sustainable. The study indicated the availability of funds, quality material resources, supportive leadership, development of needs-based and demand-driven programmes, and effective management affected the sustainability of local NGOs. Lack of funds was found to be the major factor that affected the sustainability of NGOs as indicated by majority of respondents. In 1995, reports on a survey by the Independent Development Trust appeared in the media, signaling that many NGOs in South Africa were in serious financial difficulty and cash management, and that a number had collapsed (Kihato & Rapoo, 2009). Many scholars on the sustainability of LNGOs agreed that financial management and sustainability remained one of the major challenges that local NGOs face (Ali, 2012; Njoroge, 2013). Abdelkarim (2012) noted that it is only organizations capable of building sound financial systems and attracting or generating steady income flows that will be able to continue to exist. To be able to generate a positive balance sheet that allows a local NGO to continue in operation and accord itself flexibility to respond to ever-changing environment and needs, sound financial management practices, management competence, good donor relationship management and a diversified funding base are imperative (Leon, 2011). Karanja and Karuti (2014) in their study found that majority of NGOs in Ghana face cash management challenges, have an unreliable cash management practices and are unable to meet the tough conditions set in accessing the funds. This shows that NGOs face financial management and sustainability issues.

Statement of the Problem

In a bid to sustain NGOs in Ghana, a number of NGOs have established programmes over the years to promote, encourage and sustain their cash management practices in Ghana. These notwithstanding, NGOs in Ghana face cash management and operational challenges; thus, threatening their survival. Financial sustainability is a key factor to the survival of NGOs (Karanja & Karuti, 2014). Financial management and sustainability enables NGOs to meet their daily operations and fund their projects (Nelson, 2007).

Cash management plays a very vital role in the sustainability of NGOs. It helps NGOs manage their limited resource through the optimisation of expenditure to ensure each unit of currency is put the best use to maximize returns. Chandra (2008) indicated that many managers of NGOs are more concerned about their core mandate and pay little attention to the management of cash. In the advent of project-based funding, NGOs usually have very little funds to operate and require exceptional management to ensure it stays afloat (Kisinga, 2014). According to Kinney (2012) and Moore (2005), several studies have been conducted on the role cash management plays in organizations but it is unfortunate that lot of studies in this area is focused on corporate institutions and other commercial sectors leaving out the Nonprofit or NGO sector.

More importantly, NGOs contribute significantly to the economic growth of Ghana. The sector continues to contribute significantly to the country's GDP, tax revenue, income generation, provision of goods and services, foreign exchange earnings and manufacturing exports (Abor & Quartey, 2010). This situation has made NGOs a key driver of the Ghanaian economy. Therefore, it would be an understatement to say that the ability of NGOs to improve cash management and performance in general is critical to the development of Ghana. As Gray et al., (2006) aptly put it: it is in the interest of the public for NGOs to thrive. Unfortunately, a large number of NGOs in Ghana do not survive resulting from cash management challenges. Its finding is grounded by a study by Boachie et al., (2005) revealing that 60 percent of NGOs in Ghana collapse within the five years of commencement of operations. Obviously, many managers of NGOs in Ghana especially within the Sunyani municipality are more concerned about their core mandate and pay little attention to the cash management practices, meanwhile, the successes of these organizations hinge on proper management of funds, hence adding to the numerous reasons underlying the collapse of NGOs. It is against this background that necessitated the need to examine cash management practices of NGOs in the Sunyani Municipality.

Research Objectives

The general objective of the study is to examine cash management practices among NGOs in the Sunyani Municipality.

The Specific Objectives are to

1. Assess cash management practices of the NGOs.
2. Examine the effect of cash management practices on the operations of the NGO`s.
3. Identify the challenges faced by the NGOs in cash management.

Research Questions

The study seeks to address the following questions;

1. What are the cash management practices by the NGOs?
2. What is the effect of cash management practices on the operations of the NGO`s?
3. What are the challenges faced in the implementation of cash management practices by the NGOs?

Significance of the Study

The findings of this study is of great benefit to the management of local NGOs in Ghana. The study creates an understanding on the cash management practices of the local NGOs in the Sunyani Municipality. This will enable the management to design strategies aimed at enhancing financial sustainability of their NGOs.

Again, the study will provide an insight to policy makers in designing policies that would enhance the financial sustainability of local NGOs in Ghana. The policies will be based on how cash management practices, affect the operations of the NGOs in the municipality.

Furthermore, the study will provide basis for further research as well as provide literature review for existing literature. The study will add to the body of knowledge on cash management practices of local NGOs.

Finally, the findings of this study will be important to international NGOs in Ghana. The NGOs given that they operate in the same environment, their understanding on the cash management practices among NGOs in the municipality, and how to come up with strategies that would enhance their financial sustainability in the sector.

Delimitations

This study focuses on cash management practices among NGOs within the Sunyani Municipality in the Bono Region of Ghana. The main objective of the study is to examine cash management practices among the NGOs. Specifically, the research sought to examine how cash management practices, affect the operations of NGOs in the municipality, to identify the challenges faced by the NGOs in cash management, and to determine the measures which can enhance cash management practices in the NGOs.

With the view of providing an in-depth information about the subject matter bearing in mind constraints of time and resources, Non-Governmental Organizations (NGOs) within the afore mentioned municipality were duly considered for the research study. The research study considered employees of the local NGOs. The study was based on the variables of cash management practices among the NGOs.

Limitations

In carrying out this study, the following challenges were encountered;

Access to information: It was a challenge getting information from some respondents. Despite being made aware of the purpose of the study, some were reluctant to offer the needed information. Also, some relevant information required from NGOs and stakeholders were absent due to improper record keeping. Some vital information was sourced from the internet and other classified sources.

Time of study: Time for conducting the research, academic commitments and other personal commitments were difficult to manage. It was quite a challenge collecting data from respondents since research period coincided with the active academic period.

Finance: Financing the study was a challenge. Money for data collection and final printing and binding of the study report involved a high amount of financial commitment. Nevertheless, these limitations did not in any way bias the outcome of the present study.

Definitions of Terms

Cash Management

Akinyomi (2014) defined cash management as a practice of the ability of controlling the cash inflows and outflows in a business. It also entails the ability to establish the cash balances that are held in a business at all times.

Cash Management Practices

Cash management practices involve the planning, organizing, controlling and monitoring the financial resources efficiently in order to achieve the key goals and objectives (Akinyomi, 2014).

Non-Governmental Organization (NGO)

It is an organization that is neither a part of a government nor a conventional for-profit business. It is usually set up by ordinary citizens; NGOs may be funded by governments, foundations, businesses, or private persons (Chandra, 2008).

Cash

Cash comprises of cash on hand and demand deposits. Demand deposits have the same level of liquidity as cash, as these deposits can be withdrawn at any time (Wingerard, et al, 2013).

Cash Budget

A budget that forecasts the cash receipts and cash payments of the business and determines the closing balance of cash and cash equivalents held by the business at the end of each period (Bartlett, et al., 2014)

Cash Flow

Cash flow is the amount of money that the business is able to retrieve from customers and debtors (cash inflow) and the same amount of money that the business is able to spend (cash outflow) in a period. Cash flow is referred to the inflow of cash to the business as well as the outflow of cash from the business (Wingerard et al. 2013).

Organization of the study

This study was organized into five chapters. The organization of the study was orderly organized in a more concise, incise, precise and well-uniformed manner. The chapters involved are as follows: Chapter one gives an introduction to the background of the study, statement of problem, purpose of the study, objectives, research questions, and significance of the study, delimitations and limitations of the study, definition of terms and organization of the study.

Chapter two concentrates on the literature review that looks at the related literatures in relation to the study. There was an extensive consultation of already existing materials from textbooks, magazines, journals and periodicals, which had direct relation to the study. Also, Newspaper Clippings and papers by stakeholders at seminars and workshops, which are relevant to this study, were consulted to make this work complete and comprehensive.

Chapter three captures the study Methodology, which contains full and detailed description of the population, sample size, study type and design and procedures were used to collect and analyze data. The fourth chapter of the study captured the presentation, analysis of data and discussions. The final chapter provides the summary and conclusion as well as the relevant recommendations of the study.

CHAPTER TWO

LITERATURE REVIEW

Introduction

This chapter presents a review of relevant theoretical and empirical literature on cash management practices of NGOs. The review focused on how cash management practices affect the operations of NGOs.

Theoretical Framework

Financial theory to cash management

Attanasio et al., (2008) posited that both academic researchers and financial professionals have paid less attention to liquidity management that its importance would merit. Also, researchers of finance have focused on the relationships between firm value and capital structure. To add, financial policymaking is mainly geared towards the firm's capital structure and its dividend policy. However, liquid assets present a substantial portion of the firm's assets financed with short-term debt, often at high rates. Thus, efficient cash management is just as important as the other financial policy variables in creating shareholder value.

As a representative for the liquidity management, cash management can be linked to financial theory by considering its importance in an imperfect market (Bhattacharyan & Gallinger, 2007). This can be done, by adding it to the financial theoretic models such as the Capital Asset Pricing Model (CAPM) or the Modigliani-Miller (M&M) model. The effects of the inclusion of cash balances in these theoretical models show the importance of liquid assets for the value of a firm (through the systematic risk component) and for the optimal capital structure (through the liquidity slack concept). In addition to the reasons for cash balances presented in monetary theory (and accepted in financial theory), financial theory considers some strategic reasons closely related to the Keynesian speculation motive of money. This literature considers the importance of liquidity slack and its effect, for example, on firm value and capital structure. (Bhattacharyan & Gallinger 2007, Opler et al.2009)

Recent studies have concentrated on the effects of such issues as financial innovations, new transaction technologies, value of time or welfare cost of inflation on demand for money. Dutkowsky and Atesoglu (2009) investigated dynamic micro foundations for the conventional static money demand equation. Attanasio et al., (2008) used microeconomic data on households to estimate the parameter of the demand for currency derived from a generalized Baumol-Tobin model. They model the demand for currency accounting for the adoption of new transaction technologies and the decision to hold interest-bearing assets (Lucas 2000, Mulligan & Sala-i-Martin 2000).

Inventory theory to cash management

Numerous theories have been evinced to explain the cash management behavior of firms. Almost all of these theories can be generalised into a proposition of the existence of a stable relationship between a few important independent variables and the stock of money demanded (Harris, 2007, Cuthbertson, 2008). The two basic transaction models most commonly accepted in the financial literature are the deterministic Baumol-Tobin and the stochastic Miller-Orr inventory models. These models are presented in monetary theory and are consistent with the theory of the firm. (Baumol 2005, Miller & Orr 2006) Baumol (2005) suggested that cash balances could be treated in the same way as inventories of goods. A stock of cash is its holder's inventory, and like an inventory of a commodity, cash is held because it can be given up at the appropriate moment, serving then as its processor's part of the bargaining an exchange. The firm is presumed to hold the amount of money, which minimizes the interest cost by holding money rather than investing it in short-term investments and the transaction costs associated with transferring between securities and cash.

In this framework, the firm is assumed to finance its expenditures by selling securities or by borrowing and the firm has a steady stream of expenditures but has no receipts. In practice, the behavior is more complicated and the cash balances are the result of the imperfect synchronization of expenditures and receipts, which are often uncertain. This uncertainty is included in the stochastic cash management model derived by Miller and Orr (2006). This approach permits net cash flows to fluctuate in a completely stochastic way. Unfortunately, this feature is offset by the fact that the model is only capable of dealing with two types of assets – cash and marketable securities – and does not incorporate payables. In their model, Attanasio et al. (2008) measured transaction costs with the time costs. The cash manager is assumed to need time to make transactions and that money is a way of saving on transaction time, and optimal money balances are chosen in order to trade off the time cost of transactions against the cost of holding money instead of an interest-bearing asset yielding a nominal return per period. The cash manager chooses money to minimize the sum of the cost of transaction time and forgone interest, subject to a transaction technology.

Production theory to cash management

Friedman (2009) stated that firms hold cash as a productive resource and that cash balances are analogous to fixed capital rather than to inventories. According to Nadiri (2006), real cash balances serve as productive inputs. Like any other capital investment, an increase in cash balances results in a decrease in cash flow, and vice versa. They are part of the working capital of the firm facilitating its productive process, often by indirect means, such as hedging against changes in the prices of capital, labor and the interest rate. Holding adequate cash balances may reduce the uncertainty of meeting current payments, thus avoiding unnecessary and unprofitable liquidation of other assets. Given that management maximizes the present value of real cash flows, the basic determinants of a cash management function can be derived (Nadiri, 2006, Coates, 2007)

Wealth theory to cash management

In addition of the inventory theoretic and production theoretic models, the wealth theoretic approach is also widely accepted in literature. For example, Meltzer (2005) hypothesises that the amount of money held by firms is a function of the market rate of interest and wealth. Meltzer (2005) defined wealth as the firm’s total assets. He argued that the amount of money held is subject to a wealth constraint as well as being dependent upon the yield of a variety of alternative assets. However, he used sales as a proxy for the firm’s wealth. Wealth as a scale operator has been used for example by Nadiri (2006) and Ungar and Zilberfarb (2008). In his cross-section study, DeAlessi (2006) used the Meltzer’s model and examined the British business firms’ demand for money and measured the wealth of each firm directly in the market place as the present value of the market-weighted net exposed income stream of that firm. The nominal wealth of each firm was estimated by multiplying the number of ordinary shares outstanding by their market price.

Function of Cash Management

The functions of cash management are categorized under the following five main areas namely: cash planning, managing cash flow, controlling cash flow, optimizing the cash level and investing idle cash (Mukhopadyay, 2004). These functions are discussed below in details:

Cash Planning

Cash planning is a technique, which comprises of planning for and controlling of cash. It is a management process of forecasting the future need of cash, its various uses for a specified period (Kavitha, 2007). Cash planning, thus, deals at length with formulation of necessary cash policies and procedures in order to carry on business continuously and on sound lines. Good cash planning aims at providing cash, not only for regular but also for irregular and abnormal requirements.

Managing Cash Flows

Cash management involves managing properly the flow of cash coming inside the business i.e. cash inflow and cash moving out of the organization i.e. cash outflow (Weston & Brigham, 2008). These two are said to be properly managed only, if a firm succeeds in accelerating the rate of cash inflow together with minimizing the cash outflow. As observed expediting collections, avoiding unnecessary inventories, improving control over payments etc. contribute to better management of cash. Whereby, the organization can conserve cash and thereof would require lesser cash balance for its operations (Weston & Brigham, 2008).

Controlling the Cash Flows

Cash planning will inevitably be at variance with the results actually obtained. For this reason, control becomes an unavoidable function of cash management. Moreover, cash controlling becomes essential as it increases the availability of usable cash from within the enterprise (Chandra, 2008). Furthermore, every enterprise is in possession of some amount of cash, which if traced out substantially decreases the cash requirement of the enterprise.

Optimizing the Cash Level

Cash management also consist of maintaining sound liquidity position i.e. cash level. All whose efforts relating to planning, managing and controlling cash should be diverted towards maintaining an optimum level of cash (Zietlow, et al., 2007). The foremost need of maintaining optimum level of cash is to meet the necessary requirements and to settle the obligations well in time.

Investing Idle Cash

Idle cash or surplus cash refers to the excess of cash inflows over cash outflows, which do not have any specific operations or any other purpose to solve currently (Brigham & Ehrhardt, 2010). Generally, a firm is required to hold cash for meeting working needs.

Cash Management Practices of Non-Governmental Organizations (NGOs)

Many researchers have identified diverse cash management practices and the following discuss them: A cash budget is a tool used to manage the cash flow of an organization. This is a budget that is focused on the cash coming into the organization and the cash that leaves the organization. Moore et al., (2010) believed that the cash budget is most important to an organization. The cash budget is used to foresee and overcome cash flow difficulties when there is little cash available or to indicate that there is excess cash inflow available to make investments.

A cash budget is defined as an instrument used to alert organization owners on problems such as cash shortages as well as the opportunities that could arise from cash surpluses (Amoako, et al, 2013). According to ACCA (2012), a cash budget is a budget that describes the flow of cash that comes into and goes out of the organization. ACCA (2012) described a cash budget as tool that is drawn up in organizations to ensure that there is adequate cash to achieve all operational goals.

CIMA (2008) defined a cash budget as a budget which incorporates cash received from revenues and other incomes and the estimation of cash payments and outflows in the organization to determine how much cash the organization has available. Marfo –Yiadom, et al., (2008) explained that, by using a cash budget, the company can determine potential usages for the planned incomes as well as how to plan for future payments. It can be deduced that the cash budget is an essential planning tool to enable businesses to detect surpluses and shortages so that businesses can take the necessary remedial measures to sustain profitability.

As defined by Teigen (2001), cash management can be seen as a part of treasury management, which is a staff service function that supports many different areas of the organization. Cash management includes the control and care of the cash assets and liabilities of the organization. It means development and compliance with cash and investment policy and processes. All parts of cash management need to be coordinated and documented in a procedural manual in order to control the risk associated with cash. Despite its central role in real business, very little is known about the practical issues of cash management. Only a little survey evidence is available (Gitman et al.2009, Kamath et al.2005, Soenen & Aggarwal,2008). These are the surveys which try to add to the knowledge of actual corporate practices of cash management. Soenen and Aggarwal (2008) surveyed and compared cash and foreign exchange management practices in large companies located in the United Kingdom, the Netherlands, and Belgium. There is also some evidence of cash and foreign exchange management practices in China (Soenen & Sun,2005).

The survey by Soenen and Aggawal (2008) focused on practices in service organizations. They studied the following issues of cash and foreign exchange management:

1. Policy and responsibility
2. Centralization versus decentralization
3. Cash flow planning and foreign exchange forecasting
4. Use of banking relationships and cash management services
5. Hedging translation and transaction exposure
6. Conflicts with other departments
7. Computerization of cash and foreign exchange management

The results showed that there are significant international differences in the responsibility for cash and foreign exchange management. The position of the treasurer is recognized as a separate function in large companies and, where this function exists, the treasurer is involved both in policy formulation and in operations. In general, the sophistication of cash and foreign exchange management practices seems to depend on the country of location of the organization. Practices in the UK, which had the greatest number of large organizations, were more sophisticated while in Belgium, where most firms were smaller, they represent a lower level of sophistication.

The authors concluded that cash and foreign exchange management is an institutionally determined rational, value-maximizing response to variable demand under changing exchange rates and imperfect markets. Thus, the evidence regarding institutional practices is important in understanding the process of treasury management among European organizations.

Soenen and Sun (2005) presented corresponding results from the China. In most state enterprises the responsibility for cash management was assigned to senior executives. Almost eighty percent of the firms surveyed prepare a cash flow plan, most commonly in the form of a cash budget. A substantial number of respondents were in favor of quantitative cash balance models. On average, Chinese firms have very few bank relations, although eighty percent of them anticipate the number of banking relationships will increase in the next five years. Computers were used by less than forty percent of respondents, especially in the areas of cost analysis and projection, followed by accounts receivable and accounts payable management. The survey showed that the purchase department is the most likely to conflict with cash management, which conflicts are least likely to occur with the accounting and personnel departments.

Tse et al., (2008) reported survey results on large Dutch companies' practices of cash management. The banking relationships and technological questions were the main theme in their survey. They found that the trend that emerges throughout corporate cash management is towards more effective cash management. Organizations use more electronics and technology and move towards centralization of the treasury function. The survey evidence presented in this study is mostly comparable with the results of Soenen and Aggarwal (2008) and Soenen and Sun (2005). However, the two surveys mentioned also considered the area of foreign exchange management omitted from this study.

Financial management is an extremely important area for a firm's success. Survey evidence has shown that financial planning and budgeting and working capital management are the activities on which chief financial officers spend most of their time (Gitman & Maxwell, 2005). Cash management is a main area of working capital management. Other parts of it are inventory management, credit management and management of short-term liabilities.

According to Lee (2001), cash management involves the administration of liquid assets and liabilities, and the raising of funds to finance a business. Cash-flow control is therefore crucial to ensuring that a business remains liquid and able to meet payment obligations. This is carried out through the effective management of cash receipts and payments, cash balances and cash transfers between the different parts of a business.

At the organizational level the responsibilities of a chief financial officer can be presented as follows (Teigen, 2001): capital management, risk management, strategic planning, investor relations and financial reporting. In large firms these responsibilities may be divided into two areas, i.e. accounting and treasury. The controller is the company's chief accounting executive and responsible for the first area, i.e. for accounting principles, auditing standards, and cash control and processing. Treasurer, on the other hand, is responsible for the second area, i.e. the receipt, custody, investment and disbursement of funds, and advice accounting of changes in the cash balance. As presented by Teigen (2001), the working relationship between the managers of these two financial functions must be very close and ethical. Treasury can be regarded as a staff service function that supports many different areas of the organization. Its responsibilities and the advice it provide are:

1. capital management (cost of capital)
2. risk management (risk analysis and mitigation)
3. relationship management (the effects of the team's action on vendors, customers or investors)

The cash management problem is closely related to the concept of liquidity problem as discussed in the corporate finance literature (Cooley & Roden 2007, Brealey & Myers, 2005, Scherr, 2002, Maness & Zietlow, 2008, Ross, et al., 2009). In fact, depending upon the definition one chooses for cash management, the liquidity planning problem can be viewed more or less as general.

Teigen (2001) defined cash management as a part of treasury management, which is defined as a part of the main responsibilities of the central finance management team. The specific tasks of a typical treasury function include: cash management, risk management, hedging and insurance management, accounts receivable management, accounts payable management, bank relations and investor relations.

This definition is consistent with the Srinivasan and Kim (2006) classification of cash management areas as presented below (but risk management is not included). According to them the responsibilities of cash management can be divided into the five decision processes:

1. cash balance management
2. cash gathering
3. cash mobilization and concentration
4. cash disbursement
5. banking system design

In this context the management of the firm's cash position could include managing accounts receivable, improving cash flow, transferring funds, and controlling cash disbursements. Teigen's (2001) "cash management" concept in turn includes the development and compliance with cash and investment policy and processes, and the control and care of the cash assets and liabilities of the organization, i.e. the selection of

1. banks and bank accounts
2. investment vehicles
3. investment brokers
4. methods of borrowing
5. cash management information systems

It is noteworthy that in these classifications "cash management" (Teigen 2001) and "cash balance management" (Srinvasan & Kim 2006) are closely-related concepts. In both specifications, the cash management concept includes financial transactions as a part of the cash management process. The early short-term financial management research of the 1960s focused on the specific activities of working capital management such as (Gentry,2008):

1. cash management
2. accounts receivable management
3. inventory management

4. short-term borrowing
5. cash budgeting

The early research in this area was conceptually based on balance sheet information (on the early evolution of short-run financial management research, Smith,2004). In the 1970s the short-run financial management research was developed in a more dynamic direction examining all of the components affecting the inflow and outflow of cash through a firm, Gentry,2008). Compared with Teigen's definition, Kendal and Sheridan (2005) defined the treasury function somewhat differently including an additional area of international taxation as follows:

1. financial risk management
2. insurance risk
3. undertake short-term investments
4. inter-group borrowing and lending
5. bank relations, credit facilities operations
6. international taxation

The treasury function must work with all operations within the organization. The operational functions they work with should consider treasury as an internal consultant with expertise in risk and finance. (Teigen, 2001). In real business there may be many differing targets between cash management and other departments, such as marketing, purchasing, inventory management, production, and human resource management. It is therefore evident that there will be conflicts between these departments. Although financial executives know how important effective cash management can be to a company's bottom line, it is not so clear for other managers.

Boer (2009) suggested that financial people could use such a simple concept as "cash gap" to convince operating managers to pay sufficient attention to cash flow. The cash gap is the number of days between a business's payment of cash for goods and services bought and the receipt of cash from its customers for goods or services sold. That interval must be financed. The longer the time lag, the more interest a company or organization must pay. Even when interest rates are low, the cost of financing can add up quickly.

When planning short-term investments, availability of cash flow forecasts is a key element. In today's world, cash is not as readily available as it was before, so organizations are looking into ways to gain better visibility into cash flow and to monitor it for better planning. There is a growing need for organizations to forecast more accurately, because in addition to tightened cash flow, market conditions have become volatile (Gundavelli & Pacheco, 2002). One is confident that the data sets provide accurate and timely information, such as historical balance sheet data and information gained from ongoing communication with the operating divisions, the treasurer or cash manager has a variety of options in developing the forecast. The first step is to determine a time horizon for the forecast and then the next step is to determine the forecasting methodology. The methods used for cash flow forecasting in the context of the budgeting process may vary significantly from organization to organization. Treasury systems have to integrate information from different sources and groups to develop the comprehensive forecast that the organization requires. No matter what approach the company takes in developing and refining the forecast, management must ensure that consistent methodologies are applied and that their objectives are clearly communicated to the individuals responsible for the process (Gundavelli & Pacheco 2002).

According to Scaglione and Pracheer (2002), some organizations have begun the process of deploying and implementing sophisticated financial tools that not only explain cash flow variances, but also produce results that can show the probability of future shortfalls. Having this information, management could take preemptive action if deemed necessary. The primary impact of cheap computing capacity and user-friendly software has been highly enabled firms to assess risk in their cash flow forecasts. Microcomputer software useful for the analysis of cash management decisions includes spreadsheet (a modeling tool for cash budgeting and analysis), mathematical programming, and simulation packages (for optimization) (Scaglione & Pracheer, 2002).

Challenges facing NGOs in Cash Management

Challenges confronting NGOs in cash management vary from one organization to the other. Many researchers have looked into several challenges facing NGOs in cash management practices to include:

Capacity Limitation within Organizations

There is significant capacity limitation among indigenous NGOs in terms of human resource and due to having insufficient staff then to pursuing appropriate funding or resources remains elusive to many (Yuwen, 2011). For example, in Kenya, it was noted that Isinya division had about 484 CBOs of various types formed to address the poverty/household ill health experienced in the area. However, only 25% of these CBOs were found to be actively implementing projects at micro level, the rest remained inactive due to inability to mobilize the required resources for implementing their mandates (Beverly et al., 2012).

Accountability and Transparency

Most organizations fail in the two tenets (central pillars) of good governance, namely; transparency and Accountability. NGOs sometimes fail to meet the requirements imposed a country's or donor's legal system and this makes them lose the public's trust (Viravaidya & Hayssen, 2010). Many organizations lack sound systems for financial management, program monitoring and evaluation and managing overall program performance that ensure they consistently earn stakeholders trust (Caesar, 2006). For example, organizations have been accused of excessive or improper compensation for chief executives and board members, conflict of interest in organizations transactions, non-remittance of taxes and unethical behavior. These accusations bring suspicions on the transparency of NGOs and stringent measures are imposed that make it even more difficult to get resources (Arcus, 2009).

Founder Syndrome

Local organizations' also face leadership syndrome. This is whereby the founder or founders tend to control and manage the affairs of the organization with minimal participation from other members (Kiragu & Njue, 2013). For example, a CEO or board members will not allow other staff to engage in resource mobilization or the leaders become too comfortable with the current methods of resource mobilization and are not willing to explore other new ways (Viravaidya & Hayssen, 2010).

Inadequate Strategic and Operational Plans

Local nongovernmental organizations do not have in place strategic plans that guide them on what the objectives are and enable them to identify the resources needed to attain the said objectives. Most strategic plans developed by NGOs are for donor purposes only and they fail to reflect the actual needs to be addressed by the stakeholders (Ulleberg, 2009).

Lack of Cash Budgeting

Estimation of expenses can be very challenging. Some expenses, such as employee salaries, supplier pay-outs and petty cash, are routine and are easily budgeted. For growing businesses, however, one can't plan some variables easily. These variables can include a sudden increase in equipment for business growth and unexpected repairs and maintenance. Sales can also be a source of the problem. Reduced sales reduce cash inflows, while increased sales lead to an unprecedented increase in expenditure such as purchase of more products and inventory and delivery charges, overtime wages and increased operating expenses. These unplanned expenses can lead to cash shortages that hinder small organization growth, making cash budgets more important (Nick, 2009).

Many small organizations emphasize the motto: "cash is king", but they have a very vague estimation as to how much of cash they will have in the next few months. Three quarters of organizations did not plan what their expected cash inflow and cash outflow would be. This directly affects the potential survival and sustainability of organizations. Nick (2009) also noted that those organizations who budgeted for the future at least once a year had only a 36% chance of survival. Those that budgeted once a month for the future had increased their chance of survival to 80%. Nick (2009) also highlighted that a great misconception amongst small organizations was that enhanced growth would automatically solve cash flow problems, but this growth could lead to much more cash demands if the organizations granted customer discounts just to enhance sales.

Mong (2011) established that only 28% of the small organizations drew up cash budgets. Mong (2011) compared the cash-management techniques of 66 small organizations and found that only about 30% of the small organizations prepared cash budgets. Those that did forecast cash flows tended towards a short planning horizon. A more fundamental impediment to small-organization cash management is that management may not even recognize the existence of a problem. Furthermore, the time required to implement cash management procedures may be viewed by small-organization management as taking time from other more important organization problems.

According to Perry (2007), many small organizations do not know what cash budgets are, so they don’t do cash forecasting to know when they will have some of the peaks and valleys. Amoako, et al., (2013) stated that the planning and drawing up of a cash budget can be very painful to organizations and not always clear how the effort that went into this preparation can guide a successful output for the organization. The author also emphasized that a cash budget could be referred to as a tool for imposing restrictions or even being over optimistic which are challenging for organizations to meet.

Poor Cash Management Practices

Kippers (2004) revealed that organization owners knew their organization like nobody else. They put their heart, soul and time into making their business successful. The area where they did not have expertise was regarding the financial aspect of record keeping. Kippers (2004) found that organizations lacked the much-needed cash management knowledge to properly control the organization money. They all wanted to have a positive cash balance from the start of organization, it’s just that they did not know how to go about to achieve this balance.

Visa Inc. (2006) indicated that 53% of the organization owners indicated that their most challenging cash management component was receiving payments from customers. 21% noted that they had great difficulty to manage and move funds and 14% found many challenges with paying off suppliers on time. Once they have indicated which component of cash management was challenging, the organization owners were also asked to identify the contributing factors towards these challenges. Visa Inc. (2006) noted that slow moving cash through the organization was the largest factor driving cash management challenges, especially when accurate estimates could not be made regarding the timing of cash that was owed by and cash that was owed to the organization. The second most common point raised as the contributing factor was that, in order to perform cash management techniques, there was a huge amount of labour-intensive administrative work which was very time consuming and difficult for owners to understand and handle along with the normal

running of the organization (Visa Inc. 2006).

When experiencing poor cash management, it also becomes challenging to employ and maintain skilled and knowledgeable employees Mbroh (2012). Debt (2005) revealed that in a survey conducted, 26% of the respondents were hesitant about applying cash management practices in the organization as they claimed it was very labour intensive work. 14% of the respondents indicated that there was a lot of administrative paper work involved with cash management practices and they simply did not have the time to do it.

Inadequate Networking Skills

Though rarely practised, Networking is a common term frequently used by NGOs sector in many African countries. According to Viravaidya and Hayssen (2011), large NGOs could diversify the key funding sources than the smaller domestic NGOs due to their easily recognizable established names, logo, trademarks and technical skills which are useful for initiating commercial ventures. As highlighted by Ulleberg (2009), externally, larger NGOs have various significant contacts and connections with the donors. Internally, the larger NGOs pride of vast experience in adapting to organizational change and adopting new programs. Additionally, it is instructive that large NGOs have a larger requirement for seeking outside funding given the high support services and overhead costs associated with large projects programmes. The smaller NGOs that lack networking skills are often observed as competitors for resources other than working together towards common interests of the community. As explained by Sera (2010), most donors are seeking to fund organizations that are in networks or working together.

Inadequate Awareness on Available Opportunities

Windows of opportunities also exist within some countries that at times, NGOs fail to exploit due to lack of awareness that the opportunities really exist. Beverly et al. (2012) indicate that government funds available were not accessed by civil society organizations due to inadequate awareness about the availability and the procedures required to access the funds. On the other hand, NGOs that have become aware of the available opportunities to raise funds have led to the generation of profits from various activities. Viravaidya and Hayssen (2011) cite environmental NGOs that operate tourism businesses and also publish nature books alongside owning eco-enterprises producing profits and supporting environmental awareness. Some of these NGOs sell various promotional objects so as to earn revenue while at the same time disseminates information about the organizational overall intent.

Governance

NGOs in many countries do not have effective governance structures and where a board exists, they are rarely effective in providing strategic leadership in ensuring resources are mobilized. Mavuto (2013) opines that boards are expected to offer guidance and oversight to the activities of the NGO; however, many boards are not aware of their role in resource mobilization and search. Many times, NGOs did not have governance instruments such as constitutions, policies and guidelines and this tended to scare off potential donors (Ulleberg, 2009)

Minimal Communication and Branding

Most NGOs are unable to communicate effectively about themselves (who they are, what they do, and their achievements). This inability to communicate means the visibility of the organization is poor and they are not able to effectively market their programs (Viravaidya & Hayssen, 2010). This ultimately affects their mobilization of resources. Many at times organizations lose the opportunity to get resources as donors or stakeholders are not aware of the presence of the organization within the area, sector or country (Ulleberg, 2009).

Measures to Enhancing Cash Management Practices in NGOs

Many NGOs both local and international adopt numerous measures in enhancing cash management practices. In relation to the aforementioned, literature is reviewed subsequently:

Defining Financial Governance and Components

Financial governance, essential to all successful organizations, can be defined as the legitimate use of power and authority in the management of an entity's financial resources. Good financial governance, while being seen as a significant contributor to sound fiscal management, effective and efficient resource use, is also seen as underpinning transparency and accountability (Khanchel, 2007). Effective financial governance systems are therefore required in the quest to maximize the efficient use of resources, create the highest level of transparency and accountability in an organization's finances and to ensure long-term economic success. The literature also highlighted the importance of financial governance via sound financial management systems to service delivery, poverty reduction and the achievement of the millennium development goals (Pretorius & Pretorius, 2008).

With regard to best practices in finance and governance, the UK Department for Social Development (2005) intimates that governance is not about doing but it is about ensuring that things are done. By inference, the deployment of an efficient system that is expected to ensure that things are done can be implied as governance. An AfDB Group (2006) guideline for financial management and financial analysis of projects supports this assertion by also indicating that efficient deployment of appropriate modern financial management systems can be construed as representing sound financial management and good governance.

In pursuance of such measures of governance via financial management systems, some schools of thought have identified several criteria that the financial management systems of NGOs and other donor funded projects must meet in pursuance of financial governance. One such major classification is proposed by Shizhen (2005) which includes financial reporting, accounting records and source documentation, internal control, budget control, cost allowance and cash management and compliance frameworks.

On the same issue of components of a governance system, Ott and Bajo, (2001) indicate that effective financial governance can also be predicated on effective systems and structures (Wixley & Everingham, 2005), key among these: budget preparation, budget execution, internal control and accounting, reporting, auditing and monitoring systems (Ott & Bajo, 2001). According to the report, without relevant information on these systems, users of public funds cannot be held to account, thereby opening the door for wasteful spending and possible corrupt practices. In a similar vein, a number of funding agencies have developed financial governance assessment frameworks along the areas of the mode of budget planning, execution, internal control and monitoring required of funded projects (AfDB Group, 2006) and thereby inferring the level of governance as practised by an institution based on the presence of such predefined systems.

Budget Preparation

Defined generally as the process of quantitatively expressing an organization's strategy or the financial perspective of what an organization seeks to achieve over a specific period of time (Kinciad, 2008), the budget preparation process is at the heart of the financial management function. Budgets or financial plans, which result from the budget preparation process, typically form the basis on which subsequent performance may be assessed. Gaist (2009) indicates that by budgeting and producing periodic financial reports, NGOs are able to constantly monitor their revenue and costs to ensure that funding streams sustain operations. In order to align financial planning and budget preparation to strategic intent of organizations, there is usually a need for certain features to be present with regards to budget preparation. Key among these is comprehensiveness (Umapathy, 2007). Put simply, the budget must include sources and uses of funds for all aspects of operations and maintain a true and holistic reflection of plans for the budget period. Moreover, budgeting requires significant input from fiscal staff as well as clearly defined duties, responsibilities, lines of supervision and limits of authority for all (Brownell,2008). These features, according to Ahmad et al. (2003), Joshi et al. (2003) and Joshi and Com (2007), in turn make the budget the performance monitoring tool for use by the organization. On the issue of budget transparency, which also make for successful budgeting, Poterba and Von Hagen (2009) stipulate that budgets can only be considered transparent if they are easily accessible to participants involved in the decision-making process and represent consolidated information.

In terms of empirics, a number of studies have sought to find a link between the planning phase and organizational performance. Thune and House (2007), for example, found that formal long-range planning actually does pay off in the way of improved performance. Phillips (2002) and Hansen and Van der Stede (2004) also corroborate this finding by documenting that the formality, thoroughness, sophistication and participation that characterizes long-range planning exhibit a positive relationship with organizational performance. In general, and from these studies, it can be inferred that governance in the use of organizational resources, which ultimately flows from the planning process contributes to the positive improvement in performance.

Budget Execution and Internal Control

Budget execution is the phase where the organization's resources are used in implementing its activities. In general, the main focus of budget execution is compliance with budgetary authorizations and this is usually governed by an internal control system. According to Mensah et al. (2003), weak internal control systems as per an organization's execution framework create incentives for company buyers to make side deals with vendors and or make side-payments to influence contracts. In a bid to ensure tight internal control systems and ultimately governance, certain provisions are usually provided for. These provisions usually revolve around roles of the board of directors, payments and financial accounting as it relates to budget execution.

Efficient budget execution, according to Tommasi (2007), is budgets implemented in line with the pre-set rules and authorizations of the implementing entity, with changes or adaptations being made by the appropriate authority in the event of changes in baseline assumptions or conditions. This setup ensures that procurement and management of procured goods and services are done efficiently and also prevents risk and abuse to the implementing organization and its resources. Lambert (2009) further augments this list by indicating other factors that are key to successful budget execution: written authorization and evidence in the giving and receipt of funds as well as timeliness and accuracy of financial reports.

On the whole, it seems there is empirical evidence in the literature to support the assertion that effective internal control systems in the budget execution process have strong links with governance. One study that documents such a relationship is by Elbannan (2009) using US firms. He finds that internal control quality is positively related to good governance. Another study that supports that relationship is by Jensen (2003) who reports that the effectiveness of internal control is positively related to the efficiency of board governance. In general, it seems safe to infer that the strength of internal control with regard to project execution framework is positively related to overall good governance.

Monitoring and Evaluation

Monitoring and evaluation is the feedback mechanism within a management framework. It has as its main objective the improvement in the management of programmes, projects and supporting activities and ensuring the optimal use of funds and other resources while providing a platform to learn from experience so as to improve the relevance, methods and outcomes of cooperative programmes (Khawaja, 2011). According to Tirole (2006), monitoring is very critical to the governance framework. So critical is it that general talk on governance ultimately seems to imply the monitoring of management to deliver on the interests and desires of relevant project to stakeholders. Gillan et al. (2003) further this argument by opining that optimal monitoring implies strong governance. In fact, Mackay (2007) refers to monitoring as the centre-piece of the governance system. He goes on to indicate that monitoring and evaluation contribute to sound governance by facilitating evidence-based policy making, policy development, management and accountability.

The components of monitoring as per Khanchel (2007), include the establishment of indicators of efficiency, effectiveness and impact; setting up of systems to collect information relating to these indicators; collecting and recording the information; analyzing the information; and last but not least using the information to inform day-to-day management. In an empirical study of the determinants of the level of governance using firm-level data for 624 US firms, Khanchel (2007), reports that firms with effective monitoring systems score best on governance. It can be said that the general literature gives reason to classify effective monitoring as a core requisite for effective governance.

When planning short-term investments, a difficult problem is the trade-off between risk and return. Five ways to improve performance while minimizing risk presented by Winters (2009) are:

1. Refine cash forecasting accuracy
2. Become a student of the money markets
3. Improve securities selection through in-house credit analysis
4. Minimize risks with strict diversification and maturity limits
5. Shift risk to others

The first issue includes such problems as forecasting accounts receivable and the definition of optimal cash position, and the second the selection of investment instruments (as also issue three) and the forecasting of interest rates (Winters,2009). Winters (2009) proposed that perhaps the most popular way to shift risk, and possibly improve performance, is to outsource the investment function either to a separate account manager or to a money-market mutual fund. While it is not guaranteed that performance will improve by using outside management, in almost all cases, it is evident that the risks will be better managed.

Non-Governmental Organizations (NGOs) in Sunyani Municipality

A Non-Governmental Organization (NGO) is an organization that operates like a business but does not seek financial gain (Gray, et al., 2006). However, Barrera (2013) states that the three major functions of NGOs are to provide services (welfare), to provide education and to assist in public policy and advocacy. The Government of Ghana in 1993 endeavored to acquaint a NGO charge with direct NGOs/CSOs which was observed to be troublesome for the successful working and development of NGOs/CSOs in the nation. Thus, the bill was pulled back. In 2000, government teamed up with NGOs/CSOs through a progression of workshops, courses and gatherings to create a strategy report – Draft National Policy for Strategic Partnership with NGOs/CSOs to manage NGO exercises in the nation. The main report was discharged in 2000 and overhauled in 2004. At a joint meeting between NGOs/CSOs, the Ministry and the Legislative drafter from the Attorney General's Department, it was concurred that, the Draft National Policy for Strategic Partnership with NGOs/CSOs would frame the reason for segments of the law identified with NGOs/CSOs. In 2006, the Government presented a Trust Bill which incorporated the direction of NGOs/CSOs. Sunyani is a city and the capital town of the Bono region.Sunyani had a population of 248,496 at the 2012 census. After drafting the National Policy for Strategic Partnership with NGOs/CSOs, various NGOs started to emerge in the Sunyani Municipality in tandem with the afore explained directives to guide their modus operandi. Sunyani is a clean and well-maintained city with thriving economy hence has attracted many NGOs into the Municipality. This resulted in a number of NGOs within the municipality to include: Mission of Hope (MIHOSO International) Foundation, 6th March Women's Foundation, Human Care and Maintenance Foundation, Global Media Aid, Rural Care Foundation, African Assistance Plan, Centre of Posterity Interest Organisation (COPIO), Rural Communities Enhancement Programme, Guards of the Earth and Vulnerable, Centre for Active Development, Centre for Partnership on Rural Improvement Agency, Girl Child Club and a host of others. The influx of these NGOs has brought remarkable impacts on the inhabitants within the Sunyani Municipal enclave. More so, NGOs in the Sunyani Municipality range in size, nature and scope.

Chapter Summary

This chapter has presented a review of pertinent literature on cash management practices of NGOs. Arising from this review, various researched theories have been presented. It is therefore important for this research to provide empirical evidence of these theories. Research in this area provided more knowledge on the extent to which these theories were relatable to research objectives on cash management practices among NGOs and with Sunyani Municipality as a case study. The next chapter presented imperative research methods that were used to conduct this research.

CHAPTER THREE

RESEARCH METHODS

Introduction

This chapter includes various procedures that were followed in executing the study, thereby satisfying the study objectives. It aimed at providing a background and justification to the study design and methodology. It captures research design, sources of data, population, sampling techniques, data collection instruments, and data analysis techniques used to examine cash management practices among NGOs in the Sunyani Municipality.

Research Design

Cooper and Schindler (2008) defined research design as an arrangement and structure of study shaped to give answers to look into questions. In this study, a survey method was employed as a research design. Gravetter and Forzano (2011) characterize a survey method as a methodical collection of data from an example of respondents to comprehend or potentially foreseeing a few parts of the conduct of the number of inhabitants in intrigue. It was viewed as suitable as it empowered various elements or factors to be recognized at a specific point in time. Survey method was especially appropriate in gathering data about individuals' assessments and points of view. The survey strategy can be utilized for graphic, exploratory, or illustrative study. Research method can be characterized as the path in which the study objectives can be addressed.

Research Approach

In this study, a quantitative approach was chosen to examine cash management practices in NGOs in Sunyani Municipality. This research approach was used because it looks to accumulate facts and relationships amongst certainties and how relationships agree with hypotheses (Creswell, 2002). Also, quantitative research approach involves a larger sample and do not require relatively a longer time for data collection (Creswell, 2002).

Study Area

Sunyani is a city and the capital town of the Bono region and the Sunyani Municipal of Ghana. Sunyani had a population of 248,496 at the 2012 census. The city consists mainly of the Bonnos and mixture of few other tribes (Sunyani Municipal Assembly Report, 2018). Sunyani is surrounded by the forested Southern Ashanti uplands. Following the construction of a road connecting Sunyani and the city of Kumasi, Sunyani became an important hub for the distribution of cocoa, kola nuts, and staple foods such as maize and yams. Although considerably smaller than Kumasi, Sunyani is growing rapidly and has effectually engulfed the suburbs of Abesim and Fiapre, amongst others. The economy of Sunyani is predominantly agrarian with approximately 48% of the population engaged in agriculture production. About 24% of the population is employed in the service sector, followed by commerce and industry which employ 15% and 13% of the populace respectively (Sunyani Municipal Assembly Report, 2018). Sunyani is a clean and well-maintained city with thriving economy hence has attracted many NGOs into the Municipality (Sunyani Municipal Assembly Report, 2018).

Population

Sekaran (2006) described population as the full set of people that the sample will be drawn from. The population of a research consists of a collection of all possible individuals of interest and the identification of the population of research aids in narrowing down to the subject matter under study. For the purposes of this study, the population is all the Registered NGOs within the Sunyani Municipality. The Registrar General's Department (2018) puts the most recent number of registered NGOs with good standing in the Sunyani Municipality at fifty-two (52). The target population for the study include finance managers or their representatives among NGOs. Finance managers were used because they were professionals who have the requisite knowledge to respond to the objectives in the study.

Sample and Sampling Procedures

Saleemi (2009) defined sampling as a definite statistical plan concerned with all principal steps taken in the selection of a sample and the estimation procedure. The study made use of the entire target population of 52 as the sample size for the study. The entire target population was used as the sample size because the target population was small and also readily available hence were easily accessed to respond the research questions the study premised on. This meant that the study used purposive sampling technique to select finance managers/officers or equivalent position holders from each NGO in the municipality to sum up to 52. Purposive sampling was adopted in the study because of the limited number of respondents (finance managers) that had requisite expertise in the area of cash management practices among NGOs in the municipality. This category of respondents was considered because they were professionals in charge of day-to-day activities of NGOs in the municipality and were most significantly familiar with cash management practices among NGOs.

Data Collection Instrument

For this study, the main instrument for information gathering was the use of questionnaire. The items on the questionnaire were legitimately organized and in light of open-ended and closed-ended type of questions. The questionnaire was divided into five sections namely ‘A’, ‘B’, ‘C’, and ‘D’. Section ‘A’ captured the background information of respondents and Section ‘B’ answered the first objective of the study which is the cash management practices of NGOs in the municipality. Section ‘C’ of questionnaire included the challenges facing the NGOs in cash management. Also, section ‘D’ involved the third objective of the study which involved the challenges facing the NGOs in cash management and the last section of the questionnaire captured the measures to enhancing cash management practices in the NGOs. By using purposive sampling technique, questionnaires were self-administered to finance managers of NGOs familiar with cash management practices among the NGOs.

Data Collection Procedures

The data was collected by the researcher by administering fifty-two (52) questionnaires to finance managers of the NGOs familiar with cash management practices among NGOs. A visit was made to each selected NGOs through the address provided on the list obtained from the Registrar General's Department, Sunyani in 2018. A self-introduction was made and the purpose of the survey was explained to the respondents. The respondents’ consent was also sought and they were assured of confidentiality of their information. Respondents were given the option to participate willingly or refrain from participating in the study. The questionnaire was left for those who could read and write to fill it.

A total of five (5) working days were given to them to fill the questionnaire for collection. The reason for the self-administration of the questionnaire was to ensure data quality control in anticipation of resistance from respondents in providing financial data on the status of their businesses. The data collection took place from December, 1, 2019 to January, 10, 2020.

Data Processing and Analysis

After questionnaire administration, the raw data was analyzed using SPSS version 25 to bring useful results which were expressed in tables, charts and graphs. Quantitative instruments of data analyses were used to examine the volume of evidence that was gathered from the field. Mean score rankings were used to analyze the cash management practices of the NGOs, to examine how cash management practices affect the operations of the NGOs, to identify the challenges faced by the NGOs, and to determine the measures to enhancing cash management practices in the NGOs.

Chapter Summary

This chapter has presented the research methodology that was used in analyzing the research questions. The study population consisted of 52 Non-Governmental Organizations at the Sunyani Municipality. The sample size for this study was 34 respondents (finance managers). The study relied entirely on primary data which was collected from the respondents (finance managers or officers) using a structured questionnaire. Descriptive analysis was used to analyze the results of the study. The results and findings of this study were presented in chapter four.

CHAPTER FOUR

RESULTS AND DISCUSSION

Introduction

This chapter presents the empirical analysis of cash management practices among NGOs in the Sunyani Municipality. Again, this chapter sets to outline and analyze the findings of the research by the use of Statistical Product for service solution (SPSS). Among the sub-topics discussed in the chapter are: demographic characteristics of respondents, instrument validation results, cash management practices of the NGOs, how cash management practices affect the operations of the NGOs, challenges facing the NGOs in cash management, and the measures to enhancing cash management practices in the NGOs. After analyzing the data, appropriate tables, graphical representations with their corresponding useful comments were made.

Table 1: Background Characteristics of Respondents

Variables	Alternatives	Frequency (n=52)	Percentage (%)
Sex	Male	24	71
	Female	10	29
Age	25-35 years	14	42
	45-55 years	9	26
	35-45 years	4	12
	Above 55 years	4	12
	Below 25 years	3	8
Educational Level	Masters	18	53
	Bachelor’s Degree	11	32
	Diploma	5	15
Work experience	5-10 years	12	35
	16-20 years	10	29
	11-15 years	7	21
	Above 20 years	5	15
Organization’s duration of years in operation	5-10 years	16	47
	11-15 years	11	32
	16 years and above	7	21

Source: Field data (2020)

Background Characteristics of Respondents

Results as shown in Table 4.1 below revealed that 71% of the respondents were males whereas 29% were females. The study also discovered that 42% of the respondents aged 25-35 years, 26% aged 45-55 years, 12% of the respondents were from 35-45 years, 12% were above 55 years and the remaining 8% were below 25 years.

On the educational level of respondents, majority (53%) of the respondents were master's degree holders, 32% were Bachelor degree holders whilst 15% were diplomats. Likewise, 35% of the respondents had 5-10 years' work experience with NGOs, 29% have worked for 16-20 years, 21% had 11-15 years' work experience whiles the remaining 15% have worked over 20 years as far cash management practices among NGOs were concerned. This means that the respondents had requisite work experience with NGOs in the area of cash management practices. To add, large number of respondents representing 47% indicated that their organizations had been in operation for 5-10 years, 32% mentioned that their organization had operated for 11-15 years, whilst 21% of the respondents cited that their NGO had been in operation for more than 16 years.

Table 2: Statistics Showing Reliability of Research Objectives

Research Objectives	Cronbach's Alpha	Cronbach's Alpha based on standardized items	Number of Items
Objective 1	.867	.759	10
Objective 2	.788	.680	9
Objective 3	.841	.711	10
Objective 4	.831	.738	9

Source: Field data (2020)

The above is a reliability table of research objectives of the study which gives the definite values for Cronbach's Alpha. These values for Cronbach's Alpha include 0.867, 0.788, 0.841 and 0.831 for research objective 1, 2, 3 and

4 respectively, shows high state of interior consistency and reliability for the scale with particular items. It can be seen from the above table that there is higher reliability of items measured which range from 0.65 and 0.8, hence the study can indicate that more of these items have shared covariance and reliability.

Table 3: Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
Qu1	28.54	63.110	.798	.637	.731
Qu2	23.08	33.675	.244	.060	.654
Qu3	26.11	41.231	.547	.300	.699
Qu4	24.65	38.503	.354	.125	.668
Qu5	27.12	51.097	.669	.448	.701
Qu6	22.70	24.612	.178	.032	.682
Qu7	28.43	63.002	.757	.573	.720
Qu8	25.33	39.431	.387	.120	.670
Qu9	26.19	41.354	.577	.333	.725
Qu10	22.15	31.308	.211	.045	.703
Qu11	21.90	26.331	.197	.039	.655
Qu12	23.55	33.878	.278	.077	.742
Qu13	28.32	63.001	.767	.588	.789
Qu14	26.23	41.355	.580	.336	.677
Qu15	29.22	71.309	.810	.656	.797
Qu16	23.07	33.117	.244	.060	.657
Qu17	24.60	38.465	.361	.130	.678
Qu18	22.11	31.050	.201	.040	.648
Qu19	29.09	71.014	.158	.609	.825
Qu20	27.44	51.321	.680	.462	.689
Qu21	21.34	26.112	.254	.065	.655
Qu22	24.89	38.737	.311	.098	.673
Qu23	27.55	51.561	.602	.362	.730
Qu24	28.04	62.878	.721	.520	.811
Qu25	23.77	33.759	.269	.072	.856
Qu26	25.12	39.231	.351	.123	.682
Qu27	29.10	71.021	.733	.537	.823
Qu28	26.33	41.725	.577	.332	.675
Qu29	29.77	71.657	.781	.610	.844
Qu30	26.45	41.705	.560	.314	.669
Qu31	27.23	51.212	.588	.346	.719
Qu32	23.34	33.402	.231	.053	.655
Qu33	28.11	62.909	.750	.563	.785
Qu34	27.09	51.110	.598	.358	.704
Qu35	24.35	38.312	.301	.090	.671
Qu36	27.19	51.217	.620	.384	.725
Qu37	28.33	62.990	.735	.540	.754
Qu38	22.17	31.189	.211	.045	.651
Qu39	26.39	41.343	.537	.288	.659

Source: Field data (2020)

It can be seen from the above table that there are higher coefficients of items measured which range from 0.65 and 0.8, hence the study can indicate that more of these items have shared covariance and reliability. Likewise, this column shows the value that Cronbach's alpha would be if that specific item was deleted from the scale. It tends to be seen that deletion of any inquiry of question, aside from question 19, would result in a lower Cronbach's alpha. In this manner, it would not have any desire to delete this inquiry of question. Expulsion of question 19 would prompt a little change in Cronbach's alpha, and can likewise understand that "corrected item-total correlation" value was low (0.158) for this item. This may lead with respect to whether to expel this item.

Table 4: Cash Management Practices of the NGOs

Cash Management Practices	N	Never (%)	Sometimes (%)	Frequently (%)	Total (%)
Preparation of cash budget or cash flow forecasts	34	3	33	64	100
Determination of target cash balance	34	4	67	29	100
Pre-determining cash shortage/surplus	34	9	20	71	100
Investing cash surplus	34	23	15	62	100
Monitoring cash outflow on regular basis	34	11	16	73	100
Using computers to manage cash	34	14	41	45	100
Spending cash as planned	34	31	19	50	100
Fully automating receivables management	34	14	31	55	100
Maintaining proper records for all payables	34	-	16	84	100

Source: Field data (2020)

Cash Management Practices of NGOs

From Table 4.4, majority of respondents representing 64% mentioned that the preparation of cash budget or cash flow forecasts was frequently practiced as cash management practice among NGOs, 33% of the respondents said that the preparation of cash budget or cash flow forecasts was sometimes practiced whilst 3% of respondents said that the preparation of cash budget or cash flow forecasts was never practiced as cash management practice among NGOs.

Also, the study discovered that the determination of target cash balance according to respondents of majority 67% was sometimes practiced among the NGOs, 29% of respondents said that the determination of target cash balance was frequently practiced whereas the remaining 4% of the respondents said that the determination of target cash balance was never practised. Similarly, 71% of the respondents indicated that pre-determining cash shortage/surplus was a cash management practice frequently conducted by some of the NGOs, 20% of the respondents mentioned that pre-determining cash shortage/surplus was sometimes practiced whilst 9% of the respondents indicated that pre-determining cash shortage/surplus was never practiced as cash management activity among the NGOs.

Furthermore, 62% of the respondents cited that investing cash surplus as cash management activity was frequently practiced by NGOs, 23% of the respondents said that investing cash surplus was never practised by the NGOs whiles the remaining 15% of the respondents cited that investing cash surplus was sometimes practiced by the NGOs as cash management activity. Again, 73% of the respondents mentioned that monitoring cash outflow on regular basis as cash management activity was frequently practiced by the NGOs. 16% of the respondents pointed that monitoring cash outflow on regular basis was sometimes practiced whilst 11% of the respondents said that monitoring cash outflow on regular basis was never practised by NGOs. To add, 45% of the respondents indicated that using computers to manage cash was frequently practiced as cash management activity, 41% said that the use of computers to manage cash was sometimes practiced whereas 14% of the respondents indicated that the use of computers to manage cash was never practiced as cash management activity by the NGOs.

Similarly, 50% of the respondents alluded that spending cash as planned was frequently practiced by NGOs, 31% referred that spending cash as planned was never practiced by the NGOs, whereas the remaining 19% of the respondents mentioned that spending cash as planned was sometimes performed by the NGOs. Equally, 55% of the respondents stated that fully automating receivables management was frequently sometimes practiced whiles 31% finance officers detailed that fully automating receivables management was sometimes practiced by the NGOs. In the same vein, 14% of the respondents said that fully automating receivables management was never practised by the NGOs, Also, on maintaining proper records for all payables as cash management activity, 84% of the respondents mentioned that it was frequently practiced and 16% stated that it was sometimes practiced by the NGOs.

Table 5: Cash Management Practices Affecting Operations of the NGOs

Variables	N	Agree (%)	Disagree (%)	Total (%)
Managing cash helps in achieving liquidity in an organization	34	84	16	100
Proper cash management practices are able to properly manage the cash inflows and cash outflows	34	79	21	100
Reducing the danger that a withdrawal of funding forces the organization to close down	34	74	26	100
Increasing the longer-term reliability of the funding stream from donors	34	69	31	100
Reducing the impact of economic downturns	34	96	4	100
Reducing the impact of exchange rate fluctuations on funding in local currency from international donors	34	90	10	100
Being able to decide how to generate and spend financial resources without restrictions	34	75	25	100
Being able to say no to some sources of funding because they do not fit in the organization´ s values	34	52	48	100
Cash management practices highlight potential inconsistencies which can appear within a time period.	34	67	33	100

Source: Field data (2020)

Cash Management Practices Affecting Operations of NGOs

As shown in Table 4.5, 84% of the respondents agreed that managing cash helped in achieving liquidity in an organization whilst 16% on the other hand, disagreed. Likewise, 79% of the respondents agreed that proper cash management practices have positively affected the proper management of cash inflows and cash outflows among the NGOs whereas 21% minority disagreed. Furthermore, 74% of the respondents agreed that proper cash management practices have reduced the danger that a withdrawal of funding forces NGOs to close down whilst 26% on the contrary, dissented to the assertion.

To add, 69% of the respondents agreed proper cash management practices have increased longer-term reliability of the funding stream from donors whereas 31% on the other hand, disagreed. Equally, 96% of the respondents agreed that proper cash management practices reduced the impact of economic downturns among the NGOs whilst the remaining 4% disagreed. Again, 90% of the respondents agreed that proper cash management practices reduced the impact of exchange rate fluctuations on funding in local currency from international donors whereas 10% of the respondents opposed.

Similarly, 75% of the respondents agreed that proper cash management practices enabled NGOs to decide how to generate and spend financial resources without restrictions whilst the remaining 25% disagreed. The study also revealed that 52% of the respondents agreed that proper cash management practices empowered NGOs to say no to some sources of funding that did not fit the organization´s values whilst 48% of the respondents disagreed. Lastly, 67% majority of the respondents agreed that cash management practices highlighted potential inconsistencies which can appear within a time period whereas 33% of the respondents disagreed.

Table 6: Challenges Facing the NGOs in Cash Management

Challenges	N	Rank
Lack of cash budgeting	34	3.68
Ineffective communication	34	3.46
Lack of accountability and transparency	34	3.28
Inadequate Networking Skills	34	3.08
Poor record keeping practices	34	2.87
Inadequate strategic and operational plans	34	2.43
Inadequate human resource capacity	34	2.36
Huge amount of labor-intensive administrative work	34	2.34
Inadequate Awareness on Available Opportunities to access funds	34	2.19

Source: Field data (2020)

Challenges Facing the NGOs in Cash Management

Table 6 contains the results of statistical analyses. Mean score ranking was used to examine the data from the survey. As seen from the table below, lack of cash budgeting (m = 3.68), lack of accountability and transparency (m = 3.46), inadequate networking skills (m = 3.28), and poor record keeping practices (m = 3.08), were first-four ranked challenges facing cash management among the NGOs. Similarly, this was followed by ineffective communication (m = 2.87) which as ranked fifth, inadequate strategic and operational plans (m = 2.43) ranked sixth, and inadequate human resource capacity (m = 2.36) ranked seventh as challenging factors facing the NGOs as far as cash management was concerned. Equally, the study revealed other cash management challenges facing NGOs to include; huge amount of labor-intensive administrative work (m = 2.34), and inadequate awareness on available opportunities to access funds (m=2.19).

Table 7: Measures to Enhancing Cash Management Practices among the NGOs

Measures	N	Rank
Refine cash forecasting accuracy	34	3.52
Budget preparation and control	34	3.34
Computerized accounting records and source documentation	34	3.17
Effective internal control systems	34	2.89
Proper cash management and compliance frameworks	34	2.77
Regular Financial reporting	34	2.62
Outsourcing the investment function either to a separate account manager	34	2.54
Defining financial governance and components	34	2.30
Continuous Monitoring and evaluation	34	2.21
Budget execution and internal control	34	2.09

Source: Field data (2020)

Measures to Enhancing Cash Management Practices among the NGOs

Similarly, Table 7 contains the results of statistical analyses. Again, means were used to examine the data from the survey. As observed from the table, respondents ranked refine cash forecasting accurately (m=3.52) as the most effective measure to enhancing cash management among the NGOs. This is followed by budget preparation and control (m=3.34) and computerized accounting records and source documentation (m=3.17) as measures that can be adopted by NGOs within the Sunyani enclave to enhance cash management. Furthermore, effective internal control systems (m=2.89), proper cash management and compliance frameworks (m=2.77), regular financial reporting (m=2.62), outsourcing the investment function either to a separate account manager (m=2.54) were additional effective measures suggested by respondents to enhancing cash management among NGOs in the Sunyani Municipality. Finally, defining financial governance and components (m=2.30), continuous monitoring and evaluation (m=2.21), and budget execution and internal control (m=2.09) according to respondents were further discovered measures to enhancing cash management among the NGOs.

Discussions

This section of the study reflects the discussions of findings based on the objectives of the study.

Cash management practices among the NGOs

Seventy-four percentage (74%) of finance officers mentioned that the preparation of cash budget or cash flow forecasts was frequently practiced as cash management practice. This meant that the NGOs had the culture of preparing regular estimates of the amount of money expected to flow in and out of various NGOs which included all projected income and expenses. This finding agreed with Moore et al., (2010) who indicated that cash budget is a tool used to manage the cash flow of an organization and this budget is focused on the cash coming into the organization and the cash that leaves the organization. Again, they believed that cash budget is most important to an organization because it is used to foresee and overcome cash flow difficulties when there is little cash available or to indicate that there is excess cash inflow available to make investments.

Also, the study discovered that the determination of target cash balance according to the majority of finance officers was sometimes practised. With this, it implied that NGOs within the Sunyani Municipality were reluctant and not on regular basis describing the ideal level of cash that NGOs wished to hold in reserve at any given point in time hence requiring huge cash balance in its operations. This finding is inconsistent with Weston and Brigham (2013) who mentioned that as observed expediting collections, avoiding unnecessary inventories, improving control over payments etc. contribute to better management of cash. Whereby, the organization can conserve cash and thereof would require lesser cash balance for its operations.

Furthermore, 62% of the finance officers cited that investing cash surplus as cash management activity was frequently practiced by the NGOs. It implied that finance officers of the NGOs were normally proactive using excess funds to invest for both the future of their NGOs and their own financial future. This finding disagreed with Brigham and Ehrhardt (2010) positing that surplus cash refers to the excess of cash inflows over cash outflows, which do not have any specific operations or any other purpose to solve currently, but generally, an organization is required to hold cash for meeting working needs.

Again, 73% of the finance officers mentioned that monitoring cash outflow on regular basis as cash management activity was frequently practiced by the NGOs. This also meant that the finance officers on regular basis recorded the amount in the month the NGOs were expected to spend or receive as a way of forecasting the funds coming in and going out. This finding agreed with

Weston and Brigham (2013) which indicate that cash management involves managing properly the flow of cash coming inside an organization i.e. cash inflow and cash moving out of the organization i.e. cash outflow and eventually, these two are said to be properly managed only, if an organization succeeds in accelerating the rate of cash inflow together with minimizing the cash outflow.

To add, 45% of the finance officers indicated that using computers to manage cash was frequently practiced as cash management activity by the NGOs. This furthermore indicated that a number of the finance officers were able to consistently use computers to easily control their money and inventory as well as to track various transactions. This study finding agreed with Scaglione and Pracheer (2012) citing that some organizations have begun the process of deploying and implementing sophisticated financial tools that not only explain cash flow variances, but also produce results that can show the probability of future shortfalls. Having this, management could take preemptive action if deemed necessary. The primary impact of computing capacity and user-friendly software has been highly enabled firms to assess risk in their cash flow forecasts.

Similarly, 50% of the finance officers alluded that spending cash as planned was frequently practised by the NGOs. It implied that finance officers of the NGOs had a regular plan which guided and managed their expenditure better. This research finding agreed with Chandra (2011) positing that cash controlling becomes essential as it increases the availability of usable cash from within the organization. Furthermore, every organization is in possession of some amount of cash, which if traced out substantially decreases the cash requirement of the organization.

Equally, 55% of the finance officers stated that fully automating receivables management was frequently practised by the NGOs. This meant that the various NGOs in the municipality had an operational automation which controlled their receivables and managed them in the best of light. This finding agreed with Tse et al., (2014) indicating in their survey that the trend that emerges throughout corporate cash management is towards more effective cash management and organizations use more electronics and technology and move towards centralization of the treasury function.

Also, on maintaining proper records for all payables as cash management activity, 84% of the finance officers mentioned that it was frequently practiced by the NGOs. It implied that finance officers in the NGOs were recurrently able to uphold suitable account for all of the NGO's financial transactions in a detailed way to ensure proper internal controls. These findings concur with Teigen (2011) who posited that cash management included the control and care of the cash assets and liabilities of the organization which meant development and compliance with cash and investment policy and processes. All parts of cash management needed to be coordinated and documented in a procedural manual in order to control the risk associated with cash.

Cash management practices affect the operations of the NGOs

Likewise, 79% of the finance officers agreed that proper cash management practices have positively affected the proper management of cash inflows and cash outflows of the NGOs. This meant finance officers of the NGOs sided that proper cash management practices have helped in measuring how much cash is generated and spent by NGOs during a given period of time.

This study finding concurred with the study by Pandey (2014) which emphasized the importance of proper cash management to organizations by indicating that every organization should focus on maximizing cash inflows and minimizing cash outflows so that the surplus cash could be managed into an investment portfolio. Also, study finding concurred with Hurdon (2010) indicating that proper cash management practices involve the ability to properly manage the cash inflows and cash outflows. It is vital that organizations have the knowledge to handle these inflows and outflows in the organization. Organizations should target reducing outflows and increase inflows to keep money available in the organization. Once there is money available in the organization, organizational interventions will also increase.

Furthermore, 74% of the finance officers agreed that proper cash management practices have reduced the danger that a withdrawal of funding forces NGOs to close down. It implied that the finance officers of the NGOs indicated practicing appropriate cash management prevents funding agencies of NGOs from withdrawing their donor support services hence increasing longer-term reliability of the funding stream from donors. This study finding agreed with Scaglione and Pracheer (2012) citing that some organizations have begun the process of deploying and implementing sophisticated financial tools that not only explain cash flow variances, but also produce results that can show the probability of future shortfalls to avoid withdrawal of donor funds.

Equally, 96% of the finance officers agreed that proper cash management practices reduced the impact of economic downturns of the NGOs. This indicated that the finance officers of the NGOs believed that demonstrating good practices of cash management lessens the influence of financial recessions on NGOs in the larger economic market. This study finding agreed with Scaglione and Pracheer (2012) citing that some organizations have begun the process of deploying and implementing sophisticated financial tools that not only explain cash flow variances, but also produce results that can show the probability of economic future shortfalls.

Again, 90% of the finance officers agreed that proper cash management practices reduced the impact of exchange rate fluctuations on funding in local currency from international donors. This also implied that finance officers of NGOs held the assertion that the right practices of managing cash within the NGO enclave lowers drastic effects of exchange rate instabilities on capital support from foreign donors. This study finding agreed with Bobitan and Mioc (2011) who emphasised the importance of cash management practices by saying that cash management embodies all incomes and payments made within a certain period, highlighting potential inconsistencies which can appear for that period. All activities of any organization are expressed in numbers. The ability to understand the value of these numbers will ultimately indicate the ability to understand the organization.

Similarly, 75% of the finance officers agreed that proper cash management practices enabled the NGOs to decide how to generate and spend financial resources without restrictions. It meant that finance officers of the NGOs indicated that when proper management practices among NGOs improve, it also affects the best practices to expending monetary fund’s so as to operate within the NGOs cash budget. This study finding agreed with Weston and Brigham (2013) indicating that cash management involves managing properly the flow of cash coming inside an organization i.e. cash inflow and cash moving out of the organization i.e. cash outflow and eventually, these two are said to be properly managed only, if an organization succeeds in accelerating the rate of cash inflow together with minimizing the cash outflow.

Lastly, 67% majority of the finance officers agreed that cash management practices highlighted potential inconsistencies which can appear within a time period. This implied that finance officers were of the indication that when NGOs improves their practices of managing cash, it identifies possible discrepancies liable to show up in the course of their activities. Bobitan and Mioc (2011) emphasized the importance of cash management practices by saying that cash management embodies all incomes and payments made within a certain period, highlighting potential inconsistencies which can appear for that period

Challenges faced in the implementation of cash management practices in the NGOs

Finance officers from the research identified lack of cash budgeting, lack of accountability and transparency, inadequate networking skills, and poor record keeping practices, as critical challenges facing cash management among the NGO. This finding of lack of cash budgeting agreed with Kippers (2014) who found that organizations lacked the much-needed cash management knowledge to properly control the organization money and wanted to have a positive cash balance from the start of organization, it is just that they did not know how to go about to achieve this balance. Also, the finding of lack of accountability and transparency is consistent with Viravaidya and Hayssen, (2010) who indicated that most organizations fail in the two tenets of good governance, namely; transparency and accountability. To add, the finding of inadequate networking skills agreed with Sera (2010) positing that the smaller NGOs that lack networking skills are often observed as competitors for resources other than working together towards common interests of the community.

Equally, finance officers revealed other cash management challenges facing the NGOs to include; ineffective communication, inadequate strategic and operational plans, inadequate human resource capacity, and inadequate awareness on available opportunities to access funds. This finding of ineffective communication agreed with Viravaidya and Hayssen (2010) highlighting that most NGOs are unable to communicate effectively about themselves (who they are, what they do, and their achievements). This inability to communicate means the visibility of the organization is poor and they are not able to effectively market their programs. To add, the finding of inadequate strategic and operational plans is consistent with Ulleberg, (2013) who emphasized that local nongovernmental organizations do not have in place strategic plans that guide them on what the objectives are and enable them to identify the resources needed to attain the said objectives. Most strategic plans developed by NGOs are for donor purposes only and they fail to reflect the actual needs to be addressed by the stakeholders. Furthermore, the finding of inadequate human resource capacity agreed with Yuwen, (2011) suggesting that there is significant capacity limitation among indigenous NGOs in terms of human resource and due to having insufficient staff then to pursuing appropriate resources remains elusive to many. NGOs fail to exploit due to lack of awareness that the opportunities really exist. Also, this finding of inadequate awareness on available opportunities to access funds is constituent with Beverly et al. (2012) indicating that government funds available were not accessed by civil society organizations due to inadequate awareness about the availability and the procedures required to access the funds. On the other hand, NGOs that have become aware of the available opportunities to raise funds have led to the generation of profits from various activities.

Measures put in place to enhance cash management practices of the NGOs

From the study, finance officers revealed that refine cash forecasting accurately, budget preparation and control, computerized accounting records and source documentation as the most effective measure to enhancing cash management among the NGOs. The finding of refining accurate cash forecasting agreed with Gaist (2012) who indicated that by budgeting and producing periodic financial reports, NGOs are able to constantly monitor their revenue and costs to ensure that funding streams sustain operations. Furthermore, this finding of budget preparation and control is consistent with Wixley and Everingham (2015) who posited that in order to align financial planning and budget preparation to strategic intent of organizations, there is usually a need for certain features to be present with regards to budget preparation. Again, this finding agreed with Shizhen (2015) who proposed major classification of measures to enhancing cash management to include financial reporting, accounting records and source documentation, internal control, budget control, cost allowance and cash management and compliance frameworks.

Furthermore, effective internal control systems, proper cash management and compliance frameworks, and regular financial reporting, defining financial governance and components, continuous monitoring and evaluation, and budget execution and internal control were additional effective measures suggested by finance managers to enhancing cash management among the NGOs. These findings are consistent with Ott and Bajo (2011) who indicated that effective financial governance can also be predicated on effective systems and structures, key among these: budget preparation, budget execution, internal control and accounting, reporting, auditing and monitoring systems. Also, the finding of defining financial governance and components from study are consistent with Khanchel (2012) who mentioned that good financial governance is seen as a significant contributor to sound fiscal management, effective and efficient resource use, is also seen as underpinning transparency and accountability. Effective financial governance systems are therefore required in the quest to maximize the efficient use of resources, create the highest level of transparency and accountability in an organization's finances and to ensure long-term economic success. In a similar vein, study findings agreed with AfDB Group (2016) indicating that a number of funding agencies have also developed financial governance assessment frameworks along the areas of the mode of budget planning, execution, internal control and monitoring required of funded projects and thereby inferring the level of governance as practised by an institution based on the presence of such predefined systems.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Introduction

This study aimed at assessing cash management practices among NGOs in the Sunyani Municipality. To actualise the purpose of the study, the research answered the subsequent questions: What are the cash management practices in the NGOs? How do cash management practices affect the operations of the NGOs? What are the challenges faced in the implementation of cash management practices in the NGOs and what measures can be put in place to enhance cash management practices in the NGOs?

Quantitative method of research was employed in this study which made use of self-administered questionnaires.

Summary of Findings

Based on an objective analysis of data and discussion of results and findings, the following are the summary of major findings of the study:

From the study, the majority of respondents mentioned that the preparation of cash budget or cash flow forecasts was frequently practised as cash management practice among NGOs. Also, the study discovered that the determination of target cash balance according to the majority of respondents was sometimes practised among the NGOs.

Similarly, respondents alluded that spending cash as planned was frequently practiced by NGOs. Equally, large number of respondents stated that fully automating receivables management was frequently practiced and on maintaining proper records for all payables as cash management activity, the majority of respondents mentioned that it was frequently practiced.

The study revealed that large number of respondents indicated managing cash helped in achieving liquidity in an organization. Likewise, the study discovered that respondents posited proper cash management practices have positively affected the proper management of cash inflows and cash outflows among the NGOs. Furthermore, majority of respondents posited proper cash management practices have reduced the danger that a withdrawal of funding forces NGOs to close down.

To add, the majority of the respondents revealed proper cash management practices have increased longer-term reliability of the funding stream from donors. Equally, large number of the respondents indicated proper cash management practices reduced the impact of economic downturns among the NGOs.

The study also revealed that respondents posited that proper cash management practices empowered the NGOs to say no to some sources of funding that did not fit the organization´s values. The majority of the respondents alluded that cash management practices highlighted potential inconsistencies which can appear within a time period.

The research study uncovered that lack of cash budgeting, lack of accountability and transparency, inadequate networking skills, and poor record keeping practices, as four critical challenges facing cash management among the NGOs. Similarly, ineffective communication, inadequate strategic and operational plans, and inadequate human resource capacity as other challenging factors facing the NGOs as far as cash management was concerned. Equally, the study revealed further cash management challenges facing the NGOs to include; huge amount of labor-intensive administrative work, and inadequate awareness on available opportunities to access funds.

In the same way, the study found from respondents that refining cash forecasting accurately as the most effective measure to enhancing cash management among the NGOs. Also, budget preparation and control and computerized accounting records and source documentation were identified measures that can be adopted by the NGOs to enhancing cash management. Furthermore, effective internal control systems, proper cash management and compliance frameworks, regular financial reporting, outsourcing the investment function either to a separate account manager were effective measures suggested by respondents to enhancing cash management among the NGOs. Finally, defining financial governance and components, continuous monitoring and evaluation, and budget execution and internal control according to respondents were also discovered measures to enhancing cash management among the NGOs.

Conclusions

The following are conclusions drawn from the study:

Cash management practices of the NGOs

It was concluded from the study that the preparation of cash budget or cash flow forecasts, determination of target cash, pre-determining cash shortage/surplus, investing cash surplus, monitoring cash outflow on regular basis, using computers to manage cash, spending cash as planned, fully automating receivables management, maintaining proper records for all payables were cash management practices frequently practised among the NGOs.

Cash management practices affecting operations of the NGOs

The study concluded that proper cash management practices have positively affected the proper management of cash inflows and cash outflows among the NGOs and by extension, reduced the danger that a withdrawal of funding forces NGOs to close down. To add, the study concluded proper cash management practices have increased longer-term reliability of the funding stream from donors and equally reduced the impact of economic downturns among the NGOs.

Challenges facing the NGOs in cash management

The research study concluded that lack of cash budgeting, lack of accountability and transparency, inadequate networking skills, and poor record keeping practices, ineffective communication, inadequate strategic and operational plans, and inadequate human resource capacity, huge amount of labor-intensive administrative work, and inadequate awareness on available opportunities to access funds were four critical challenges facing cash management among the NGOs.

Measures to enhancing cash management practices among the NGOs

In the same way, the study concluded that refining cash forecasting accurately was the most effective measure to enhancing cash management among the NGOs. Also, budget preparation and control, computerized accounting records and source documentation, effective internal control systems, proper cash management and compliance frameworks, regular financial reporting, outsourcing the investment function either to a separate account manager, defining financial governance and components, continuous monitoring and evaluation, budget execution and internal control were identified from the study as measures that can be adopted by the NGOs to enhancing cash management.

Recommendations

The study having produced some relevant findings, presents the following recommendations:

Some finance officers of the NGOs identified that the use of computers to manage cash was sometimes practiced as cash management activity by the NGOs. Therefore, the management of the NGOs should adopt the continuous culture for proper accounting information system and invest in computerized systems (technologies) for their accounting processes.

Furthermore, effective internal control systems proper cash management and compliance frameworks regular financial reporting, outsourcing the investment function either to a separate account manager were effective measures suggested by finance managers to enhancing cash management among the NGOs. Management of the NGOs in the Sunyani enclave should establish and maintain internal control to achieve the objectives of effective and efficient operations, reliable financial reporting, and compliance with applicable laws and regulations.

From the study, some finance officers mentioned that the preparation of cash budget or cash flow forecasts was not always practiced as cash management practice among the NGOs. The study therefore recommends that operational budgets should be continuously prepared in such a way that everybody who is required to use it will be able to understand it without any difficulties.

Finance officers from the study uncovered that lack of cash budgeting, lack of accountability and transparency, inadequate networking skills, poor record keeping practices, ineffective communication, inadequate strategic and operational plans and inadequate human resource capacity were critical challenges facing cash management among the NGOs. Hence, management of NGOs can overcome the challenges of cash management in their organizations through proper mechanism in monitoring budget implementation, following budget recommendations, involving all the departments in budget implementation, efficient planning and control of budgets, constant and consistent performance evaluation, constant review of budgets, having budget controls, early planning, transparency and accountability, staff involvement, sticking to the proposed budget, proper feedback system, proper budget forecast, training budget planners and adopting technology to improve on accuracy.

Similarly, some finance officers indicated that pre-determining cash shortage/surplus as a cash management practice was not always conducted by the NGOs. Therefore, it is recommended that policies and procedures should be periodically reviewed by the NGO management to ensure that appropriate internal controls have been established as well as NGO's external auditors should periodically assess the adequacy of the NGO's internal control systems.

Also, budget preparation and control and computerized accounting records and source documentation were identified measures that can be adopted by the NGOs within the Sunyani enclave to enhancing cash management. Hence, non-governmental organizations should ensure that all the units in the organization are involved in the budget preparation, that the budget preparation is allocated enough time and that there should be proper participation/co-ordination of the exercise led by the CEO.

Again, finance officers mentioned that monitoring cash outflow on regular basis as cash management activity by some NGOs was not always practised. Management of the NGOs should consistently apply internal control standards to meet each of the internal control objectives and to assess internal control effectiveness. When assessing the effectiveness of internal control over financial reporting and compliance with financial-related laws and regulations, management must continuously monitor and assess the control activities.

Suggestion for Further Research

Based on the findings,

The study suggests that further studies can be undertaken on the effectiveness of NGO resource mobilization plans. Since resource mobilization requires leadership, further investigations could be anchored on effectiveness of leadership styles on resource mobilization.

Further research work should investigate the obstacles experienced by NGOs in establishing fee based internally financing initiatives.

The studies should consider new approaches for NGO sustainability through public private partnership projects (PPPs), and social entrepreneurship.

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APPENDIX A

CATHOLIC UNIVERSITY OF COLLEGE, SUNYANI

Department of Business Administration

(Master of Business Administration, Accounting)

SURVEY QUESTIONNAIRE

CASH MANAGEMENT PRACTICES AMONG NGOs IN THE SUNYANI MUNICIPALITY

Dear Sir/Madam

This questionnaire aims to solicit information on cash management practices among NGOs in the Sunyani Municipality. The study is being conducted in partial fulfillment of the requirement for Master of Business Administration (Accounting). I therefore seek your maximum co-operation and assure you that any information provided will be treated as confidential. Thank you for your co-operation. If you have any queries, please feel free to contact:

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<u>Section A: Background Information</u>

1. Gender: (a) Male [ ] (b) Female [ ]

2. Age: (a) Below 25 years [ ] (b) 25-35 years [ ] (c) 36-45 years [ ] (d) 46-55 years [ ] (e) Above 55 [ ]

3. Marital status: (a) Married [ ] (b) Single [ ] (c) Divorced [ ] (d) Widowed [ ]

4. Highest level of education: (a) Certificate [ ] (b) Diploma [ ] (c) First Degree [ ] (d) Master's degree [ ] (f) Others (specify) ………………………………

5. Please indicate how long you have been at post.

   a. Less than 5 years [ ] b. 5 - 10 years [ ] c. 10 - 15years [ ] d. 15 - 20 years [ ] e. Above 20 years [ ]

6. How long has your organization been in operation? (a) Less than 5 years [ ] (b) 5-10 years [ ] (c) 11-15 years [ ] (d) 16 years and above [ ]

Section B: Considering Main Objectives

Cash Management Practices of NGOs in Sunyani Municipality

7. Kindly indicate the frequency of occurrence of general cash management practices among NGOs in the Sunyani Municipality using the following scales: ***1 =Never, 2=Rarely, 3=Sometimes, 4=Often and 5=Very often.***

Cash Management Practices	1	2	3	4	5
Preparation of cash budget or cash flow forecasts					
Determination of target cash balance					
Pre-determining cash shortage/surplus					
Investing cash surplus					
Monitoring cash outflow on regular basis					
Using computers to manage cash					
Spending cash as planned					
Maintaining and updating inventory records regularly					
Fully Automating Receivables Management					
Maintaining proper records for all payables					

Section C

Cash Management Practices Affecting Operations of NGOs in Sunyani Municipality

8. Please indicate the extent to which you agree or disagree with the following statements about how cash management practices affect operations of NGOs at Sunyani Municipality using the scales below. ***1= Strongly Disagree 2= Disagree 3= Neutral 4= Agree 5= Strongly Agree***

Variables	1	2	3	4	5
Managing cash helps in achieving liquidity in an organization and proper control					
Proper cash management practices involve the ability to properly manage the cash inflows and cash outflows					
Reducing the danger that a withdrawal of funding forces the organization to close down					
Increasing the longer-term reliability of the funding stream from donors					
Reducing the impact of economic downturns					
Reducing the impact of exchange rate fluctuations on funding in local currency from international donors					
Being able to decide how to generate and spend financial resources without restrictions					
Being able to say no to some sources of funding because they do not fit in the organization’s values					
Cash management practices highlight potential inconsistencies which can appear within a time period.					

SECTION D

Challenges Facing NGOs in Cash Management in Sunyani Municipality

9. Please indicate from scales below the level of challenge facing NGOs in cash management at Sunyani Municipality. ***5= extremely challenging; 4=very challenging; 3=moderately challenging; 2=slightly challenging; 1= not at all challenging.***

NO.	**Challenges**	**level of influence**				
		1	2	3	4	5
A	Inadequate human resource capacity					
B	Accountability and Transparency					
C	Dominance of Leaders in controlling and managing the affairs of the organization with minimal participation from other members					
D	Inadequate Strategic and Operational Plans					
E	Lack of cash budgeting					
F	Poor record keeping practices					
G	Huge amount of labor-intensive administrative work					
H	Inadequate Networking Skills					
I	Inadequate Awareness on Available Opportunities to access funds					
J	Ineffective communication					

SECTION E

Measures to Enhancing Cash Management Practices among NGOs in Sunyani Municipality

10. Kindly indicate from the scales below the level of agreement on the appropriate measures to enhancing cash management practices among NGOs at Sunyani Municipality*. **5= strongly agree; 4=agree; 3=neutral; 2=disagree; 1= strongly disagree***

NO.	Measures	level of agreement				
		1	2	3	4	5
A	Defining financial governance and components					
B	Budget preparation and control					
C	Budget execution and internal control					
D	Monitoring and evaluation					
E	Refine cash forecasting accuracy					
F	Outsourcing the investment function either to a separate account manager					
G	Effective internal control systems					
H	Regular Financial reporting					
I	Computerized Accounting records and source documentation					
J	Proper Cash management and compliance frameworks					