FINANCIAL REPORTING FRAMEWORKS AND THE QUALITY OF FINANCIAL REPORTS OF NON-GOVERNMENTAL ORGANISATIONS (NGOS) IN BOTSWANA

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Abstract

FINANCIAL REPORTING FRAMEWORKS AND THE QUALITY OF FINANCIAL REPORTS OF NON-GOVERNMENTAL ORGANISATIONS (NGOS) IN BOTSWANA

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This research aims to assess the impact of financial reporting frameworks on the quality of financial reports produced by Non-Governmental Organizations (NGOs) in Botswana. The need for this study arises from the absence of financial reporting frameworks tailored to the specific requirements of NGOs, leading to misrepresentation and fraudulent practices (Puyvelde et al., 2012). The research is situated within the broader domain of accountability, drawing on theories of resource dependency, agency, and stewardship to provide a theoretical framework. Accountability, defined by Stewart (1984), holds organizations responsible for their actions, with Flannigan (2004) identifying five accountability types, including financial and fiduciary aspects. Theoretical underpinnings also incorporate resource dependency, agency, and stewardship principles to understand the external resource dependence, self-interest prioritization, and collaborative relationships within NGOs.

The research methodology employed a secondary quantitative method and a causal-comparative research design, aligning with Charles' (1998) proposal. This design facilitated the exploration of relationships between dependent and independent variables, employing a unique tool, the Francis Quality Management Tool - Financial Reporting (FQMT-FR), for data collection and analysis. The FQMT-FR aimed to operationalize constructs and provide an optimal instrument for evaluating the relationship between financial reporting frameworks and NGO financial report quality.

Results indicated low financial reporting quality among NGOs in Botswana, with compliance measured at 48%, disclosures at 22%, and an overall financial reporting quality score of 15.3%. Findings suggested that existing frameworks had minimal impact on the quality of financial reports, potentially due to their irrelevance for NGO reporting purposes.

In conclusion, the study recommended the development of an NGO-specific financial reporting framework by the International Accounting Standards Board (IASB). This framework should encompass the conceptual dimensions of accountability, agency, and resource dependency theories. Additionally, the IASB should allow national accounting standard boards, including the Botswana Institute of Accountants (BOA), to customize the framework based on local environmental factors. Future researchers are encouraged to utilize the FQMT-FR for assessing NGO financial reports, and educators should incorporate it into training programs. Overall, the study contributes valuable insights for standard-setting bodies and practitioners in enhancing financial reporting quality for NGOs.

Declaration

I declare that this thesis has been composed solely by myself and that it has not been submitted, in whole or in part, in any previous application for a degree. Except where stated otherwise by reference or acknowledgment, the work presented is entirely my own.

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List of Abbreviations

ACFE	Association of Certified Fraud Examiners
AASB	Australian Accounting Standard Board
ANCOVA	Analysis of Covariance
BAOA	Botswana Accountancy Oversight Authority
BICA	Botswana Institute of Chartered Accountants
CRDF	Christian Relief and Development Organisation
ECOSCO	Economic and Social Council
EU	European Union
FARAH	Financial Accounting, Reporting, and Auditing Handbook
FASAB	Federal Accounting Standards Advisory Board
FASB	Financial Accounting Standards Board
FMM	Financial Management Manual
FQMT-FR	Francis Quality Management Tool - Financial Reporting
GAAP	Generally Accepted Accounting standard
IAS	International Accounting Standards
IASB	International Accounting Standards Board
ICAA	Institute of Chartered Accountants in Australia
ICAEW	Institute of Chartered Accountants of England and Wales
IFAC	International Federation of Accountants
IFEX	International Freedom of Expression
IFRIC	International Financial Reporting Interpretations Committee

IFRS	International Financial Reporting Standards
IASC	International Accounting Standards Committee
IFRS	International Financial Reporting Standards
IPSAB	International Public Sector Accounting Standards Board
IPSAS	Public Sector Accounting Standards
IPSASB	International Public Sector Accounting Standards Board
NFPO	Not-for-Profit Organisations
NGO	Non-Governmental Organisations
PPE	Property, Plants, and Equipment
SAC	Standards Advisory Council
SIDA	Swedish International Development Association
SFFAC	Statements of Federal Financial Accounting Concepts
SFFAS	Federal Financial Accounting Standards
SORPs	Statements of Recommended Practice
SPSS	Statistical Package for the Social Sciences
UNCTAD	United Nations Conference on Trade and Development
UREC	UNICAF Research Ethics Committee
WANGO	World Association of NGOs
WTO	World Trade Organisation

CHAPTER 1: INTRODUCTION

This chapter established the overall overview of the general topic that was researched. This was to establish the context of study and orient the reader to the field of study. The larger context of the problem was thus established and scope of the topic was then narrowed to build the knowledge of the readers at the larger contextual level. Subsequently, the background to the problem was introduced. This background was essential to present the circumstantial context with which a foundation to the under study research problem was provided. Moreover, all the information presented needed to be substantiated in the literature. Current, relevant and peer-reviewed articles were, therefore, used to support the presentations rendered in this introductory chapter.

Scholarly textbook citations were also used to substantiate all themes and topics to orientate the reader to the greater perspective of the research problem. Lastly, this introductory chapter connected the overall topic to the precise problem under study. An overview was deliberated, of why this research topic was of current interest. Indeed, relevant context and facts were elaborated as the background that led up to the study problem and purpose. Certainly, the focus of this introductory chapter was on the area of research interest, which momentarily laid the groundwork for what had already been understudied in the area of study and why the area was of significance. Discussed explicitly in relevant sections of this introductory chapter, therefore, were the statement of research problem and purpose and significance of study. The research aim and objectives were also elucidated together with the research questions and hypothesis.

GENERAL INTRODUCTION AND BACKGROUND TO THE STUDY

World Bank (2020) acknowledged that there were various interpretations to the term "NGO" but stated that the commonly accepted interpretation included private organisations that were not controlled by the government. Though the organisations called NGOs were not government controlled, they were non-profit by nature. On that premise, a Non-Governmental Organisations (NGO) was defined as a non-profit group that operated autonomously of any government. NGOs were occasionally called civil societies because they were usually structured to fulfil social goals. The social goals of NGOs could either be humanitarian or environmental, and most NGOs function at local community level. Many NGOs, however, also functioned at national and international levels. Human rights supporting NGOs, NGOs that advocated for improved public health and political participating NGOs were common examples of NGOs. Some NGOs principally depend on voluntary services from volunteer workers, while other NGOs actually employ paid personnel (Folger, 2021).

The World Bank (2020) pinpointed two comprehensive groups of NGOs which were namely Operational NGOs and Advocacy NGOs. The focus of operational NGOs was on the design and implementation of development projects while the focus of advocacy NGOs was on the promotion and defence of a specific cause. Advocacy NGOs also pursued the influence of public policy. The World Bank (2020) acknowledged that some NGOs may simultaneously function under both categories of NGOs. In terms of funding, since NGOs were non-profit, they were funded as non-profits. NGOs, therefore, relied on a variety of sources for their funding needs. Some of these sources included private donations, grant and membership dues. Some NGOs also generated funding by selling goods and services. Moreover, some NGOs heavily relied on the government for their funding in spite of being independent from governments. In Botswana, NGOs included charities, orphanages, humanitarian societies and environmentalist which were, like other NGOs, not affiliated to the Botswana government but existed for the common good of the people. The NGOs were generally accountable to those that funded them even though they did not exist to make profit. Therefore, the managements of the NGOs, who were the stewards of the NGO resources, were expected to properly account for the funds that the donors of the NGOs entrust to them (Molefhe et al., 2020)

According to Umar, Samsudin and Mohamed (2015), the Association of Certified Fraud stated that fraudulent financial reporting was the most prominent problem faced by NGOs. Fraudulent financial reporting was also the greatest cause of losses and deficits reported amongst NGOs. The fraud was perpetrated through inappropriate or misreporting of financial matters (Motsisi and Swami, 2015). None of the accounting standards in existence, however, addressed the unique needs of NGOs because no financial reporting framework was designed for NGO financial reporting. This resulted to the false representation of financial matters amongst NGOs because the current accounting standards such as IFRS and GAAP adapted by NGOs were irrelevant (Puyvelde et al., 2012). Financial statement fraud was the biggest reason for the losses and deficits reported amongst NGOs in Botswana. Such fraud was perpetrated through misreporting of the financial performance and financial position of the NGOs (Lekorwe and Mpabanga, 2012). The fraudulent financial reporting done by NGOs in Botswana, therefore, motivated the need for further investigation into the matter, to evaluate and establish the degree to which the quality of financial reports of NGOs in Botswana was affected by the current financial reporting frameworks.

Truly, no research had ever been conducted in Botswana to relate financial reporting frameworks to the quality of financial reports hence the need for this research. The aim of this research was, therefore, to evaluate and establish the degree to which the quality of financial reports of NGOs in Botswana was affected by the current frameworks of financial reporting. Even though experimental manipulation was not possible because the research was entirely based on secondary data, the research was facilitated by the use of the causal-comparative research design, as first proposed by Charles (1998), to enable the analyses of cause-and-effect relationships. By so doing, the researcher ultimately purported to provide a high quality set of results that may present the platform by which a unique, NGO specific financial reporting framework may be advocated for.

The financial reporting historians, Fitzpatrick and Frank (2009), established that the world congress of 1972 resulted to the establishment of the International Accounting Standards (IAS) by the International Accounting Standards Board (IASB). IASB was created by the Institute of Chartered Accountants of England and Wales (ICAEW) in alliance with the Federal Accounting Standards Board (FASB). IAS was, however, centred on profit making organisations. Even after IAS transitioned to become the International Financial Reporting Standards (IFRS), profit making organisations remained the focus (Hammer et al., 2010). Even though the IFRS for Small to Medium sized Enterprises (SME) was later introduced by the IASB in the year 2009, it was also focused on profit organisations and the needs of Not-for-Profit Organisations (NFPO) was not addressed by it (Bongani, 2013).

Mercer (2002) had elucidated that NFPOs were made up of the public sectors (which were known as government organisation) and Non-Governmental Organisations (NGOs). He clarified that NGOs included such organisations as charities, orphanages, humanitarian societies and environmentalist organisation. Mercer (2002) explained that these organisations were not affiliated to government but existed for the common good of the people. Bongani (2013) clarified that NGOs were usually funded by individuals who were passionate about the particular purpose of the NGO. NGOs were immensely accountable to stakeholders even though they did not exist to make profit. This was because they hired employees and incurred various capital and revenue expenditures that facilitated the attainment of their purpose. Proper accountability of the donor’s funds was, therefore, required from the stewards entrusted with the funds (management of NGOs) (Bongani, 2013).

Proper accountability required proper regulatory accounting standards. Therefore, in the year 2000 the International Public Sector Accounting Standards Board (IPSAB) was set up to developed International Public Sector Accounting Standards (IPSAS). IPSAS standards were developed to address the specific needs of the public sector in financial reporting. However, no set of standards were developed to address the needs of NGOs in financial reporting (Fitzpatrick and Frank, 2009). Because of the lack of proper guidance regarding the financial reporting of NGOs in Botswana, NGOs in Botswana adopted various financial reporting standards. Obassi and Moribame (2005) explained that NGOs in Botswana mostly reported their financials on the basis of international standards such as International Financial Reporting Standards (IFRS) and IPSAS. Other NGOs resorted to the local Generally Accepted Accounting Practices (GAAP) of Botswana. This was because the Botswana Institute of Chartered Accountants (BICA), the institution charged with the supervision of the accounting profession in Botswana, endorsed the IFRSs, IFRS for SMEs, the GAAP and the IPSAS for the public sector (Obassi and Moribame, 2005).

All the standards above that were commonly used by NGOs in Botswana had challenges nonetheless. The major challenge with IFRS was non-compatibility with organisations that were not profit orientated. This was because the standards were designed for profit orientated organisations and not NGOs. The standard on revenue (IFRS 15), for example, only dealt with revenue from exchange transactions but did not addressed revenue from non-exchange transactions (non-exchange transactions was common with NGOs) (Setargew, 2017). The IPSAS, on the other hand, had an undeniable weakness in the fact that it lacked its own unique financial reporting conceptual framework. The IPSAS was based on IFRS as it emanated from the same concepts and definitions that the IASB used to frame the IFRS. This explained the reason why many countries around the world generally avoided adopting the IPSAS since its set up (it was set up in the year 2000) (Christiaens and Van den Berghe, 2006). For example, after the review conducted on the financial reporting of Non-for-Profit Organisations (NFPO) (NFPOs include both NGOs and the public sector) by the Institute of Charted Accountants in Australia (ICAA) in 2003, it was concluded that the IPSAS framework was not unique enough to address the peculiar needs of NFPOs in Australia hence was not adopted (Farrow, 2012).

Crawford and Schultz (2014) explained that many countries resorted to the establishment of specialised standards to address the financial reporting needs of the NFPO sector in their respective countries. Examples were the Statement of Financial Accounting Standards (SFAS) of the USA, the Canadian Guide to Accounting Standards for NFPOs of Canada and the Statements of Recommended Practice (SORPs) of the UK (Crawford and Schultz, 2014). Although these specialised frameworks provided guidance, they were neither specific to Botswana nor specific to NGOs hence could not adequately address the financial reporting needs of NGOs in Botswana (Obassi and Moribame, 2005).

STATEMENT OF THE RESEARCH PROBLEM

This research was necessitated by the problem of fraudulent financial reporting and misrepresentation of financial reports amongst NGOs, particularly in Botswana, which caused a decline in donor funding for the NGOs hence jeopardised the benefactor of the NGOs (Puyvelde et al., 2012). ACFE (2015) reported that the greatest contributor to deficits and poor performance amongst NGOs was financial reporting fraud, even though financial statement fraud was generally the least common type of fraud in the corporate world. According to the Motsisi and Swami (2015), financial reporting fraud accounted for only ten percent of all detected fraud cases. However, when financial reporting fraud occurred, it was the most costly type of crime. Keakopa (2018) reported that financial reporting fraud resulted to a median loss of over nine hundred thousand United States dollars in the USA alone.

Craja, Kim and Lessmann (2020) defined financial reporting fraud, amongst NGOs, as the intentional misrepresentation of the financial condition of an NGO. Financial reporting fraud was consummated through the deliberate omission or misstatement of figures or disclosures in the financial statements, to deceive the users of the financial statements. Financial statement fraud usually involved overstating receipts, assets and surpluses. The fraud also involved the understatement of payments, liabilities and deficits. Conversely, the general objective of the manipulation of the financial statements may sometimes require the opposite action. For example, Craja, Kim and Lessmann (2020) reported that the perpetrator of financial reporting fraud may conceal some receipts and surpluses that were higher than expected, so as to siphon the extra receipts and surpluses to the personal account of the perpetrator. Receipts and surpluses may also be concealed in a good year so that in a subsequent year that is expected to be tougher, the financial statements may not appear as bad as they really are (Craja, Kim and Lessmann, 2020).

Indeed, financial reporting fraud was perpetrated through inappropriate reporting of financial matters. Botswana Council of Non-Governmental Organisations (BOCONGO) (2018) reported that NGOs in Botswana were losing funding due to lack of donor confidence that emanated from fraudulent financial reporting. This study was, therefore, focused on Botswana. Most of the NGOs in Botswana were either minimally funded by the Botswana government or not government funded at all, hence relied heavily on private donations to survive. Therefore, NGOs in Botswana endeavoured to attract and retain private donors to financially support the needs of the NGOs. To improve their financial condition, NGOs in Botswana often engaged in various fund raising activities and publicities but none of the fund raising activities and publicities seemed to be working (Lekorwe and Mpabanga, 2012). As a matter of fact, Lekorwe and Mpabanga (2012) reported that the financial situation of NGOs in Botswana appeared to only decline despite the efforts made by the NGOs to attract funding.

A typical example of an essential NGO that struggled to attract and retain funding, as cited by Lekorwe and Mpabanga (2012), was the SOS Children's Home. Lekorwe and Mpabanga (2012) reported that SOS Children's Home took care of several orphan children all over the country but could not attain enough funding to cater for the increasing needs of the orphan children. Several other orphanages, and other NGOs in Botswana, also suffered from the same fate of lack of funding. The situation of lack of NGO funding was, therefore a common social problem in Botswanan that negatively affected the benefactors of the NGOs (Lekorwe and Mpabanga, 2012). Obassi and Moribame (2005) had hitherto established that financial reporting fraud was the main reason for the decline in NGO donor funding in Botswana. Because the cases of financial reporting fraud reported amongst NGOs in Botswana had been increasing exponentially over many years, several NGO donors lost confidence in the NGOs hence stopped funding the NGOs. Kearns (1996) had long established that the inevitable consequence of lack of accountability within NGO financial reporting was lack of confidence amongst donors. The lack of donor confidence then resulted to reduction in donor funding which ultimately threatened the very existence of the NGOs.

Obassi and Moribame (2005) reported that financial reporting fraud was perpetrated by the NGOs through the deliberate misreporting of the financial performance and financial position of the NGOs to the donors. The increase in the cases of fraudulent financial reporting amongst NGOs in Botswana, thus, necessitated a research that could identify the financial reporting frameworks used by the NGOs, and ascertain the effect of the application of financial reporting frameworks on the quality of financial reports produced by the NGOs. Motsisi and Swami (2015) reported that the rampant financial statement fraud amongst NGOs may have resulted from the fact that the frameworks of financial reporting used by NGOs did not compel them to disclose valid information that could bring irregularities to the awareness of donors and other stakeholders. This fraud, therefore, brought to jeopardy the integrity, reliability and equity of the financial reporting process, and diminished the confidence of the providers of funding (Umar, Samsudin and Mohamed, 2015).

The absence of an NGO specific framework of financial reporting resulted to the rampant use of IFRS by most NGOs while other NGOs resorted to IFRSs for SMS. Some NGOs simply chose to use their local GAAP while others reported their financials in accordance to the standards stipulated by their donors (Obassi and Moribame, 2005). The diverse methods employed by NGOs for financial reporting necessitated the in-depth exploration into the effect of the application of financial reporting frameworks on the quality of financial reports produced by the NGOs. Amelio (2016), in his investigation that connected IAS/IFRS to social responsibility explained that many of the stipulations of the IFRS framework prevented fraudulent financial reporting, if abided by. He explained, for instance, that IFRS

15 (the standard on revenue reporting) stipulated that entities were only to report their revenue after the risk and reward of the product sold were transferred or the contracted service rendered to the percipient/buyer. This was known as accrual accounting and was likely to prevent fraudulent revenue reporting if followed (Albu et al., 2011). This research was, therefore, necessary to investigate further the various stipulations of the frameworks of financial reporting used by the NGO and how the stipulations were applied by the NGO. Not conducting this research could have been detrimental as there was need to understand the root cause of the financial reporting quagmire that faced NGOs in Botswana. Moreover, no research had ever been conducted in Botswana to juxtapose the frameworks of financial reporting and the quality of financial reports produced by NGOs using the frameworks. Hence, this research was highly significant in filling in the gap.

PURPOSE OF THE STUDY, RESEARCH AIMS, AND OBJECTIVES

As elucidated in section 1.3 above, the research problem that necessitated this study was that many NGOs in Botswana were struggling to attract and retain donors to financially support their mandates. For example, SOS Children's Home (an essential NGO for the needs of orphan children) could not secure sufficient funding to finance its projects and this was detrimental to the orphan children that the NGO supported (Lekorwe and Mpabanga, 2012). Various studies had, however, established that the main reason for the decline in NGO donor funding in Botswana was lack of donor confidence and the lack of donor confidence was caused by the increase in the cases of fraudulent financial reporting that related to NGO in Botswana (Lekorwe and Mpabanga, 2012). The fraudulent financial reporting itself was perpetrated by the NGOs through the deliberate misreporting of the financial performance and financial position of the NGOs to their donors and other stakeholders (Obassi and Moribame, 2005). The increase in the cases of fraudulent financial reporting amongst NGOs in Botswana, thus, necessitated a research that could identify the financial reporting frameworks that were used by the NGOs, and ascertain the effect of the application of financial reporting frameworks on the quality of financial reports produced by the NGOs.

The purpose of this study as elaborated below was, therefore, on the premise of the identified research problem explained above. This was an elucidation of "why" the study was conducted. It consequently connoted the goal of the study. The purpose statement below identified the variables and setting of this research. Barker (2002) explained that there must be either an explicit or an implicit purpose statement to every research. The purpose statement for this research (as rendered below) was, therefore, explicit. The research purpose was specified objectively hence did not in any way reflect any individual values or biases that the researcher may have had prior to the study. As rendered in a written statement below, the purpose of this study, thus, explained the final conclusions that the research hoped to reach by virtue of conducting this research. The statement of the purpose of the study also illustrated what the research was to do in reference to the statement of research problem (elucidated in section 1.3 above). Indeed, the purpose of study discussed how the researcher intended to conduct the study. This was a general insight as to how the various aspects of study were to be coordinated to answer the research questions. The research questions emerged from the thorough examination of the discrete areas of the literature on the research problem (the research questions and hypothesis were elucidated in section 1.6).

On the premise of the explanation above, the purpose of this mixed method research was to understand what financial reporting frameworks were used by NGO in Botswana and establish the effects the frameworks had on the quality of financial reports produced by the NGOs. Due to the quantifiable nature of the anticipated dependent variables employed in the study, quantitative approach of research was inevitable for this study. The quantitative methods employed were augmented qualitatively nevertheless, as needed. The independent variables used to facilitate the achievement of the aim of the study were the financial reporting frameworks themselves. These included the IFRS, GAAP, and donor designed frameworks.

Hojny (2018) explained that when conducting a research, the aim of the study might either be to identify and explain a concept, or to predict a situation that indicates the type of study to be conducted. For this research, the former was true as it related to the identification and explanation of a concept. On the same remise, the aim of this research was to uncover the effects of the current financial reporting frameworks on the quality of financial reports produced by NGOs in Botswana.

Hence, the research purported to provide a set of high quality results that may deliver the platform through which a set of unique, NGO tailor made financial reporting framework may be formed, and NGO specific accounting standards derived.

Research objectives describe below were an elucidation of what the research intended to achieve. These objectives were necessary towards the achievement of the research aim hence were derived from the research aim that was stipulated above. As the aim of the research was dissected into several objectives, the objectives encapsulated the accomplishments that the researcher intended to attain through the research. The objectives, therefore, provided direction to the study. The researcher ensured that the objectives were achievable nonetheless, as the availability of research time and other resources were taken into consideration. Prior to the formulation of the research objectives, the researcher thoroughly studied all the developments in the area of study. Knowledge gaps that need to be addressed were thus discovered and the research objectives formulated on the premise of the knowledge gaps. It was on this basis that the objectives that were suitable for this research were derived and these research objectives were as follows:

1. To analyse the financial statements of the charitable and non-charitable NGOs that adopted the International Financial Reporting Standards (IFRS) and assess the impact of adopting IFRS on the enhancement of the quality attributes (relevance, faithful representation, understandability, reliability, and timeliness) in the financial reports of the NGOs in Botswana.

2. To investigate the influence of Generally Accepted Accounting Practices (GAAP) of Botswana on improving the quality dimensions (relevance, faithful representation, understandability, reliability, and timeliness) of financial reporting among charitable and non-charitable NGOs in Botswana, determining the degree to which Botswana GAAP meets the specific financial reporting needs of the NGOs.

3. To evaluate how financial reporting frameworks mandated by NGO donors shape the quality factors (relevance, faithful representation, understandability, reliability, and timeliness) of financial reports of charitable and non-charitable NGOs in Botswana, assessing the alignment of donor-imposed frameworks with the NGOs' operational realities.

NATURE AND SIGNIFICANCE OF THE STUDY

To illustrate the nature of study, a brief discussion of the methods of study that were employed in this research were rendered below. This section also described the research design, with the description of the appropriate fundamental research method employed for the support of the research design. The data collection and analysis procedures employed were also briefly elucidated in this section below (see chapter 3 for the in-depth descriptions of the research methods, research design, and data collection methods and data analyses procedures). For the Significance of the study, an elucidation was rendered about why the study was imperative. The contributions that the research was to make to the field of study were also delivered. Indeed, this section reflected on how the answering of the research questions was to benefit the field of study. This provided a consummation about the general need for the study and the benefits of the proposed purpose of study.

To facilitate the thorough understanding of the nature and significance of study, the discussions rendered in this section were aligned with the problem statement. The alignment of the significant of study with the problem statement was done by ensuring that the problem statement articulated the negative repercussions that were expected if the study had never been conducted, whereas the significance of study specified the positive outcomes of conducting the research. Moreover, adequate literature was used to substantiate every claim deliberated in this section to ensure the write up did not appear to be persuasive by itself. Finally, the nature and significance of study section below made reference to the academic and professional audiences that might be interested in the results that were to be derived from the study and why the results were to interest such audiences.

Secondary quantitative research was the research methodology that was mainly employed for this research and the research design employed was the causal-comparative research design, as first proposed by Charles (1998). Secondary data was collected, cautiously measured, weighed in accordance to stipulated standards and meticulously analysed. As the research was centred on NGOs, these included both charity NGOs and non-charity NGOs in Botswana. An example of charity NGOs was orphanage homes. Examples of non-charity NGOs were associations, churches and clubs (Mocan and Tekin, 2000). The submitted financial reports of a sample of NGOs were, therefore, retrieved from the Botswana Registrar of societies and analysed in conjunction with requested audit reports of NGOs from selected auditors and institutional donors. With regards to the data on financial reporting frameworks, the reports on various frameworks were retrieved from the office of the auditor general. These were analysed, in conjunction, with qualitative data from the literature on the several financial reporting theories. Quantitative research was employed in the endeavour to attain the overarching goal of the study, which was to evaluate and establish the degree to which the quality of financial reports of NGOs in Botswana was affected by the frameworks of financial reporting used.

To analyse these data, various quantitative analysis and statistical techniques were employed. These included the techniques of visualisation, grouping and data summarisation. Summarisation and visualisation technique were employed by the use of tables, grouped into broader categories. This was important as it gave an eminent picture of the data (Allgood, Sam and William, 2013). Raw data was grouped into categories according to classes of reporting standards, for covariates control, under the frameworks of financial reporting, being the independent variables. Quality was the dependent variable, which depicted the quality of financial reports produced by the frameworks. The one-way analysis of covariance (ANCOVA) by Mertler and Vannatta (2002) was employed to facilitate the same. Data coding was employed and placed into the worksheet of excel to indicate the report code, report framework, class of audit and the average score awarded to each NGO.

It was also paramount that because independent variables were of more than one category, they were analysed in conjunction with only one dependent variable, quality. Statistical Package for the Social Sciences (SPSS) was employed for the variance analyses thereof. SPSS was employed for the complex statistical data analysis to be able to mine the text data so as to get the most out of the research. For the purpose of quality measurement, the research made use of the FQMT-FR quality assessment tool. The development of the FQMT-FR was guided by the quality indicators of the Institute of Charted Accountants of Australia (Barned, 2009), in conjunction with the quality indicators of IASB.

Financial reporting fraud among NGOs had reportedly been the main reason for the decline in the performance of NGOs worldwide, as derived from the past literature of Fowler (1996) to the more recent studies of Abdulkadir (2014). Misreporting was identified as the primary manner by which such fraud was instigated. This emanated from the absence of unique standards or framework that was to compel management of NGOs to disclose some pertinent information that could inform donors and other stakeholders about irregularities in NGO financial reports. This resulted to the non-detection of the misuse, misappropriation and embezzlement of NGO resource by those charged with the management of the NGOs (Chen et al., 2009). Truly, the dangers of fraud and fraudulent financial reporting in NGOs could not be overemphasised. Badawi (2008) explained that the fraudulent financial reporting was the intentional misrepresentation of the financial statements of an organisation with the aim of deceptively giving stakeholders a certain false impression about the performance of the entity. Fraudulent financial reporting led to the undermining of the integrity and reliability of the financial reports of NGOs. Fraudulent financial reporting also put to jeopardy the objectivity and integrity of the audit process and eroded trust and confidence towards those professionals that were in the audit profession. Ultimately, fraud brought the confidence of funders to crumble (Puyvelde et al., 2012).

Abdulkadir (2014) reported that the primary manner by which NGO financial reporting fraud could be mitigated was through the devise of a unique financial reporting framework that took into consideration the unique features of NGOs, but such a framework did not exist. Polus (2013) reported that in Botswana, fraudulent financial reporting amongst NGOs resulted to donors having no other option but to channel a lot of money towards fraud prevention, monitoring and systems control. This ultimately resulted to the decline in the amount of funding that was available for the operational activities of the NGOs (Polus, 2013). This was detrimental because it jeopardised the benefactors of the NGOs such as the children at orphanage homes. In Uganda, for example, the Inspectorate of Government of Uganda (2010) reported that corruption led many NGO funders in the country to withhold their funding. This caused many NGOs in the country to lose their funders. In fact, Verbruggen et al. (2011) reported that funders perceived NGOs to be the harbour of financial embezzlers and fraudsters.

Given the eminent establishment that financial reporting was of low quality amongst NGOs, right from the past studies of Nagarajan, Meyer, and Graham (1995) to the more recent findings of BOCONGO (2018), this research was, therefore, significant to establish the level of appropriateness of the current financial reporting frameworks on the financial reporting of NGO, particularly in Botswana. Additionally, due to the lack of unique financial reporting standards that pertained to NGOs, NGOs in Botswana resorted to the use of either the local GAAP, IFRS for SMEs, Full IFRS or merely standards imposed by funders. This financial reporting quagmire may have resulted to poor quality financial reporting, fraud and the immense negative consequences of poor quality financial reporting and fraud

(Obassi and Moribame, 2005). The financial reporting of NGOs in Botswana had never been investigated nevertheless. Hence, this research was highly significant in filling in the gap. No research had ever related financial reporting frameworks to the quality of financial reporting of NGOs in Botswana, and analysed the relationship thereof hence the impetus of this research.

This research was, therefore, of paramount significance as a quantum leap towards the advocacy for the establishment of NGO specific financial reporting framework. The registrar of societies was the organisation charged with the registration and regulation of NGOs in Botswana. The registrar of societies as an institution was to benefit immensely from this study as the study would enable them better understand the financial performance and position of the NGOs they regulate. The various institutional donors of different NGOs in Botswana such as Swedish International Development Association and the Bill and Melinda Gates Foundation were also to benefit from the study. The study could assist these donors to better understand the financial status of the NGOs they fund. Hence the misappropriation of donor funds could be avoided. NGO governing bodies and regulators all over the world were also to benefit from this study. This was because these NGO governing bodies and regulators could use the FQMT-FR (the quality assessment measurement tool that was instrumental or this study) as a checklist and yardstick for the assessment of the quality of the financial reports of their member NGOs. They could also use the same to offer training to their member NGOs to ensure that they produce useful and high quality financial reports.

RESEARCH QUESTIONS AND RESEARCH HYPOTHESES

RESEARCH QUESTIONS

The research questions were the precise enquiry that the researcher endeavoured to respond to by virtue of carrying out this research. Research questions resided at the very root of systematic investigation hence enabled the researcher to unmistakably provide a direction for the research process. One of the very first steps in the advancement of the research project was the development of the research questions because research questions set the pace for the research work, as the principal interrogation point of the research. The research questions focused on the research problem hence were instrumental in the development of research methodology and hypotheses. In fact, the research questions guided all the aspects of data collection and inquiries for this research (appropriate research questions facilitate the collection of useful data for the research), research analysis and reporting of findings. Indeed, the research questions adopted for this research, as stipulated below, encapsulated the problems that this research purported to solve.

The research questions adopted for this study were the quantitative descriptive type of research questions. The research approach adopted, focusing on quantitative descriptive research questions, appeared well-suited for several reasons beyond the precision and straightforwardness of the questions. The study aimed to gather quantifiable data which facilitated objective measurement and Analysis. This approach was appropriate when the goal was to objectively measure and analyze characteristics and patterns related to the subject matter. Quantitative data lended itself to statistical analysis, providing a robust framework for interpreting results in a measurable, unbiased manner.

The quantitative research employed in this study with the causal-comparative research design facilitated understanding of current patterns and trends. The focus on descriptive research questions was particularly effective for identifying and understanding current patterns and trends in the subject matter. This was crucial as the aim of the study was focued on obtaining a snapshot of the existing state of affairs and establish a baseline for future comparative studies. Thr quantitative research, especially as well-designed and executed, allowed for greater generalizability of findings. The statistical data collected could be extrapolated to a larger population, making the findings relevant and applicable to broader contexts beyond the specific studied.

By focusing on descriptive rather than causal questions, the research avoided prematurely drawing conclusions (causality assumptions) about the reasons behind observed phenomena. This was important in the study as establishing correlations or patterns was more pertinent than exploring underlying causes, which might have required a different methodological approach. Descriptive quantitative data facilitated comparative analysis, both within the study and for potential future research. By quantifying characteristics and qualities, it became easier to compare these elements across different groups, time periods, or conditions.

Moreover, the reseatrch aproach adopted for this study provided clarity in research focus. By being precise and straightforward, quantitative descriptive research questions helped maintain clarity and focus in the research process. This clarity was beneficial for both the researcher in conducting the study and for the audience in understanding and interpreting the results.

The quantitative descriptive research questions used for this research facilitated the collection of quantitative data. The quantitative descriptive research questions for this research were more precise and straightforward because the aim was for the research questions to be able to facilitate the collection of statistical information that could be measured. Quantitative research questions were either descriptive or non-descriptive but the descriptive research questions were beneficial for this research. These research questions were the inquiries that researcher used to collect quantifiable data that related to the characteristics and qualities of the subject matter that the research endeavoured to understudy. The descriptive research questions for this study sought to find answers that revealed current patterns in the nature of the subject matter of the research. Moreover, it was imperative that the focus of the descriptive research questions was not on the causative factors that pertained to the revealed qualities of the subject matter that the research endeavoured to understudy. Rather, the descriptive research questions for this research focused on the "what". The phenomenon of "what” gave the description to the subject matter, without necessarily recognising the reasons for the occurrences.

The research questions for this research were formulated in such a manner as not to be answerable by absolute yes or no. In other words, the research questions below were not directly answerable but were specifically testable nonetheless, on the bases of the data collected and analysed in the course of the study.

Usually, the ideal number of research questions that a typical quantitative or qualitative research was to have was two to five questions. Therefore, as this research was a quantitative research, a total of three research questions were formulated for the study. Moreover, the research questions were not closed ended questions and each of the research questions was directly aligned to its corresponding hypotheses.

The research questions and hypotheses were also supported and aligned with the problem statement and purpose statement of the study. Furthermore, the researcher ensured consistency throughout the studies and no new concepts or research questions were introduced. The research questions were also appropriately numbered with a suitable number and letter as depicted below. The research questions were as follows:

Q1. Does the application of International Financial Reporting Standards (IFRS) affect the quality (relevance, faithful representation, understandability, reliability and timeliness) of financial reports of charitable and non-charitable NGOs in Botswana?

Q2. Does the application of the Generally Accepted Accounting Practices (GAAP) of Botswana affect the quality (relevance, faithful representation, understandability, reliability and timeliness) of financial reports of charitable and non-charitable NGOs in Botswana?

Q3. Does the application of financial reporting frameworks designed by NGO donors affect the quality (relevance, faithful representation, understandability, reliability and timeliness) of financial reports of charitable and non-charitable NGOs in Botswana?

RESEARCH HYPOTHESES

A research hypothesis was a precise, unambiguous, and testable proposition or predictive statement that related to the potential outcome of a scientific research study. This proposition or predictive statement was based on a particular property of a population and the property of the population could be supposed differences between groups on a particular variable or relationships between variables. There were three important characteristics to the hypotheses of this study and these included specificity, testability, and falsifiability. By specificity, the hypothesis for this research were precise. The hypotheses were very clear and unambigious about who or what was to be involved. Indeed the hypotheses were very specific about the expected outcome of the study. In terms of testability, the hypothesis for this research enabled the collection of observable data in a scientifically rigorous manner to test the hypothesis. This enabled the assessment as to whether or not the hypothesis was supported by observable data. Falsifiability on the other hand pertained to the dis-approvability of the hypothesis. For ythe hypothesis of this research to be useful, there needed to be some distinguishable manner by which the possible in-correctness of the thypotheses were to be examined.

The development of the hypotheses for this research necessitated the identification of one variable or descriptor of a sampling unit that caused, affected, or influenced another variable or descriptor of the same or other sampling units. The variable that affected other variables was called the independent variable and the variable that was affected by the independent variable was called the dependent variable. It was on this premise that when developing the hypotheses for this research, the researcher took into cognisance the dependent and independent variables used to facilitate the achievement of the aim of the study. Quality was the dependent variable while the independent variables were the financial reporting frameworks (IFRS, GAAP, and donor designed frameworks). The specification of the research hypotheses was, therefore, one of the most crucial steps that were undertaken in the planning of this research.

The research hypotheses below were, therefore, the specific propositions about the possible outcomes of the study. Even though they were predictive in nature, their mandate was to give a clear understanding of the potential outcomes that were testable. The hypotheses were derived from the purported scientific investigation that took into cognisance the presumed differences and relationships between the various variables. Moreover, the hypotheses were adequately aligned with the research questions so that research question number one matched hypotheses one, and research question number two matched hypothesis two and so on and so forth. Based on the three research questions above, the hypotheses that facilitated this study were as follows:

H1. The application of International Financial Reporting Standards (IFRS) by charitable and non-charitabl NGOs in Botswana does not significantly affect the quality (relevance, faithful representation, understandability, reliability and timeliness) of financial reports of the NGOs.

H2. The application of Generally Accepted Accounting Practices (GAAP) of Botswana, being local to NGOs in Botswana does not greatly influences the quality (relevance, faithful representation, understandability, reliability and timeliness) of financial reports produced by charitable and non-charitable NGOs in Botswana.

H3. The donor designed financial reporting framework does not have a significant impact on the quality (relevance, faithful representation, understandability, reliability and timeliness) of financial reports of charitable and non-charitable NGOs in Botswana.

DEFINITION OF OPERATIONAL TERMS

INDEPENDENT VARIABLES

In this study, the independent variables served as the factors believed to exert a causal effect on the investigation's outcomes. These variables, referred to as treatment variables, were intentionally manipulated to observe their impact. The central focus was on various financial reporting frameworks, namely IFRS, IFRS for Small SMEs, GAAP, and those endorsed by influential entities like the World Bank.

To attain the study's objectives, the independent variables were primarily treated as categorical rather than quantitative. This distinction was made based on the nature of the data – categorical, not numerical. Consequently, the independent variables were classified into three distinct groups.

The first category encompassed international financial reporting frameworks such as IFRS and IPSAS. This grouping reflected a global perspective, emphasizing standards that hold significance on an international scale. The second category delved into frameworks devised by donor organizations, including USAID, the European Union (EU), the World Bank, and the Swedish International Development Association (SIDA). This grouping acknowledged the influence of entities providing financial support and guidance on reporting practices.

The third category, denoted as 'Other financial reporting frameworks,' incorporated sector-specific standards such as the Financial Accounting Standards Board (FASB) and the Accounting Standards Boards (ASB) of the USA and UK. Additionally, the local Botswana GAAP framework was subsumed under this 'Other financial reporting frameworks' category. This grouping recognized the existence of region-specific standards within the broader landscape of financial reporting frameworks.

By carefully categorizing and differentiating the independent variables, the study aimed to explore the diverse influences of various financial reporting frameworks on the investigation's outcomes, offering a nuanced understanding of their roles and impact.

IFRS

International Financial Reporting Standards (IFRS) form a comprehensive framework of accounting guidelines meticulously crafted to establish appropriate practices for the creation of financial statements. The primary objective of IFRS lies in fostering a universal understanding between the users of financial statements and those responsible for their preparation. This ensures transparency and consistency in financial reporting practices across diverse entities and industries.

One notable illustration of IFRS impact is evident in the treatment of property, plants, and equipment (PPE) within financial statements. IFRS provides clear guidelines on how PPE should be measured and recognized, facilitating a shared comprehension between financial statement preparers and users regarding the treatment of these crucial assets.

A critical expectation associated with financial statements prepared under IFRS is the strict compliance with all applicable IFRS requirements. This compliance ensures that financial statements following IFRS standards adhere to a globally accepted set of guidelines, enhancing comparability and reliability for stakeholders.

It's crucial to recognize that while IFRS stands as one of the most widely used accounting standards globally, it doesn't operate in isolation. Every country maintains its own set of local regulations governing financial reporting. These regulations encompass the issuance of national accounting standards by local professional accountancy bodies and the subsequent enforcement of these standards. This dual framework acknowledges the coexistence of global standards like IFRS and locally tailored standards, recognizing the need for adaptability to specific economic, legal, and cultural contexts.

In summary, IFRS plays a pivotal role in standardizing accounting practices on a global scale, promoting transparency and consistency. However, the coexistence with local regulations underscores the recognition of unique contextual factors that influence financial reporting practices in each country.

IFRS FOR SMES

In 2009, the International Accounting Standards Board (IASB) introduced IFRS for SMEs (International Financial Reporting Standards for Small and Medium-sized Enterprises) to address the specific financial reporting needs of small businesses. The IASB's aim in creating IFRS for SMEs was to provide a thoroughly reviewed set of accounting principles tailored to the requirements of SMEs. This framework was intended to tackle the challenges faced by SMEs in financial reporting and incorporate relevant changes from the full IFRS standards.

To achieve this goal, the IASB issued a comprehensive proposal for amendments every three years to adapt the IFRS for SMEs framework as needed. The standards within this framework were suitable for generating general-purpose financial statements and fulfilling other financial reporting requirements for small profit-oriented entities. General-purpose financial statements were geared towards meeting the information needs of a wide range of stakeholders, including creditors, shareholders, employees, and the general public.

Unlike the full IFRS standards, which encompassed a wide range of topics, IFRS for SMEs was concise, comprising approximately 250 pages. Its primary focus was on meeting the information needs of creditors, lenders, and other users primarily interested in cash flows, liquidity, and solvency. However, the framework also took into consideration the costs and capabilities of SMEs in preparing financial information.

It's worth noting that IFRS for SMEs operated as a standalone set of standards, even though it was based on the principles of the full IFRS standards. The framework organized financial reporting topics into separate sections, with all sections and paragraphs carrying equal authority.

There were five key simplifications in IFRS for SMEs compared to the full IFRS standards. First, certain mandatory standards in the full IFRS, such as IFRS 9 Financial Instruments: Recognition and Measurement, were made optional in IFRS for SMEs because they were deemed irrelevant for SMEs. Second, some accounting policy options available in the full IFRS were not offered in IFRS for SMEs due to its increased simplifications.

Additionally, a significant number of measurement and recognition principles from the full IFRS were simplified in IFRS for SMEs. The fourth simplification was the reduced disclosure requirements in IFRS for SMEs compared to the full IFRS. Lastly, IFRS for SMEs was written in simplified language to enhance comprehension and ease of translation, making it a more accessible version of the full IFRS standards.

IPSAS

The IPSAS financial reporting framework consisted of a set of accounting standards issued by the IPSAS Board for use by public sector entities worldwide in preparing their financial reports with a public purpose. These standards were primarily based on IFRS (issued by the IASB). The primary objective of IPSAS was to enhance the accountability and transparency of financial reporting in governments across the globe. This improvement aimed to raise the quality of general-purpose financial reporting by public sector entities, ultimately leading to more informed assessments of resource allocation decisions made by governments and thus achieving better accountability and transparency.

The scope of IPSAS application was extensive, encompassing both national and regional governments, as well as government-related entities such as provinces, cities, towns, and councils. The IPSAS framework consisted of a total of thirty-eight standards, with all but one being based on the accrual accounting concept (the exception being cash-based). These standards provided guidance on the preparation of financial statements, including the statement of financial position, the statement of financial performance, the statement of changes in equity, and the cash flow statement. Additionally, IPSAS offered guidance on how to present annexes or notes accompanying the financial statements. In cases where cash-based accounting was adopted, the 2011 IPSAS Handbook provided instructions for preparing the statement of cash receipts and payments.

DONOR-DESIGNED ACCOUNTING STANDARDS AND FRAMEWORKS

Various international donor institutions were associated with numerous NGOs worldwide, including those in Botswana. Some notable international donor organizations in this category included USAID, the European Union (EU), the World Bank, and the Swedish International Development Association (SIDA). However, what they had in common was that each of these institutions developed their own distinct financial reporting standards and formats.

The World Bank introduced the Financial Accounting, Reporting, and Auditing Handbook (FARAH) in 1995, which stipulated that all projects funded by the bank globally, whether for government entities or NGOs, must adhere to the FARAH standards. Compliance with these standards was a mandatory requirement specified in each grant agreement with the World Bank. FARAH provided comprehensive financial guidance and established minimum standards for financial reporting to ensure responsible management of all projects funded by the bank. Additionally, in 1999, the World Bank supplemented FARAH with the Financial Management Manual (FMM).

In the case of USAID, the financial reporting and management of its funded projects were governed by a variety of guidelines originating from different frameworks. The primary regulatory body was the Federal Accounting Standards Advisory Board (FASAB), responsible for setting financial reporting standards for the federal government. FASAB developed a set of conceptual principles known as the Statements of Federal Financial Accounting Concepts (SFFAC). These concepts served as the foundation for creating, publishing, and recommending a set of financial reporting standards known as the Federal Financial Accounting Standards (SFFAS). All recipients of USAID funding were required to prepare their financial reports in accordance with these guidelines.

DEPENDENT VARIABLES

In this study, the dependent variables were referred to as "the effect" variables. These variables represented the study's outcomes, specifically the impacts of the independent variables. The dependent variables in this research served as indicators of quality. To effectively measure the quality of financial reports produced by NGOs in Botswana and establish a solid foundation for the study's conceptualization and instrumentation, a specialized tool called the FQMT-FR was developed, as previously explained. Therefore, the quality indicators within the FQMT-FR tool were considered the dependent variables. These quality indicators encompassed relevance, faithful representation, understandability, comparability, and timeliness.

RELEVANCE

The concept of relevance in the context of NGO financial statements holds profound significance as it directly influences the decisions made by the users of these financial documents. Relevance, in this context, is not a singular facet but a multifaceted attribute that provides both predictive and confirmatory value to the users.

In essence, relevance in NGO financial statements is intricately linked to materiality. Materiality refers to the significance of an item within the financial statements and its potential impact on decision-making. If the omission or misstatement of an item could influence the decisions of the users, it is deemed material. The determination of materiality often depends on the size of the item in question or the specific circumstances surrounding its inclusion or exclusion. Materiality serves as a crucial quality threshold within the framework of NGO financial statements, ensuring that the information presented is of sufficient importance to guide informed decision-making.

Assessing the information within NGO financial statements for relevance is paramount. The ability of financial statements to demonstrate relevance is a pivotal factor in their utility. Relevance, in this context, is gauged by the capacity of financial statements to support the analysis of past, present, and future events within NGOs. This includes providing insights into the historical financial performance, the current financial position, and the potential future financial outcomes. By encompassing this temporal spectrum, financial statements empower users to make sound economic decisions based on a comprehensive understanding of the NGO's financial landscape.

Moreover, the consideration of relevance goes beyond the mere presentation of financial figures. It extends to the narrative and contextual information that accompanies the financial data. For NGO financial statements to be truly relevant, they must provide a holistic picture that aids users in grasping the broader implications of financial decisions.

In summary, relevance in NGO financial statements is a dynamic and multifaceted concept. It intertwines with materiality, ensuring that the information presented is of sufficient importance to influence decision-making. The ability of financial statements to demonstrate relevance is rooted in their capacity to support a comprehensive analysis of past, present, and future events within NGOs, thereby facilitating informed and judicious economic decision-making by stakeholders.

FAITHFUL REPRESENTATION

The concept of faithfully representative financial statements is crucial in ensuring the reliability and trustworthiness of financial information. To achieve faithful representation, financial statements must possess several key attributes, including completeness, neutrality, and freedom from material errors.

Completeness: For financial statements to be faithfully representative, they need to be complete. This implies that they should contain all necessary explanations and descriptions essential for a proper understanding of the financial information presented. Incomplete information may lead to misunderstandings or misinterpretations by users, potentially impacting decision-making. The emphasis on completeness underscores the importance of providing a comprehensive and transparent view of an organization's financial position and performance.

Neutrality: Another fundamental aspect of faithful representation is neutrality. Financial statements must be neutral, meaning they should not be selected or presented in a way that intentionally influences the user's decision-making or judgment to achieve a predetermined outcome. Neutrality ensures that financial information is presented objectively, without any bias or manipulation. This principle is essential for maintaining the integrity of financial reporting and fostering trust among stakeholders.

Freedom from Error: Faithful representation also requires financial statements to be free from material errors. While achieving absolute perfection and accuracy in all respects may be impractical, the focus here is on achieving perfection in material aspects. A material error or omission is one that has the potential to render the financial statements false or misleading, making them unreliable and deficient in terms of their relevance. This underscores the importance of meticulous accounting practices and accurate financial reporting to enhance the credibility of financial statements.

Substance over Legal Form: To faithfully represent transactions and events, financial information must be accounted for and presented based on their substance and economic reality rather than merely their legal form. This principle ensures that the financial statements reflect the true economic impact of transactions, providing users with a more accurate depiction of an organization's financial health.

Quality Evaluation: Evaluating the quality of NGOs' financial reports within the context of faithful representation is crucial. This involves assessing the extent to which financials are presented without manipulation or bias. It emphasizes the need for transparency and integrity in financial reporting practices within the nonprofit sector, ensuring that stakeholders can rely on the information provided by NGOs.

In summary, faithful representation in financial statements encompasses completeness, neutrality, and freedom from material errors. Emphasizing substance over legal form and evaluating the quality of financial reports contribute to the overall goal of providing reliable and trustworthy financial information for decision-making.

UNDERSTANDABILITY

The concept of understandability in financial statements is integral to ensuring that the information presented is accessible and comprehensible to the end user. This principle emphasizes the need for clarity and conciseness in the presentation of financial information, acknowledging that the effectiveness of communication is crucial for facilitating informed decision-making.

Clarity and Conciseness: Understandability hinges on the clarity and conciseness of the information within financial statements. Clarity involves presenting complex financial data in a straightforward and unambiguous manner, reducing the likelihood of misinterpretation. Conciseness, on the other hand, requires the avoidance of unnecessary jargon or overly technical language, making the information more digestible for a wider audience.

Dependent Variable: In the context of a study, understandability serves as a dependent variable, implying that it is subject to assessment and evaluation. Researchers and analysts gauge the degree to which financial statements achieve understandability based on certain criteria and metrics. This evaluation often considers the ease with which users can extract meaningful insights from the presented information.

Presentation Style and User Proficiency: The understandability of financial statements is influenced by the chosen presentation style and the assumed proficiency of the end user. Different users may have varying levels of expertise in areas such as business, finance, and economics. The assumption made in the study is that users of NGO financials possess a reasonable level of knowledge in these domains and are willing to study the provided information diligently. This assumption shapes the criteria for assessing understandability, recognizing that the presentation should cater to the intended audience.

User's Ability to Grasp Significance: Understandability goes beyond mere readability; it necessitates that users can grasp the significance of the presented information. This involves not only understanding individual financial figures but also comprehending the broader implications for decision-making. A well-understood financial statement enables users to make informed judgments and choices regarding the financial health and performance of the NGO.

Balancing Detail and Simplicity: Achieving understandability requires a delicate balance between providing sufficient detail to convey meaningful information and avoiding unnecessary complexity that might overwhelm users. The challenge is to strike a balance that caters to the needs of users with diverse levels of financial literacy, ensuring that the information remains accessible without sacrificing its substance.

In conclusion, understandability in financial statements is a multifaceted concept encompassing clarity, conciseness, and the ability of users to grasp the significance of presented information. It acknowledges the diversity in user proficiency and emphasizes the need for a presentation style that aligns with the assumed knowledge base of the intended audience, fostering transparency and facilitating informed decision-making.

COMPARABILITY

The value of financial information significantly increases when it can be effectively compared with similar data from other entities or even within the same entity over different time periods. This emphasis on comparability is underlined by the recognition that consistent presentation enhances the ability to draw meaningful insights from financial statements. In the context of NGO financial statements, comparability is a key quality that plays a pivotal role in measuring the reliability and usefulness of the information presented.

Comparability as a Dependent Variable: In this study, comparability is positioned as a dependent variable, meaning it is a factor subject to evaluation and measurement. The study assesses how well NGO financial statements can be compared over time to discern trends in financial position and performance.

The presence of consistent presentation practices is considered a key determinant in achieving this comparability.

Identifying Trends in Financial Position and Performance: The primary objective of evaluating comparability is to identify trends in the financial position and performance of NGOs. This involves analyzing financial statements over different reporting periods to detect patterns, changes, and developments. A high level of comparability ensures that users can make accurate assessments of an NGO's financial trajectory, enabling more informed decision-making.

Ease of Comparison with Other NGOs: Beyond internal comparability, the study also evaluates the ease with which NGO financials can be compared with those of other NGOs in a relative sense. This comparative analysis relies on the level of information provided within the financial reports. The more comprehensive the disclosure of accounting policies, changes in those policies, and their effects, the easier it becomes for users to benchmark and draw meaningful comparisons.

User Information and Disclosure Practices: To facilitate comparability, users need to be well-informed about the accounting policies in use, any alterations made to those policies, and the resulting impacts of such changes. The study assesses the degree to which NGO financial statements comply with accounting standards and the extent of disclosure regarding accounting policies. Transparent and detailed disclosure practices contribute significantly to the ease with which users can compare financial information both over time and across different NGOs.

Level of Compliance: Compliance with accounting standards is a critical factor in ensuring comparability. The study likely examines the extent to which NGO financial statements adhere to recognized accounting standards. A high level of compliance enhances the reliability of financial information and facilitates more straightforward comparisons.

In summary, comparability in NGO financial statements is a vital quality that influences the usefulness and reliability of the information. It encompasses both internal comparability over time and external comparability with other NGOs. Achieving comparability is contingent on consistent presentation practices, transparent disclosure of accounting policies, and adherence to accounting standards, all of which contribute to the overall reliability and value of financial information for users.

TIMELINESS

The timeliness of financial information is a critical factor in ensuring its relevance and effectiveness for decision-making. This principle acknowledges that information loses its utility over time, making it imperative to provide it within a timeframe likely to influence decision-makers. In the context of a study measuring the quality of NGO financial statements, timeliness serves as a dependent variable, indicating its importance as a factor subject to evaluation.

Dependent Variable in Quality Assessment: The study positions timeliness as a dependent variable, suggesting that it is a variable whose quality is under scrutiny and measurement. The assessment aims to determine whether NGO financial statements are made available to decision-makers in a timely manner, recognizing the impact of timely information on the decision-making processes of users.

Influence on Decision-Making: Timeliness is considered crucial because it directly affects the potential of financial statements to influence users' decision-making processes. When financial information is delivered promptly, decision-makers can factor it into their analyses and choices, making the information more relevant and actionable. The study likely explores the relationship between the timely availability of financial statements and the extent to which they contribute to informed decision-making.

Utility of Current Information: The principle of timeliness is rooted in the understanding that older information becomes less useful as circumstances evolve. Financial statements that capture the current financial position and performance of an NGO provide decision-makers with a more accurate representation of its status. Timely reporting ensures that stakeholders are equipped with the latest information, allowing for proactive decision-making based on current financial realities.

Determinants of Timeliness: The study likely delves into the determinants of timeliness in the delivery of NGO financial statements. Factors such as the efficiency of financial reporting processes, the speed of data collection and validation, and the overall organizational commitment to timely disclosure may be considered. Understanding these determinants is crucial for identifying areas of improvement and enhancing the overall quality of financial reporting.

Balancing Accuracy and Timeliness: While timeliness is essential, it should not compromise the accuracy and reliability of financial information. The study may explore how NGOs strike a balance between delivering information promptly and ensuring that it meets the necessary standards of accuracy and completeness. This involves examining reporting practices and the measures taken to expedite the reporting process without sacrificing data integrity.

Technology and Timely Reporting: The role of technology in facilitating timely financial reporting may also be a focus of the study. Advancements in financial reporting systems and data analytics tools can significantly contribute to accelerating the reporting timeline. The study might investigate the extent to which NGOs leverage technology to enhance the speed and efficiency of their financial reporting processes.

In conclusion, timeliness in the context of NGO financial statements is a multifaceted concept, impacting the utility of information for decision-making. As a dependent variable in quality assessment, timeliness is crucial for ensuring that financial statements have the potential to influence users' decisions by providing them with current and relevant information. The study likely explores the determinants of timeliness, the balance between accuracy and timeliness, and the role of technology in expediting financial reporting processes.

CONTRIBUTION OF STUDY

The study meticulously examines the current financial reporting frameworks used by NGOs in Botswana to pinpoint deficiencies that may hinder the detection or prevention of fraudulent activities. This involves a detailed analysis of the standards and principles that guide financial reporting and an investigation into whether these are adequate for the unique operational landscape of NGOs. By identifying the specific aspects where current frameworks fall short, such as lack of specificity in recognizing NGO transactions or insufficient guidance on fraud risk management, the research informs the development of more comprehensive frameworks that could better serve the NGO sector's needs.

The study assesses the framework effectiveness which involves a critical evaluation of existing financial reporting frameworks like the International Financial Reporting Standards (IFRS), IFRS for Small and Medium-sized Entities (SMEs), the local Generally Accepted Accounting Principles (GAAP), and any donor-specific reporting requirements. The study looks at how these frameworks function in practice, gauging their strength and effectiveness in upholding the integrity and reliability of financial reports produced by NGOs. The assessment seeks to determine the frameworks' capability to deter financial statement fraud by evaluating their enforcement mechanisms, the rigor of their accounting standards, and their adaptability to the NGO operating environment.

This study shall contribute to the understanding of framework application in the NGO Context. This analysis goes beyond theory to examine how NGOs are actually applying the stipulated financial reporting standards in their daily operations. The research uncovers the disparities between what the frameworks prescribe and the practices NGOs follow. It investigates the reasons behind any variances, be they due to misinterpretation of guidelines, lack of capacity, or intentional non-compliance. This understanding is critical in recognizing and addressing potential weaknesses in the application of the standards that could lead to misreporting or fraud.

The research establishes a quantitative and qualitative linkage between the financial reporting practices of NGOs and the confidence that donors place in these organizations. It leverages empirical data to substantiate the claim that the presence of fraudulent reporting can significantly diminish donor trust and result in reduced funding. The study's findings provide a compelling case for the necessity of high-quality financial reporting as a cornerstone for maintaining and enhancing donor relationships.

Focusing on the accrual basis of accounting, particularly the standards set out in IFRS 15 regarding revenue from contracts with customers, the study explores how the adoption of these principles could help mitigate the risk of fraudulent reporting. By examining cases where accrual accounting may provide a more accurate representation of an NGO's financial position and performance, the study formulates practical suggestions for NGOs on applying these accounting techniques to enhance the reliability and truthfulness of their financial statements.

With its insights into the deficiencies of current financial reporting standards and their implementation by NGOs, the study offers a knowledge base for policymakers and regulators. It provides evidence-based recommendations that could lead to the creation or refinement of financial reporting frameworks specifically designed for the NGO sector. These improvements aim to reduce fraud risk, thereby ensuring more reliable and truthful financial reporting. This research is pioneering in the Botswana context, juxtaposing the chosen financial reporting frameworks against the actual quality of reports produced by NGOs. It not only charts unexplored territory, offering a novel perspective on NGO financial reporting in Botswana, but also sets the stage for subsequent studies in the region. This helps in building a locally relevant body of knowledge that can be used for further academic inquiry and practical application.

By identifying best practices and highlighting common pitfalls in current financial reporting systems, the study provides NGOs with valuable guidance. It offers a roadmap for strengthening their financial management practices, which, in turn, could help in re-establishing donor trust. Improved financial management is also likely to lead to more effective and efficient use of resources, enabling NGOs to better achieve their missions. The study contributes to the broader discourse on NGO accountability and transparency. By demonstrating the critical role of reliable financial reporting in enhancing these aspects, the research provides insights into how NGOs can operate in a more transparent and accountable manner. The expected outcome is not just improved donor relations, but also enhanced stakeholder engagement, leading to more sustainable and trusted NGO operations.

CHAPTER 2: LITERATURE REVIEW

INTRODUCTION

This chapter reviewed, in detail, the literature that pertained to Non-governmental Organisations (NGOs). The detailed literature review on NGOs was necessary to be able to ascertain the uniqueness of NGOs in comparison to profit making companies. The thorough literature review on NGOs was also necessary for the in-depth understanding of how NGOs function. It was important to fully understand the functionality of NGOs to be able to derive plausible causes for the results that were to emanate from the study.

Additionally, a thorough literature review was conducted on financial reporting which included a holistic study on what financial reporting was and how it related to NGOs. Furthermore, the literature review dived into the definition and importance of quality financial reporting. A detailed overview of the framework of financial reporting was provided including the role of institutional factors and the future of financial reporting frameworks.This included a discussion that pertained to the manner by which the frameworks related to the present study and the reasons why the frameworks were selected. The literature review clearly considered the research assumptions and the principles that underlined the study.

Moreover, important contemporary issues and perspectives in the field of study were specifically included, as well as appropriate controversies.

This chapter further provided a detailed review of literature on the conceptual and theoretical frameworks that were instrumental to the research. The sources or origin of each framework was provided, as well as the rationale for the choice of the framework. The major propositions and hypotheses that pertained to the application of the frameworks were elucidated, including the delineation of the assumptions that were appropriate to the application of the framework. In addition, the alternate approaches to the frameworks chosen for this research were mentioned. The conceptual and theoretical framework literature review provided a literature and research based analysis that pertained to the manner by which the frameworks had been applied beforehand, in manners that were similar to the current study.

Furthermore, the researcher ensured that this conceptual and theoretical frameworks section reflected thorough knowledge of, and familiarity with both the past and contemporary literature that pertained to the frameworks. The majority of sources that were cited were scholarly and peer-reviewed. The theoretical framework, which was the foundation that underlined the research, was thoroughly elucidated. The elucidation of the theoretical framework commenced with accountability theory, which was pivotal to the other theories. Some of the other key theories of financial reporting that were elucidated included agency, dependency, stewardship and stakeholder theories.

Moreover, the empirical framework that guided the study was elucidated, particularly the International Accounting Standard Board (IASB). It was important that vast literature on the IASB framework was appreciated because most of the key variables for the research emanated from the IASB conceptual framework. These variables include IFRS, GAAP and donor designed accounting standards such as World Bank and U.S Agency for International Development (USAID) standards. The literature that related to these variables were, therefore, reviewed accordingly.

Finally, a summarizing conclusion ended this literature review chapter. The conclusion primarily highlighted how the necessity to conduct this research was backed by literature. The illogicality and qualms that substantiated the need for the study were also emphasized.

NON-GOVERNMENTAL ORGANISATIONS

Introduction

The origin of the nomenclature ‘Non-Governmental Organisations’ dated back to the 1940s. George, K. (2017) explained that in the year 1945, the United Nations (UN) was established with the provisions of chapter 10, Article 71 of Charter 1. This provision demanded for the formation of an organisation that was to provide consultative services to the UN but was to be neither government nor a member state. The phrase ‘Non-Governmental Organisation’ then emerged, therefore, to describe such an organisation.

By definition, a Non-Governmental organisation (NGO) was an organisation not founded by the government or state hence independent of the government or state. This was the definition rendered by Campbell, P. (1987), who then further elucidated that even though his definition can theoretically be inclusive of profit seeking corporations, the NGO nomenclature was austerely restricted to organisations with non-commercial goals. Stephen N. (1996) elaborated that the prominent goals of NGOs ranged from social and environmental advocacy to legal and cultural pursuits. Carrie and Meyer (1999) then defined NGOs as non-profit organisations that depend on the private sector for the attainment of at least a ration of their funding.

The number of international NGOs in existence globally was estimated to be over twenty five thousand. This was according to the 1995 UN report on global governance as stipulated by Carrie and Meyer (1999). Carrie and Meyer (1999) also established that the number of national NGOs were much high. An example was the USA, for which Carrie and Meyer (1999) reported over two million NGOs and Russia with over a quarter of a million NGOs. For Africa, Barr, Fafchamps and Owens (2005) estimated the number of NGOs across East Africa to be over one hundred thousand. Molosiwa, Masiya and Maringira (2019) estimated the number of NGOs in Botswana to be over a hundred. Molosiwa, Masiya and Maringira (2019) also reported that the International Red Cross and Red Crescent Movement was the world’s largest group of humanitarian NGO’s, with its origin dating as far back as 1863 and with a physical presence in almost every country in the world, including Botswana.

The Importance of NGOs

Truly the importance of NGOs could not be overemphasised. The zeal to demonstrate the importance of NGOs emanated from as far back as the 1990s. The most renowned literature was that of Korten (1990) who explained that NGOs were evolutionary in their importance. Korten (1990) taught about the three significant levels of NGO importance. The first level, he explained, was that NGOs were paramount to the delivery of welfare and relieve directly to beneficiaries in times of crises such as natural disasters. This relieves included food, medicine and shelter. From his observation, Korten (1990) concluded that NGOs were quicker to notice and respond to the immediate needs of people than their governments were. The second level of importance, Korten (1990) explained, was the fact that NGOs were usually central to small scale, local developments within communities to promote self-reliance for poor communities so that the communities were able to meet their own needs. At the third and highest level of importance, Korten (1990) explained that NGOs called for sustainable system development. At this level NGOs lobbied for changes in policies and procedures at local, national and international levels for a complete paradigm transformation, for the betterment of the people.

In appreciation to the foundation laid by Korten (1990) on the importance of NGOs, Sarah and John (2002) explained that the period of globalisation that was eminent during the 20th century was quite instrumental to unveiling the mammoth significance of NGOs. This period was prominent as it was the period when many nations began to realise a lot of distinguished problems they could not be solved by themselves as nations. Most of these problems, according to Sarah and John (2002), were humanitarian issues of which NGOs were prevalent to step in and solve hence NGOs gained popularity and importance. Teegen, Doh and Vachani (2004) further added that in effort to curtail crises, nations resorted to the signing of international treaties and the formation of supranational organisations such as the World Trade

Organisation (WTO). Supranational organisations, Teegen, Doh and Vachani (2004) explained, were not as effective as NGOs in solving eminent problems because the supranational organisation were seen to be too focused on achieving the interests of capital enterprises than they were on alleviating the plight of human beings, unlike NGOs (Teegen, Doh and Vachani, 2004).

Moreover, Mutua (2009) explained that NGOs existed for diverse resolves, many of which were humanitarian and philanthropic. Other resolves for which NGOs existed were political or social resolves. Some of the examples cited by Mutua (2009) as the reasons for NGO existence included the betterment of the welfare of the disadvantaged and underprivileged, protection and preservation of the environment and the protection and enforcement of human rights. Bieri (2010) clarified that there were different types of NGOs and each type of NGO was important according to its functionality. In synchrony to the stipulations of Bieri (2010), Barnes and Laerhoven (2014) explained that NGOs attained exceptionally important mandates in a variety of manners.

According to Barnes and Laerhoven (2014), some NGOs solved humanitarian crises by virtue of acting as lobbyists and activists to raise awareness and acceptance. The NGOs inform and sensitize the public about a humanitarian course so that the public may connect and relate to the same sentiments the NGOs ascribe to. An example of such NGO, as further revealed by Barnes and Laerhoven (2014), was the International Freedom of Expression (IFEX). This international NGO was renowned for tremendous work in lobbing for the defence and promotion of freedom of expression worldwide. In fact, Barnes and Laerhoven (2014) further elucidated that the lobbing of IFEX since its formation in 1992, had been so effective that it had become an international network of over 100 NGOs, all promoting the IFEX mandate.

Some other NGOs, on the other hand, primarily promote their course by conducting various events and activities. An example was a popular NGO by the name Oxfam, as mentioned by O'Dwyer and Boomsma (2015). The chief concern of Oxfam was the alleviation of poverty and it achieves this mandate by conducting various programs and events by which it equipped the needy with the necessary skills and machinery for them to fend for themselves and improve their livelihoods (O'Dwyer and Boomsma, 2015). Moreover, Tanima and Brown, (2016) further explained that many other NGOs worldwide simply operated by acting as official consultants to the various agencies of the United Nations in the areas that were relevant to the work the agency did. As at 2016, the total number of NGOs worldwide that had a consultative status with the UN was reported by Tanima and Brown (2016) to be over two thousand five hundred. An example of such an NGO that played a consultative role to the UN was the Third World Network. The Third World network existed to provide consultation services to the UN’s Economic and Social Council (ECOSCO) and the United Nations Conference on Trade and Development (UNCTAD) (Denedo, Thomson and Yonekura, 2017).

Management of NGOs

In terms of NGO management, Hall and O'Dwyer (2017) realised two management styles mostly common amongst NGOs. The first was identified as participatory management style. Participatory style of management was more representative of NGOs. This was because the notion of learning within the organisations was intrinsically tied within the management style. With participatory management Hall and O'Dwyer (2017) explained that everyone within the organisation was regarded as replete with remarkable skills and knowledge that the organisation could benefit from as a whole. Hence, everyone was availed an opportunity to contribute to decision making (Hall and O'Dwyer, 2017).

Related to participatory management style was diversity management which was also common with NGOs according to Hall and O'Dwyer (2017). This was because most NGOs incorporated volunteer workers from all over the world. Diversity management, therefore, took into cognisance the diversity and cultural differences amongst workers. This management style, Hall and O'Dwyer (2017) further explained, ensured that workers that emanated from affluent countries were able to adjust and cope with the prevailing differences between what the workers were used to and the manner in which things were done in the less affluent countries where the workers were working (Hall and O'Dwyer, 2017).

In acknowledgement to the research of Hall and O'Dwyer (2017) on the most prevalent management styles of NGOs, Denedo, Thomson, and Yonekura (2017) added that the reason why the management of NGOs were able to seamlessly employ participatory and diversity management trends was because most NGO employees worked voluntarily. The workers usually resonated with the visions of the NGOs that they worked for. These employees were, therefore, driven by passion to attain the same visions hence were highly committed to exert their expertise for the benefit of others and the NGO at large (Denedo, Thomson, and Yonekura, 2017). Truly, NGOs played an important contributory role to job creation and employment of many in several societies.

Tallberg et al. (2018) reported that Concern Worldwide, a renowned poverty eradication NGO, had over fifty thousand individuals under its occupation (in the year of 2017) across Africa and Asia. Furthermore, Laurett and Ferreira (2018) pointed out that not all NGO workers were volunteers. Laurett and Ferreira (2018), however, explained that the paid workers were usually much lower paid than their counterparts in the private sector hence also worked for altruistic motives. Laurett and Ferreira (2018) added that apart from altruism many employees chose to work for NGOs for the unrivalled international experience that emanated from the need to travel to exotic places to work for humanitarian purpose. As such, these individuals hoped to obtain better skills and the connections that could propel them to greater careers.

Boateng, Akamavi and Ndoro (2015) had put up an argument, however, as to the reasonableness of recruiting expatriates from developed countries to work for an NGO in a developing country. Boateng, Akamavi and Ndoro (2015) were humanitarian scholars who argued that more often than not, donors from developed countries (that donated to NGOs in developing countries) preferred that the NGOs they supported were managed by individuals from the developed, more industrialized countries they were already used to. Hence, these expatriates were only recruited to gratify the requisites of the donor. In as much as Boateng, Akamavi and Ndoro (2015) acknowledged that the expatriates truly come equipped with tremendous expertise, the extra costs that emanated from the lack of grassroots connections in the foreign country were not evenly offset by the benefits the expatriates provided. Besides, Boateng, Akamavi and Ndoro (2015) further argued that amongst the NGO workers, the workers that were local (not expatriates) were usually undermined and their expertise were unfairly undervalued.

NGO Funding

Fishel (2016), an NGO enthusiast, explained that the annual budgets of large NGOs could go into millions of dollars. American Association of Retired Persons (AARP) for example, in 2014, had an annual budget of over five hundred million US dollars. Fishel (2016) went on to elucidate that in the year 2010 Human Rights Watch, the renowned NGO that advocated for human rights received and spent over twenty five million US dollars. The budget of NGOs in Botswana was significantly less, as explained by Molosiwa, Masiya and Maringira (2019), but, like other NGOs elsewhere, NGOs in Botswana required significant fundraising efforts. Molosiwa, Masiya and Maringira (2019) mentioned that the major sources of NGO funding in Botswana included national governments, international organisations and private donors.

Al-Hila et al. (2017) explained that even though the term 'Non-Governmental organisation' inferedd being independent of government, some NGOs were heavily rely on governmental funding. A typical example was the famine-relief NGO Oxfam of which in the year 2015 received over one hundred and fifty million US dollars of its income from the European Union (EU) and the British government. Médecins Sans Frontières (MSF) which is also known as Doctors Without Borders and The Christian Relief and Development Organisation (CRDF) were also examples of NGO that were heavily dependent o government. Al-Hila et al. (2017) explained that in 2014 Doctors Without Borders received fifty million US dollars' worth of goods from the US government and forty five percent of its income from governmental sources.

How NGOs Differ from Profit Organisations

The renowned writer, Campbell, as far back as 1987 set out the underlining differences between Non- For-Profit Organisations (non-profit organisations) such as NGOs and For-profit Organisations (profit organisations). He explained that the varying user informational needs that arose from such fundamental differences meant that the two organisations could not fundamentally use the same financial reporting framework. Campbell (1987) pointed out that what formed the major difference between the two organisations was their purpose for existence. Profit organisations were fundamentally organized to make profits and increase the overall wealth of their owners whereas NGOs were not inclined towards profits but were driven by the ideological and social impulses to improve the welfare of the community (Campbell, 1987).

Weisbrod (2000) made a distinction between profit organisations and NGOs in terms of accountability. He explained that accountability for profit organisations revolved around financial statements since profitability was the ultimate goal. Accountability for non-profit organisations such as NGOs, on the other hand, superseded financial figures. Narratives were, therefore, of paramount importance. This was supported by Sarah (2002) who elucidated that accountability for NGOs was to pertain to social output, outreach and impact. Accountability for NGOs was also to pertain to efficiency, effectiveness and economic matters of sustainability. Sarah (2002), therefore, concluded that the reporting format for NGOs was to inevitably reflect efficiency, effectiveness and economy as the chief actors of accountability.

Farache et al. (2008) made a distinction between profit organisations and NGOs in terms of financing. Farache et al. (2008) explained that profit organisations sold goods or services whereas what NGOs sold were goals and missions. The informational needs of the two organisations, therefore, differed. The equity investors of profit organisations were fixated on return on investments whereas moral and social satisfaction were what interested the donors of NGOs (Farache et al., 2008). This was supported by Boateng, Akamavi and Ndoro (2015) who further elucidated that because of the communal ownership associated with NGOs, the level of strictness over accounts of the NGOs was usually mild as compared to that of profit organisations hence NGOs were more prone to fraud than their profit organisations counterparts. Boateng, Akamavi and Ndoro (2015) concluded that it was, therefore, imperative that the financial reporting framework of NGOs reflected this factor so as to offer adequate information and comfort to the stakeholders of the NGOs.

Fishel (2016) juxtaposed NGOs and profit organisations in terms of resource usage. He explained that contractually, profit organisations were mandated to incur expenses and enter into liabilities as necessary to maximize potential returns. NGOs, on the other hand, were to exercise prudence in the balancing of liabilities with the accomplishment of goals. As such, profit organisations held assets for the purpose of generating future economic benefits from the assets whereas NGOs only held assets to the extent that the assets facilitated the attainment of social communal goals (Fishel, 2016). In harmony with Fishel (2016), Laurett and Ferreira (2018) were of the opinion that since there was a fundamental difference between profit organisations and NGOs, as far as the reason for holding assets was concerned, the very definition of an asset was not to be the same for the two organisations nor was the accounting treatment of assets for the two organisations to be the same.

In conclusion, Laurett and Ferreira (2018) suggested that the value of assets for NGOs was not to be reflected in the financial statement like that of profit organisations. This was because no economic benefit was expected from the assets of NGO hence the assets of NGOs were to be disclosed separately on asset register, according to Laurett and Ferreira (2018).

FINANCIAL REPORTING

Introduction

The process of identifying, measuring and communicating economic information to those external to an entity, for the purpose of assisting them to make informed decisions based on the economic information provided was referred to as financial reporting (Goddard and Assad, 2004). The process of financial reporting entails the recording of the entity's undertakings of transactions, the grouping together of similar transactions and the periodical presentation of such transactions. The availability of this information was usually done annually but may also be half annually or quarterly as in accordance to the formats approved by the applicable regulator (Wong, 2007). On the contrast, management reporting was internal in nature and prepared for the benefit of the management of the entity. There were no regulations that guided management reports in terms of format and content as these were totally on the discretion of the management as opposed to financial reporting (Weidenbaum, 2009).

Saj (2013) reported that the objective of financial reporting was to provide the financial information, about the entity, that could be useful to both existing and potential investors. Lenders and other stakeholders also benefited from financial reporting for the purpose of making economic decisions pertaining to the reporting entity (Saj, 2013). Information about the economic resources of the entity was imperative to the stakeholders. Kroeger and Weber (2014) explained that stakeholders also needed to know about the current financial claims against the entity, of which the entity was obligated to settle. These two sets of information assisted the users of the financial report to be able to assess the entity's level of liquidity as well as solvency. Hence the stakeholders may determine the entity's level of risk and likelihood to require additional financing (Kroeger and Weber, 2014).

Kroeger and Weber (2014) explained that financial reporting provided an imperative base by which management accountability could be assessed effectively. The management of an organisation inevitably had the role of stewardship by which the management was accountable for the safe-keeping of the resources of the entity. The management was, therefore, to ensure proficient, efficient and profitable use of the entity's resources. Kroeger and Weber (2014) further explained that the capital providers of the entity bore the risk of losing the resources they had invested in the entity hence were interested in information that could facilitate their assessment of the management's level of effectiveness in the fulfilment of management roles as stewards.

Salehi and Shirazi (2016) explained that even though financial reporting alone could not suffice in the provision of the complete set of information required to adequately assess the stewardship of management, financial reports could facilitate such assessment remarkably. It was the case, nonetheless, that for some small entities, ownership and management was the same. In such a case, financial reporting still enabled the owners to assess their own level of stewardship for their own resources (Salehi and Shirazi, 2016). Gaynor et al. (2016) clarified that even-though the assessment that financial reporting facilitated was simply on the basis of economic decision, the bottom line remained, however, that financial reporting enabled management to meet their mandate of being accountable to shareholders and other stakeholders.

Furthermore, Gaynor et al. (2016) explained that information that pertained to changes in economic resources and obligations of the entity were of paramount importance. These changes resulted from the financial performance of the entity and enabled stakeholders to gain understanding about the effective and efficient use of resources. The information that pertained to changes in economic resources and obligations of an entity showed how much economic return the entity produced within the financial period (Gaynor et al., 2016).

Krishnan, Myllymäki and Nagar (2021) explained that information that pertained to resource usage was to facilitate the prediction of future performance by the stakeholders. Information about the performance of the reporting entity in terms of cash flow management for the period was also necessary as it assisted users to better understand the operations of the entity, and assess the ability of the entity to produce future cash inflows (Krishnan, Myllymäki and Nagar, 2021). Hence, Krishnan, Myllymäki and Nagar (2021) concluded that the principal means by which financial information was provided to external users was via annual financial report. It was on this premise that Badertscher et al. (2018) explained that financial reports were basically a financial summary of the financial position of the entity at the end of period as well as the financial performance of an entity over the particular period. A typical set of financial report, therefore, basically consisted of the statement of financial position, statement of profit or loss, cash flow statement and statement of changes in equity (Badertscher et al., 2018).

Badertscher et al. (2018) further explained that financial reports also included notes that provided, in narrative form, support to the financial information reported on the main financial statements. The notes comprised of accounting policies, detailed financial information and other narrative information. According to Badertscher et al. (2018), accounting policies were principles, rules and conventions that were employed to appropriately depict transactions and other events in the financial statements. 'Other information' consisted of information that was deemed necessary for the economic decision making of stakeholders (Badertscher et al., 2018). William (2019) explained that 'other information' may include narratives of some of the inherent limitations to the financial reporting (as explained in the next topic below) for the financial statement user to understand and appreciate. William (2019) further explained that operating and financial reviews as well as chairman's statement may also be included within the financial report as part of 'other information'.

According to William (2019), the 'other information' part of the annual report was also to point financial report users to other sources of information that could assist financial report users to make better economic decisions. Some of these 'other information' included budgets and forecasts, bank loan agreement documents for terms of loan agreement, management accounts or reports, brokers' reports on major companies and publicly available information such as press releases and other media coverages (Bermpei et al., 2019).

Limitations of Financial Reporting

Freedman (2000) highlighted that one of the most prominent limitations of financial reporting was the conventionalised representation of financial statements. Freedman (2000) explained guidelines that surrounded financial reporting, with regards to presentation and overall format, were highly standardised. This standardisation, Freedman (2000) explained, tended to limit the usefulness of the financial reports because of the diversity of the nature of businesses. Moreover, Connoly and Hyndman (2004) argued that financial reports were highly summarised as many transactions and balances were amalgamated together. This, Connoly and Hyndman (2004) argued, made it highly difficult for financial statement users to evaluate the business components individually. Besides, Dunn (2004) added that financial reports were very judgmental in nature. Hence, financial reports were prone to fraud and manipulation. An example of the judgemental factor about financial reports that what made financial reports prone to error, as cited by Dunn (2004), was the depreciation of assets. For the depreciation of assets, management was to estimate the useful life of an asset as well as the residual value of the asset. Through estimation, the depreciation expense was easily manipulated and by the manipulation of depreciation (as an expense) profits were equally manipulated for unscrupulous purposes (Dunn, 2004).

Moreover, Cordery and Baskerville (2007) added that the judgement and estimations of management could affect the period in which expenses or income were recognised in the financial statements, as allowed by the accrual concept of financial reporting, hence facilitated fraud. Epstein and Jermakowicz (2010) explained that financial reporting was backward-looking in nature and this presented a major limitation. According to Epstein and Jermakowicz (2010), financial reports were prepared using historic information whereas expectations about the future were what were really important and needful to most users of financial information for their decision making. Even though financial statements to some extent contributed towards futuristic assessments (by facilitating the identification of trends and confirmation of the accuracy of previous expectations), financial statements could not realistically provide the comprehensive set of information essential for all the futuristic economic decision making (Fischer and Marsh, 2012).

Moreover, McDermott (2012) explained that financial reporting inherently omitted non-financial information because financial reports mainly contained financial statements. McDermott (2012) however argued that non-financial narratives were easier to understand and, hence, were more beneficial to the users of financial reports then numeric information. Some of the non-financial narratives that were usually omitted from financial reports but were beneficial to the users of financial reports included information about the entity's governance, controls and the management policies (McDermott, 2012). Kelly (2013) added that narrative descriptions of an entity's business risks and opportunities, as well as descriptions about the major operations of the entity (both in the present and in the future), were of benefit to the users of financial reports. Kelly (2013) further narrated that detailed analyses of the business and financial performance, and prospects of the entity, were also imperative for users of financial reports to use for their decision making but were not included within financial reports.

Financial Reporting Guidelines

Fitzpatrick and Frank (2009), renowned historians of financial reporting taught that the world congress of 1972 gave birth to the embrace of the International Accounting Standards (IAS) as pioneered by the International Accounting Standards Board (IASB). The Institute of Chartered Accountants of England and Wales (ICAEW) formed IASB in partnership with the Federal Accounting Standards Board (FASB). IAS was then created by the IASB to cater for the financial reporting needs of profit making companies. Hammer et al. (2010) explained that in the year 2009 IFRS for Small to Medium sized Enterprises (SMEs) was created by IASB to cater for the financial reporting needs of SMEs after the introduction of International Financial Reporting Standards (IFRS) in 2001 to replace IAS. Hammer et al. (2010) argued, however, that as far as the financial reporting needs of non-profit organisations were concerned, IFRS did not suffice.

Bongani (2013) elucidated that both NGOs and governmental organisation (public sector) all formed part of Non Profit Organisations (NPO). Bongani (2013) also clarified that humanitarian societies, orphanages and charities were all part of NGOs as they often functioned for the overall welfare of the community and not controlled by the government. Individual philanthropists, passionate about the particular purpose of the NGO were, therefore, usually the chief funders of NGOs and not the government, as stipulated by Chenhall (2010). Chenhall (2010), however, added that though the attainment of profits was not the main mandate of NGOs, NGOs were immeasurably accountable to stakeholders.

This was because NGOs incurred numerous capital and revenue expenditures in their endeavour to achieve their objectives. Examples of such capital and revenue expenditures, as cited by Chenhall (2010), were rentals, salaries and purchase of vehicles. The resources to fund the expenditures, moreover, emanated from the donors funding. This, thus, necessitated high level of accountability. Chenhall (2010) concluded that accountability was only to be achieved through impeccable financial reporting.

Financial Reporting of NGOs

In the quest to cater for financial reporting for the public sector, a financial reporting standard setting organisation called International Public Sector Accounting Standard Board (IPSASB) was formed in the year 2000. IPSAB developed International Public Sector Accounting Standards (IPSAS) to cater for the specific financial reporting needs of the public sector (Fitzpatrick and Frank, 2009). Obassi and Moribame (2005), however, discovered that IPSAS did not suffice in addressing the financial reporting needs of NGOs, particularly in Botswana. Obassi and Moribame (2005) further elucidated that lack of financial reporting guidelines for NGOs resulted to NGOs in Botswana resorting to the adaptation of whichever financial reporting framework they deemed applicable. Examples of such standards that were adapted by NGO in Botswana, as stipulated by were Obassi and Moribame (2005), were the IFRS and IPSAS. Some NGOs in Botswana resorted to the use of the local Generally

Accepted Accounting Practices (GAAP) of Botswana, as suggested by Shava (2019). Shava (2019) explained that some NGOs in Botswana resorted to Botswana GAAP because Botswana GAAP was exceptionally simple and was deemed acceptable for financial reporting by the Botswana Institute of Chartered Accountants (BICA). BICA was the organisation that regulated financial reporting in Botswana, and BICA also endorsed the IFRSs, IFRS for SMEs and the IPSAs for the public sector (Shava, 2019).

The conclusion that could be derived from the analogy of Obassi and Moribame (2005) and Shava (2019) above was that financial reporting in Botswana was guided by Botswana GAAP, IFRS, IFRS for SMEs and IPSAS and that all these financial reporting frameworks were indiscriminately used by NGOs in Botswana. All the mentioned frameworks of financial reporting, however, undeniable posed to NGO the challenge of adaptability to the specific needs of NGOs as none was tailor made for NGOs. Gaynor et al. (2016) explained that the main challenge with IFRS, for instance, was its uniqueness to the private sector. In quintessence was IFRS 15, Revenue from Contracts with Customers.

This standard addressed the accounting for revenue from customers in exchange for goods or services rendered to the customers. Gaynor et al. (2016) explained that IFRS 15 did not address non-exchange transactions (the receipt of revenue from donors with delivery of goods or rendering of service in return), which was typical of NGOs. The unavoidable drawback of the IPSAS, on the other hand, was that the IPSAS lacked its own unique conceptual framework (Christiaens and Van den Berghe, 2006). Christiaens and Van den Berghe (2006) explained that IPSAS derived its financial reporting basis from concepts and definitions prescribed by IASB, the same that framed IFRS. It was for this reason that Christiaens and Van den Berghe (2006) argued that a number of countries globally refrained from adopting the IPSAS since 2000, the year of its inception. The Institute of Charted Accountants in Australia (ICAA) also shared the same sentiments in 2003 when it concluded that the framework of the IPSAS was not peculiar enough to address the unique needs of NPO in Australia hence was not adopted for use by NPO in Australia (Christiaens and Van den Berghe, 2006).

This quagmire in financial reporting experienced by NGOs as stipulated above, therefore, inevitably heightened the necessity for a set of NGO specific financial reporting standards. Ismail et al. (2014) elucidated that some countries had developed particular standards in their respective countries to satisfy the unique financial reporting requirements of their NPO sectors. The USA for example developed what they called the Statement of Financial Accounting Standards (SFAS). United Kingdom's Statements of Recommended Practice (SORPs) and Canada's Guide to Accounting Standards for non-profit organisations were also examples, as cited by Ismail et al. (2014).

Mooketsane, Bodilenyane, and Motshegwa (2018) acknowledged that these specialised frameworks of NPO posed the challenge of merely being specific to their individual countries of origin. Hence, the standards were unlikely to suffice in addressing the peculiar needs of non-profit organisations in Botswana, particularly NGOs. Though some NGOs in Botswana had resorted to the use of the Botswana GAAP for their financial reporting, Obassi and Moribame (2005) argued that the nebulousness in the application of Botswana GAAP ostensibly causes low quality financial reporting which resulted to fraud.

FINANCIAL REPORTING FRAMEWORKS AND QUALITY FINANCIAL REPORTING

Financial reporting is the cornerstone of trust in the modern financial world. The quality of financial reporting directly influences the decisions of investors, regulators, and other stakeholders. Over the years, researchers have attempted to understand the relationship between financial reporting frameworks and the quality of financial reporting.

In an increasingly interconnected global economy, financial reporting stands as a beacon of trust and credibility. It provides essential insights into an organization's financial health, performance, and future prospects. The importance of reliable financial reporting cannot be overstated, given its profound influence on a myriad of stakeholders.

High-quality financial reporting offers a multitude of benefits. It aids investors in making informed decisions about allocating resources, allows creditors to assess the creditworthiness of businesses, and helps regulators ensure the stability and transparency of financial markets. A trustworthy financial statement can enhance the confidence of these stakeholders, leading to a reduced cost of capital for companies and fostering economic growth (Leuz and Wysocki, 2016).

A significant part of what defines the quality of financial reporting is the framework or standard adopted. These frameworks, which include guidelines, rules, and principles, ensure consistency, comparability, and transparency in financial statements across companies. The International Financial Reporting Standards (IFRS) and the United States Generally Accepted Accounting Principles (U.S. GAAP) are two dominant frameworks that have been widely discussed in literature for their role in shaping the quality of financial reporting (Nobes, 2013).

Researchers have delved deep into understanding how these frameworks impact the quality of financial disclosures. For instance, Barth et al. (2008) empirically examined countries that adopted IFRS and found a significant improvement in the quality of their accounting information. Such studies often highlight the benefits of universal standards in creating a level playing field for companies operating in different jurisdictions.

However, it's not just about the choice of framework. Aspects like how companies implement these standards, the rigor with which auditors examine financial statements, and the overarching corporate governance environment play crucial roles in determining the actual quality of financial reports (Larcker and Rusticus, 2010).

To encapsulate, while financial reporting is undeniably a linchpin in building trust in the financial world, its quality is shaped by a combination of factors. The choice and application of reporting frameworks, coupled with the surrounding institutional and governance factors, jointly contribute to the integrity and reliability of financial disclosures. As financial landscapes evolve, understanding this intricate relationship remains paramount for stakeholders.

FINANCIAL REPORTING FRAMEWORKS: AN OVERVIEW

A reporting framework determined how financial information was identified, captured, and communicated (Deloitte, 2019). The most prevalent global framework was the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB). In the U.S., the Generally Accepted Accounting Principles (GAAP) overseen by the Financial Accounting Standards Board (FASB) remained dominant (Nobes, 2013).

Financial reporting frameworks were foundational to the world of accounting and finance. They established the rules, guidelines, and principles that guide the preparation and presentation of financial statements. A deep dive into the structure, purpose, and distinctions among major frameworks helped elucidate their significance in global finance. At its core, a reporting framework aimed to ensure that financial statements provide accurate, reliable, and consistent information to the users. This standardized presentation allowed stakeholders - including investors, creditors, and regulators - to make informed decisions based on the financial health and performance of an entity (Deloitte, 2019).

The IFRS, promulgated by the International Accounting Standards Board (IASB), had gaineded prominence and acceptance in numerous countries around the world. The IASB's mission was to develop global standards that was transparent, comprehensible, and enforceable. The goal behind IFRS was to cater to the needs of an interconnected global economy, ensuring that financial information was consistent and comparable across borders. IFRS adoption had been associated with enhanced comparability of financial statements, higher quality of reporting, and increased foreign capital investment in countries that adopted it (Daske et al., 2008).

In contrast to the global outreach of IFRS, the GAAP framework was predominantly U.S.-based. Overseen by the Financial Accounting Standards Board (FASB), GAAP encompasses a set of rules and standards that specifically cater to the U.S. financial reporting environment (Nobes, 2013). While both IFRS and GAAP aimed to reflect a true and fair view of an entity's financial situation, differences between them can arise due to varied approaches to valuation, recognition, and presentation. For instance, under GAAP, Last-In-First-Out (LIFO) inventory costing was permissible, whereas IFRS prohibited its use (Barth, 2008). The coexistence of multiple reporting frameworks posed challenges for multinational companies operating in different jurisdictions. Such companies often had to prepare multiple sets of financial statements or reconcile their reports to adhere to different standards. The differences between IFRS and GAAP can also impacted financial ratios, valuation, and cross-border investment decisions (Zeff, 2007). While convergence projects had been initiated between IASB and FASB to bridge the gaps between IFRS and GAAP, full alignment was yet to be achieved. Nevertheless, efforts in this direction underscored the importance of a unified global financial reporting language.

Truly, financial reporting frameworks laid the groundwork for transparent, reliable, and consistent communication of financial information. As businesses become increasingly global, understanding the nuances and implications of dominant frameworks like IFRS and GAAP was paramount for stakeholders to make informed decisions.

DEFINITION AND IMPORTANCE OF QUALITY FINANCIAL REPORTING

The concept of quality in financial reporting typically refers to the extent to which financial statements provide useful information to investors and creditors for decision-making purposes (Cellucci, 2010). Schipper (2003) posited that quality financial reporting should possess characteristics like relevance, reliability, comparability, and understandability.

Financial reporting plays a critical role in the efficient functioning of global capital markets. It serves as a key communication tool for companies to present their financial performance and conditions to stakeholders. The quality of this reporting, therefore, significantly influences the investment decisions of both individual and institutional investors. The International Accounting Standards Board (IASB) emphasizes the usefulness of financial statements as a primary metric to evaluate their quality. According to the Cellucci (2010), quality financial reporting is characterized by the extent to which these reports furnish relevant and timely information, enabling investors and creditors to make informed decisions. This definition not only underscores the need for accuracy but also the timeliness of the information.

Schipper's (2003) study provides a comprehensive insight into the characteristics that make financial reporting high quality. Based on her research, four main attributes were crucial for quality financial reporting. The first was Relevance which spoke to the fact that financial information was to be pertinent to the users' decision-making process. It was to have the capability to influence economic decisions by helping users evaluate past, present, or future events or by confirming or correcting their past evaluations (Schipper, 2003). Another quality characteristic was Reliability. Reliability was about the information presented in financial statements being free from material error and bias. The information was to faithfully represent the transactions it claims to represent, ensuring that stakeholders could depend on it in their evaluations (Schipper, 2003).

With regards to Comparability as a quality characteristic, quality financial reporting allowed users to identify and analyze the differences and similarities between financial items across different periods and among different entities. This aided in evaluating a company's performance against its competitors or its own historical data (Schipper, 2003).

Understandability was about the presentation of financial infomation. Financial information was to be presented in a clear and straightforward manner. Even if the information was relevant, reliable, and comparable, its utility diminished if users with a reasonable knowledge of business and economic activities found it difficult to comprehend (Schipper, 2003).

The importance of quality financial reporting cannot be overstated. High-quality financial reports enhanced the transparency and credibility of companies in the eyes of stakeholders, reducing the information asymmetry between the firm and its potential investors. This transparency, in turn, lead to a reduction in a company's cost of capital and increased investment, as investors were more inclined to invest when they had confidence in the information provided (Healy and Palepu, 2001).

Furthermore, quality financial reporting aided in the efficiency of capital allocation in the market. When investors have access to accurate and high-quality information, they can make better-informed decisions, channeling their resources to the most promising ventures, thereby fostering economic growth (Levitt, 1998). Indeed, quality financial reporting is paramount in today's complex and dynamic business environment. It acts as a linchpin in building trust between companies and their stakeholders and plays a pivotal role in the efficient allocation of capital in the economy.

THE IMPACT OF IFRS ON FINANCIAL REPORTING QUALITY

Multiple studies had evaluated the quality of financial reporting post-IFRS adoption. Ball et al. (2006) argued that IFRS adoption generally improved the quality of financial reporting due to its principles-based nature, which reduced the possibility of earnings manipulation. Barth et al. (2008) empirically confirmed that countries adopting IFRS showcased an enhancement in accounting quality. However, some scholars offered a dissenting view. Christensen et al. (2015) found that mandatory IFRS adoption did not always result in higher quality financial reporting, especially in countries with weaker legal enforcement mechanisms.

The International Financial Reporting Standards (IFRS) had emerged as a predominant global accounting standard, with a multitude of nations adopting it in their financial reporting practices. The rationale behind the widespread adoption of IFRS revolved around the anticipation of improved financial reporting quality. However, the literature revealed a multifaceted picture regarding its actual impact. Ball et al. (2006) were among the early advocates that emphasized the benefits of IFRS adoption. Their perspective posited that the principles-based nature of IFRS offered accountants and auditors greater latitude in exercising professional judgment. This discretion, when employed correctly, had the potential to reflect the economic substance of transactions more faithfully. Thus, it reduced the scope for earnings management, enhancing the reliability and accuracy of financial statements.

Supporting this viewpoint, Barth et al. (2008) conducted an empirical investigation, which provided concrete evidence in favor of IFRS adoption leading to enhanced accounting quality. Their study spanned various countries that transitioned to IFRS and found that post-adoption financial reports exhibited more prudence, lesser earning management, and were more timely in recognizing economic losses.

While a significant portion of the literature extoled the benefits of IFRS adoption, it was not without its critics. Christensen et al. (2015) explored the implications of mandatory IFRS adoption and unearthed findings that challenged the overwhelmingly positive narrative. Their research highlighted that the advantages of IFRS adoption were not universally realized. Particularly, in countries with weaker institutional frameworks and sub-par legal enforcement, the quality of financial reporting post-IFRS adoption remained dubious. This suggested that the effectiveness of IFRS was contingent on the broader institutional environment. The crux of the argument of Christensen et al. (2015) was that while IFRS provides the guidelines and structure for enhanced reporting, it could not compensate for deficiencies in legal enforcement. Without rigorous oversight and enforcement, firms could ostensibly comply with IFRS while still engaging in opportunistic behaviors.

The adoption of IFRS had been a seminal event in the realm of global financial reporting. While there were consensus on its potential to uplift the quality of financial reporting, its actual impact appeared to be conditional on various factors, especially the robustness of a country's legal and institutional framework. The journey towards global accounting harmonization, therefore, might necessitate concurrent improvements in institutional structures to realize the full benefits of IFRS.

COMPARING IFRS AND U.S. GAAP ON REPORTING QUALITY

A stream of literature contrasted the two dominant frameworks. While some studies, such as Daske et al. (2008), suggested that IFRS provides superior transparency and comparability than U.S. GAAP, others like Tarca (2004) found no significant difference in the quality of reporting between the two frameworks. The ongoing debate between the International Financial Reporting Standards (IFRS) and the United States Generally Accepted Accounting Principles (U.S. GAAP) was a testament to their stature as the leading financial reporting frameworks. Scholars have been deeply engrossed in deciphering the nuances and implications of these standards, attempting to discern which offers superior reporting quality.

Daske et al. (2008) provided a compelling narrative supporting the argument that IFRS had an edge over U.S. GAAP in certain dimensions. Their research methodology involved analyzing financial data from various companies across different jurisdictions. One of the core findings was that companies adopting IFRS demonstrated an increased transparency and comparability in their financial statements. The key rationale is that IFRS, being a principles-based framework, allows entities to present a more genuine picture of their financial health. Its flexibility promotes disclosure that is more in line with the economic substance of transactions rather than mere legal form, leading to higher transparency. Moreover, given that IFRS is adopted by numerous countries across the globe, it inherently enhances comparability among entities operating in different countries. Such uniformity is paramount for investors and other stakeholders who are involved in cross-border decision-making.

On the other end of the spectrum, Tarca (2004) presented a more neutral viewpoint, suggesting that neither framework had a clear edge over the other in terms of reporting quality. Through rigorous empirical analysis, Tarca (2004) discerned that the financial statements produced under both standards were, by and large, of comparable quality. This suggested that both frameworks, despite their differences in approaches and guidelines, converged on a similar endpoint: ensuring that financial statements provided a true and fair view of an entity's financial position.This neutral stance was crucial as it highlighted the idea that the quality of financial reporting was not just a function of the adopted framework but also depended on how rigorously these standards were applied and audited.

While the debate between IFRS and U.S. GAAP remained unsettled, it was evident that both standards were robust and aimed to achieve high-quality financial reporting. The choice between the two frameworks may have, therefore, hinged less on inherent superiority and more on external factors such as regional preferences, industry norms, and regulatory environments. As the global business landscape continued to evolve, it was imperative for scholars and practitioners alike to revisit and reassess these frameworks to ensure that they remain relevant and effective.

ROLE OF INSTITUTIONAL FACTORS

The quality of financial reporting was not solely influenced by the choice of reporting framework. Factors like corporate governance (Larcker and Rusticus, 2010), legal systems (La Porta and Shleifer, 2014), and cultural nuances (Hofstede, 1984) were empirically linked to differences in reporting quality. Thus, while the choice of a framework played a pivotal role, other institutional factors could significantly impact reporting outcomes.

While much emphasis was placed on the adoption and rigorous application of accounting frameworks, financial reporting did not exist in a vacuum. The interplay between institutional factors, such as corporate governance, legal structures, and cultural elements, and financial reporting standards created a dynamic environment that influenced the quality of financial information.

Larcker and Rusticus (2010) provided an illuminating discussion on how corporate governance mechanisms played a significant role in the quality of financial reporting. Strong governance structures, includied independent boards and robust internal controls, curtailed opportunistic behaviors by management and enhanced the reliability and integrity of financial statements. In essence, good governance practices acted as a mitigating factor against financial misrepresentation, reducing information asymmetry between company insiders and external stakeholders.

La Porta and Shleifer (2014) delved into the influence of legal systems on financial reporting. Countries with strong legal protections for investors and rigorous enforcement mechanisms typically witnessed a higher quality of financial disclosures. The strength of the legal system acted as a deterrent against financial manipulations and encouraged adherence to high-quality reporting standards. For instance, countries with common law systems often had stronger investor protections and, as a result, exhibited better financial reporting quality compared to those with civil law systems.

Hofstede's seminal work in 1984 underscored the impact of national culture on various business processes, including financial reporting. Cultural dimensions, such as power distance, individualism, uncertainty avoidance, and masculinity, can influence accounting practices and financial disclosures. For instance, countries scoring high on uncertainty avoidance might exhibit a preference for strict accounting rules and detailed disclosures. Conversely, nations with high power distance may see more hierarchical decision-making in financial reporting, potentially leading to reduced transparency if top management seeks to control information dissemination.

It was evident from the literature that the quality of financial reporting was a multifaceted phenomenon influenced by a tapestry of factors. While the choice of accounting framework was undoubtedly essential, the broader institutional context—spanning governance structures, legal systems, and cultural dimensions—played an equally critical role in shaping reporting outcomes. Understanding this intricate web was vital for stakeholders to truly comprehend and interpret financial disclosures.

THE FUTURE OF FINANCIAL REPORTING FRAMEWORKS

Recent advancements suggested a convergence between IFRS and U.S. GAAP (Ramanna and Sletten, 2009). The combined use may usher in a new era of financial reporting quality, although the ramifications of such convergence remained an area of active research.

In the complex tapestry of global finance, the two dominant threads that consistently emerged were the International Financial Reporting Standards (IFRS) and the United States Generally Accepted Accounting Principles (U.S. GAAP). As the global business landscape continued to evolve, the prospect of these two frameworks converging garnered significant attention from both practitioners and scholars. The notion of IFRS and U.S. GAAP convergence was not novel. Over the past few decades, the International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB), the bodies responsible for IFRS and U.S. GAAP respectively, engaged in discussions aimed at harmonizing the two sets of standards. Ramanna and Sletten (2009) highlighted the strategic motives and implications of such convergence. Their work elucidated that a joint framework was to create a universal language for financial reporting, reducing complexity and enhancing comparability for global stakeholders. This was to potentially pave the way for reduced information asymmetry and transaction costs for global investors.

While the potential benefits of convergence was considerable, the road to a unified framework was fraught with challenges. Differences in underlying principles, valuation methodologies, and disclosure requirements between the two standards needed to be addressed. Moreover, the convergence was to lead to substantial transition costs for corporations, especially those that have previously only adhered to one of the two frameworks. Another critical dimension to consider was how such convergence was to align with institutional factors such as corporate governance structures, legal systems, and cultural nuances. As previously discussed in the context of institutional factors influencing financial reporting, any new or hybrid framework resulting from convergence was also to interact with these dimensions in diverse ways. The ramifications of IFRS and U.S. GAAP convergence had spurred myriad research topics. Questions arose on how companies were to transition, the costs associated with such a change, the implications for financial statement users, and how a combined framework was to interact with existing regional or country-specific regulations and practices. Moreover, there has been an ongoing debate regarding whether convergence was to truly result in enhanced reporting quality, or was to simply introduce a new set of complexities into the financial reporting landscape.

The future of financial reporting frameworks remained an area of intrigue and speculation. While the convergence of IFRS and U.S. GAAP held the promise of a more unified global reporting landscape, the intricate nuances and challenges associated with such a monumental shift require careful consideration and rigorous exploration.

CONCLUSION ON FINANCIAL REPORTING FRAMEWORKS AND QUALITY FINANCIAL REPORTING

The relationship between financial reporting frameworks and the quality of financial reporting was intricate and multifaceted. While the adoption of robust frameworks like IFRS and U.S. GAAP generally enhanced reporting quality, institutional and environmental factors also played a critical role.

The ongoing debate and research into the potential convergence of major frameworks promised to further shape the landscape of financial reporting in the future.

With regards to financial reporting frameworks and their multifaceted interactions, understanding the dynamics between financial reporting frameworks and the quality of financial reporting had been a subject of paramount importance for academics, professionals, and stakeholders alike. As this reseach delved deeper into the nuances of this relationship, several layers of complexity and interconnectedness emerged, painting a multifarious picture. Foremost, robust accounting frameworks such as IFRS and U.S. GAAP served as foundational pillars that defined the contours of financial reporting. Their principles, guidelines, and rules determined how economic events were represented in financial statements. Adherence to these frameworks was believed to lead to transparency, comparability, and reliability in reporting. As discussed in earlier sections, empirical evidence suggested that the adoption of such global standards tended to improve the overall quality of financial disclosures (Ball et al., 2006; Barth et al., 2008).

Beyond the framework, the influence of institutional factors on financial reporting could not be overemphasized. As elucidated in the discussion about institutional factors, the framework alone did not dictate the quality of financial reporting. Larcker and Rusticus (2010), La Porta and Shleifer (2014), and Hofstede (1984) collectively highlighted the pervasive influence of corporate governance structures, legal systems, and cultural norms. These factors either complemented the positive effects of robust accounting standards or, in certain instances, undermined them, particularly in environments with weak governance or lax enforcement.

Looking ahead, in terms of the convergence of potential convergence of IFRS and U.S. GAAP frameworks and the implicationsof the same, Ramanna and Sletten (2009) presented both opportunities and challenges for the future of financial reporting. On the one hand, a unified framework was to streamline global financial communication, bridge gaps and reduce complexities. On the other, the transition process and adaptation to a combined standard was to potentially introduce new challenges, especially in terms of reconciling different accounting philosophies and practices.

In wrapping up our exploration, it was evident that while financial reporting frameworks served as guiding stars, the resultant quality of financial disclosures was a product of a myriad of interacting forces. As the global business milieu continued its rapid evolution, staying abreast of these dynamics was essential for ensuring the relevance, reliability, and utility of financial information for decision-making.

CONCEPTUAL FRAMEWORK - ACCOUNTABILITY

The famous scholar by the names James Maitland Stewart was renowned to be one of the very early proponents of the theory of accountability. Stewart (1984) defined accountability as the act of holding organisations at large, and individuals (in particular), responsible for their actions. Leat (1990) alluded that accountability meant diverse things to diverse individuals because accountability depended on the purpose and context it was sought. Leat (1990), therefore, defined accountability as ‘the right to require an account’ and ‘the right to impose sanctions if the account or the actions accounted for are inadequate’. This was then supported by Fry (1995) who referred to accountability as the characteristic of giving account and taking responsibility for one’s action.

Indeed, Oliver and Drewry (1996) acknowledged that accountability was often used in contrast with the term responsibility. Oliver and Drewry (1996) explained, however, that the accountability and responsibility differed because of blame. With responsibility, an individual assumed the role to perform a task and took the blame if the task happened not to go well. This was opposed to accountability where an individual took charge to perform a task but was not to take the blame if the task did not go well but rather was to explain the reason the task did not go well and made amendments, accordingly, for the task to go well. Oliver and Drewry (1996) sited that unlike governments, for example, that were responsible for all for the alleviation of poverty and elimination of injustice (in their respective countries), NGO were accountable in their efforts to alleviate poverty and eliminate injustice. Oliver and Drewry (1996) therefore concluded that accountability was used both as a goal and as an instrument or mechanism to enhance efficiency, effectiveness, and economy

Edwards and Hulme (2014) ‘shed more light’ on accountability by equating accountability to the very foundation of the agency theory. Edwards and Hulme (2014) emphasised that agency theory could not exist without accountability. In agreement to this stipulation, Kendall and Knapp (2000) explained that an agent must be able to clearly explain his or her inputs and activities, and take full responsibility for his or her achievements and performance. Agents owed their stakeholders an elucidation of whatever outcome emanated from their activities (Keating and Frumkin, 2003).

This assertion was contradicted by Angela et al. (2015) whose emphasis was on stewardship rather than agency. Angela et al. (2015) argued that in an agency relationship true accountability lied with the principal and not with the agent though the researchers did acknowledge a slight level of accountability for the agent. Accountability for the principal and not the agent was supported by David and David (2016) who concluded that stewardship and accountability were to go hand in hand. In the view of David and David (2016), those that were entrusted with the stewardship of property that did not belong to them were to be held accountable for the same property whether in good fate or bad fate alike.

Having deeply scrutinized the assertions of David and David (2016), Isaac (2016) concluded that accountability theory was chiefly built on the premise of the existence of three factors. The first factor was the stakeholder. Stakeholders had expectations that the stakeholders anticipated to be met by those responsible for meeting the expectations. Stakeholders also expected feedback from the same individual, about the expectations the individuals were to meet. This was the second factor that constituted accountability, according Isaac (2016), which he called ‘information resource’. Isaac (2016) explained that information resource meant the information that ought to be disclosed to stakeholder.

The third factor that constituted accountability, according to Isaac (2016), was those responsible for disclosing information to stakeholders which he referred to as stewards. charged with the responsibility to disclose the information. In conclusion Isaac (2016) explained that the manner and rate of disclosure of information, and hence the level of exercise of accountability, firstly depended on the integrity of the stewards and secondly depended on the cost and benefit implications of the withholding or communication of such information.

Types of Accountability

Flannigan (2004) brought an entire paradigm shift to the literature on accountability and set a precept for other scholars. The avid scholar was renowned for his categorisation of accountability into five types. Elaborated below were the five types of accountability, as set forth by Flannigan (2004), which included strategic accountability, practical accountability, procedural accountability, fiduciary accountability and financial accountability.

Strategic Accountability

Cavill and Sohail (2007) suggested that strategic accountability was accountability for mission, vision and goals. This form of accountability, they explained, pertained to the very reason for the existence of an organisation, and the mandate the organisation purported to fulfil. De Villiers, Rinaldi and Unerman (2014) further elaborated strategic accountability by stating that every organisation had its purpose for existence, called the ‘Magna Charta’, and was accountable to all its stakeholders for the fulfilment of the purpose for existence.

Rebecca (2014) affirmed that in every organisation, those charged with governance were accountable to the stakeholders for whatever actions those charged with governance employed towards achieving the strategies and goals of the organisation. This was how strategic accountability worked and Rebecca (2014) further explained that strategic accountability was associated with political change to the power relations that existed, and the social economic factors that underlie the mandate of the organisation. For the mandate of poverty eradication, for example, Rebecca (2014) explained that the underling factors that were associated with such mandate included lack of employment opportunities, inadequate health care and education provision, lack of land, gender division of labour and other factors.

Regarding the strategic accountability mechanisms that were to be employed by organisations charged with the mandate of poverty eradication, Rebecca (2014) explained that such mechanisms included the facilitation or lobbying for change. The aim of strategic accountability was to make sure that an organisation attained its mission by way of effecting lasting political, social and economic change in society. Hence, strategic accountability was a requirement for mission achievement (Crack, 2018).

With regards to how strategic accountability pertained to NGOs, Crack (2018) collected information (through literature review and semi-structured interviews with representatives from over twenty UK based NGOs) and concluded that NGOs concentrated on strategic accountability to determine the performance of the NGOs in relation to their mission. Crack (2018) found out that NGOs made use of several input and output mechanisms of quality assurance which did not necessarily enable the NGOs to achieve their missions. He suggested that if an NGO was to achieve its mission of poverty eradication, for example, more strategic form of accountability was required, that was channelled towards the alteration of the social, political and economic structures that promoted poverty.

Practical Accountability

Accountability also had an application side to it and this was called practical accountability which Cavill and Sohail (2007) explained was to do with accounting for inputs and outputs. Practical accountability pertained to the way an organisation performed its activities to support its strategic mandate. Cavill and Sohail (2007) further explained that practical accountability related to decision making, policies, inputs, manner of activity performance and output delivery. Similar to Cavill and Sohail (2007), Rebecca (2014) suggested that the concern of practical accountability was whether there was evidence that quality standards were met, extended resources were accounted for, and output in the short-term was adequate. Rebecca, (2014) further explained that practical accountability mechanisms included quality standards (developed to guide the work the organisation performed to meet its mandate), quality assurance audits, technical instruments, performance indicators and quantifiable targets. These practical accountability mechanisms provided the basis by which the efficiency of an organisation (in meeting the organisation's strategic mandate) could be assessed.

Lowenhaupt, Spillane and Hallett (2016) clarified that the same mechanisms were also used as the basis for which redress could be administered to the victims of social injustice (if the organisation stood against social injustice as a mandate), for example. However, practical accountability mechanisms often left the fundamental questions of responsibility and power unanswered. This was because the practical accountability mechanisms arguably resulted to extra paperwork, workforce demoralization, distorted efforts, and extra costs (Lowenhaupt, Spillane and Hallett, 2016).

With regards to how practical accountability pertained to NGOs, Crack (2018) collected information (through literature review and semi-structured interviews with representatives from over twenty UK based NGOs) and concluded that NGOs used practical accountability for inputs, manner of activity performance and outputs. Crack (2018) found out that to achieve practical accountability, NGOs made use of several input and output mechanisms of quality assurance. Crack (2018), however, suggested that the use of quality assurance mechanisms did not necessarily enable the NGOs to achieve their missions. In fact, Crack (2018) explained that several gaps in NGO accountability resulted from the predominant use of practical accountability. He suggested that if an NGO was to achieve its mission of poverty eradication, for example, more strategic form of accountability was required, that was channelled towards the alteration of the social, political and economic structures that promoted poverty.

Procedural Accountability

Alongside strategic and practical accountability was procedural accountability which according to Buijze (2013) related to the policies and procedures (pertaining to the organisational strategy) that were put in place. The existence and functionality of these procedures were to be accounted for by those responsible for governance. Buijze (2013) explained that an organisation was to establish systematic approach, techniques and supportive protocols to deliver wide-ranging documentation that pertained to the development and maintenance of pertinent procedures and policies. Martin et al. (2013) further explained that these policies and procedures pertained to specific functions and tasks of which all practices that related to the functions and tasks were to be documented. Monitoring procedures were to be put in place to justify preservation strategies and ensure continued operation of the procedures and systems (Martin et al., 2013).

Procedurals accountability also involved the setup of feedback mechanisms for the recording and support of problem resolution, as deliberated by David et al. (2016). David et al. (2016) explained that even though documentation was an integral aspect of procedural accountability, it tended to be merely implicit and was often neglected. The implementation of procedural accountability (especially documentation), thus, often necessitated institutional support (for the provision of comprehensive implementation mechanisms) even though the responsibility for the implementation was primarily upon each organisation (David et al., 2016).

Agyemang et al. (2017) suggested that procedural accountability also had a technological side to it and this involved the use of technology to respond to the needs of an organisation on an ongoing basis. Agyemang et al. (2017) explained that technology was deployed for the anticipation of the organisational needs when possible, and the development of mechanisms for the automatic generation and capturing of necessary documentation. Agyemang et al. (2017) further clarified that technology was imperative because compliance, in several instances, required input and documentation to be technically directed. In terms of resources needed for procedural accountability, time and skills were invaluable resources.

Becher and Brouard (2022) explained that time included staff time for the development of procedures and policies, and the programming time for automated protocols. Becher and Brouard (2022) then clarified that for automated protocols to be developed and implemented for procedural accountability, skills and ability were invaluable resources as well. In conclusion, Becher and Brouard (2022) recommended that adequate resources of time and skills be allocated to procedural accountability, accordingly.

When it came to the drawbacks of procedural accountability, corruption was a common drawback (Crack, 2018). According to Crack (2018), corruption was usually deceptive and not easily proven. Moreover, corruption often emanated from violation of due processes due to cloudy decision-making that was often influenced by greed. In other to mitigate and counter corruption, procedural firmness was necessary. Crack (2018) explained that procedural fairness was an aspect of procedural accountability that removed decision making from the shadows of corruption and enabled decision making to be done in an accountable and transparent manner. Crack (2018) further explained that the principle of procedural fairness in decision-making purposed to govern discretion and improve accountability.

Decisions made by those charged with governance (management) of organisations had to be in line with the principles of procedural fairness because such decisions had the likelihood of affecting the rights and interests of individuals. The strengthening of the legal obligation for procedural fairness was, therefore, imperative (Mökander and Floridi, 2022). In conclusion, Mökander and Floridi (2022) pointed out that in common law procedural fairness was a renowned principle. The application of procedural fairness was, however, endowed with a lot of challenges, particularly the change of no clear legitimate basis on which bureaucratic decisions may be challenged.

According to Agyemang et al. (2017), for procedural accountability to be robust, rules and guidelines on managerial procedures ought to be enacted. Moreover, robust procedural accountability also entailed the training of administrators on the managerial rules and guidelines to ensure proper decision making. A common example cited by Agyemang et al. (2017) was the rule of requiring decision makers to deliver in writing, the rational behind the decisions they made so that all partied affected by the decision may know how the decision was reached.

Becher and Brouard (2022) further explained that efficient monitoring mechanisms were to be in place to monitor the decision making of administrators (as to whether the decisions were in line with procedural fairness) and correct the errors of wrong decision making. This was necessary to improve the decision making of administrators, expose administrative failures, kindle administrative reforms and uphold good management. It also enabled better decision-making that was not just administratively comprehensive, but was also unlikely to be fouled by corruption (Becher and Brouard, 2022).

In agreement to the procedural accountability classification of Agyemang et al. (2017), Gloria et al. (2019) augmented the same with a classification of her own which she called Identity Accountability. Gloria et al. (2019) explained that Identity Accountability was the acknowledgement and acceptance of responsibility over the impact of one's actions on both themselves and others. In a 'nut shell', Gloria et al. (2019) was of the view that managers were to take upon themselves the responsibility of explaining all their actions.

Fiduciary Accountability

Fiduciary accountability, according to Flannigan (2004), pertained to corporate governance, controls and ethics. Fiduciary accountability was to be exercised when recruiting stewards who were involved in corporate governance, controls and ethics. Fiduciary accountability was also to be exercised when evaluating the performance of the stewards to ensure optimum compliance to the organisational policies and procedures. Flannigan (2004) added that the importance of fiduciary accountability was to assess the level of competency and professionalism employed by stewards so as to ensure that organisational integrity was upheld and organisational resources safeguarded.

Buijze (2013) explained that in fiduciary accountability, the individual appointed to the position of stewardship was called the fiduciary and the appointer (who was often the owner of the valuable assets) was called the beneficiary. Fiduciary accountability was, therefore, always applicable for as long as the fiduciary who was appointed to a position of stewardship had access to the valuable assets that belonged to the beneficiary, for which the fiduciary signed a contract of service. Buijze (2013) further explained that fiduciary accountability was applicable because the access the fiduciary had to the valuable asset of the beneficiary enabled the fiduciary to affect the economic and physical position of the beneficiary.

Conventionally, the purpose of fiduciary responsibility was to control opportunism and this was widely supported, by social consensus, as an acceptable form of legal discipline (Anik, 2016). Anik (2016) explained that the consensus that accepted fiduciary responsibility as a form of legal discipline was, however, changed over the past few decades as fiduciary accountability was continuously tested. Several analysts of fiduciary accountability believed that the boundaries of the jurisdiction of fiduciary responsibility were uncertain (Anik, 2016). Due to the uncertainty that pertained to fiduciary accountability, Anik (2016) suggested that it was necessary that the position of fiduciary accountability was restated in terms that were coherent.

Brunnschweiler (2021) therefore accrued that the repositioning of fiduciary accountability was needed. The reason why the repositioning of fiduciary accountability was needed was to ensure that certain, hitherto unclear, aspects of fiduciary accountability were clarified. Brunnschweiler (2021) further suggested that the starting point for clarifying fiduciary accountability was to clarify the social function of fiduciary accountability by properly determining the nature of the social function of fiduciary accountability. Brunnschweiler (2021) concluded, from his analysis of the social function of fiduciary accountability, that ‘limited access’ was the characteristic of fiduciary accountability that presented a boundary for the operational application of fiduciary accountability.

In conjunction with the conclusion of Brunnschweiler (2021) above, Green and Roiphe (2023) suggested another reason why the coherent repositioning of fiduciary accountability was important. This, she explained, was to enable complete understanding of current developments pertaining to fiduciary accountability. With regards to current developments pertaining to fiduciary acceptability, Green and Roiphe (2023) analysed the views of several commentators and concluded that the cavernous and inconsistent interpretations from the commentators were conventional boundaries to the understandability of fiduciary acceptability. These conventional boundaries were unsatisfactory and required adjustment. The boundaries were fully attributable to the failures to apprehend and set forth the formal scope of fiduciary accountability. Green and Roiphe (2023) further suggested that the solution to avert the conventional boundaries to fiduciary acceptability was to sweep away the several inadequate analysis of fiduciary accountability, and reconstruct clarity.

Financial Accountability

Financial accountability pertained to the cost implications of all the actions undertaken by those charged with governance (Buijze, 2013). Financial accountability was the key factor that necessitated the need for financial reporting (Barth, 2015). According to Barth (2015) financial accountability was synonymous to fiscal accountability. He explained that financial accountability was chiefly demonstrated with the use of financial statements and budgetary presentations.

According to Hladchenko (2016) financial accountability emanated from the fact that people given the responsibility to manage money needed to be able to demonstrate good stewardship towards what was entrusted to them. Hladchenko (2016) therefore suggested that it was necessary that such individuals were protected from the temptation of using, for their own personal purposes, the money entrusted to them because accountability was crucial when dealing with money on behalf of others. Yulihantini and Wardayati (2017) explained that the individuals that were ascribed responsibility for money that did not belong to themselves were often referred to as ‘treasurers’ but other nomenclatures such as ‘finance controller’, ‘finance officer’ and ‘money handler’ were also used to describe the stewards.

Yulihantini and Wardayati (2017) clarified that these individual stewards were often representatives of the larger group or organisation that held and managed money that belonged to others. Some of these organisations include NGOs, banks, churches, Societies etc. These organisations were accountable to those that donated the money to them (or kept the money in their trust) and those who were to benefit from the initiatives that the money was intended for. It was, therefore, imperative that several mechanisms of financial accountability were put in place by the leadership of these organisations, both at individual level and at organisational level (Yulihantini and Wardayati, 2017).

According to Brian, Theodore and Shyam (2019), several counties were replete with laws and regulations that governed and promoted financial accountability, and prescribed good mechanisms for financial accountability. He explained that the laws, regulations and prescriptions for financial accountability, though uncomplicated, were not always complied with. The reason why organisations often unheeded to the laws, regulations and prescriptions for financial accountability was either due to ignorance, negligence or fraud (Brian,Theodore and Shyam, 2019). To alleviate ignorance and negligence, Brian, Theodore and Shyam (2018) and other scholars explored the principles of financial accountability and some applicable steps that organisations can take to ensure good financial accountability.

Brian, Theodore and Shyam (2018) explained that budgeting was an essential principal of financial acceptability that facilitated planning efficiency. A budget was a plan of all monies expected to be received during a certain time period, and all monies expected to be used during the same period (usually a year). A budget, therefore, ensured financial accountability at both individual level and organisational level. At individual level, Brian, Theodore and Shyam (2018) clarified that budgeting enabled the treasurer to know exactly what to spend money on and how much money he or she was allowed to spend on daily basis. At organisational level, Brian, Theodore and Shyam (2018) explained that budgeting ensured that money was only spent for the purpose of the organisation’s existence, in the correct amount that deepened on the amount of inflow. For optimum equity and fairness, a budget ought not to be decided individually but by consensus from the representatives of the entire institution (usually the governing body or leadership team) (Brian, Theodore and Shyam, 2018).

Kamaruddin and Ramli (2018) explained that equally paramount to budgeting was recording, an essential principle of financial acceptability. Recoding was the principle of financial accountability that ensured that complete and accurate evidence of all financial transactions were maintained. Financial transactions, according to Kamaruddin and Ramli (2018), included revenue (inflow of money), expenses (outflow of money) and monies that were received or spent through borrowing and lending respectively. Nugrahanti et al. (2023) further explained that financial transactions were to be recorded at the point of reception or remittance so as to ensure that any future confusion that pertained to the same financial transactions was avoided.

Nugrahanti et al. (2023) then suggested that at the end of the financial period (usually one year), financial transactions were to be matched to the hitherto budgeted amounts (post consideration of approved budget changes) to ensure that no significant deviations from budget occurred. Where a significant deviation from the budget was identified, the deviation was to be thoroughly investigated and those responsible for the deviation were to be held accountable for the deviation. Hence, the entire process of recording was necessary to demonstration exactly how much money was attained by the institution, how much was used and whether the usage was in accordance to the budget, for optimum financial accountability (Nugrahanti et al. 2023).

Another key principle of financial accountability was monitoring. According to Kawatu and Kewo (2019), monitoring involved setting internal controls in place within the organisation for the purpose of preventing, detecting and correcting fraud or error within the financial system of an organisation. Kawatu and Kewo (2019) explained that through internal controls assets within the organisation were protected from theft and embezzlement and errors within the accounting recording systems were detected and corrected. An example of a common internal control cited by Kawatu and Kewo (2019) was segregation of duties.

Putro and Fajri (2023) explained that with segregation of duties, administrative tasks were separated and performed by more than one individual so as to reduce the chances of error or fraud. Putro and Fajri (2023) further cited checks and authorisation as other common internal control practices that involved having someone else other than the treasurer (often a senior personnel) regularly check and authorise accounting records and transactions to ensure accuracy. Putro and Fajri (2023) further explained that monitoring was the periodic compilation of reports to assess actual performance against budgetary expectations. The treasurer used reports to demonstrate the quality of his or her stewardship in terms of how well he or she used the money entrusted to him or her. The same reports were used by the larger group within the organisation to hold the treasurer accountable while external stakeholders such as donors held the organisation at large accountable, by the same reports (Putro and Fajri, 2023).

Kamaruddin and MdAuzair (2019) also gave an exposition about the key activities that explained the level of financial accountability within an organisation. The first activity was financial security in terms of how money and the records of financial transactions were kept. Kamaruddin and MdAuzair (2019) advised that physical money was always to be kept in locked cabinets (for smaller cash) and the bank (for larger cash). Moreover, only a few individuals were to have access to the cash by appropriate authorisation. This, Kamaruddin and MdAuzair (2019) explained, was to ensure that the treasurer was protected because the more people there were accessing funds, the harder it was for the treasurer to maintain accuracy of records.

Kamaruddin and MdAuzair (2019) therefore suggested that a cash book was to be used by the treasurer to record all cash transactions so as to be able him or her keep proper track of how much many was present in the cash box at any given time. Larger amounts of cash that were not intended for immediate use were to be deposited at the bank account of the organisation and under no circumstance was money to be deposited into the bank account of an individual. Moreover, evidence (in form of deposit slips) was always to be attained for every bank deposit and safely secured for future reference (Kamaruddin and MdAuzair, 2019).

Utami and Ganika (2021) ‘shed light’ on the transfer of money as a paramount activity in financial accountability. They explained that the treasurer was to always protect himself or herself from future discrepancies through proper evidencing and presentation of details of transactions. Hence, the treasurer was to always ensure that he or she produced and secured supporting source documents for each and every remittance of money. Utami and Ganika (2021) further gave examples of the source documents that the treasurer was to secure. The source documents cited included bank statements, receipts, invoices and books of accounts (documents that contained detailed information of money transactions). Utami and Ganika (2021) further advised that all receipts were to be authenticated by stumping, signing or reproduction on the official stationary of the entity (with the value of transaction, type of transaction and date of transaction properly disclosed).

In reference to the advise of Utami and Ganika (2021) above, Macinati, Rizzo and Hoque (2022) suggested that a robust system that ensured that all payments were authorised by more than one individual (multiple authorisation) was to be put in place. Macinati, Rizzo and Hoque (2022) cited that a typical example of multiple authorisation was the setting up of a bank account with two signatories needed for the authorisation of every bank payment through bank transfer or cheque. This was to ensure that the chances or opportunities for fraud were minimised.

With regards to religious organisations (such as churches), specifically where voluntary offertory or donations were rendered, Putro and Fajri (2023) acknowledged that the recording of such monetary transactions at the exact point of each donation was difficult if not impossible. Hence, Putro and Fajri (2023) advised that such offertory was to be counted and recorded immediately after the church service or religious activity. The treasurer was not to perform alone any activity that involved counting, documentation or confirmation of money. For the sake of optimum transparency, accuracy and fraud risk minimisation, Putro and Fajri (2023) advised that the treasurer was to be accompanied by at-least two more individuals. During the process of money counting, recording and confirmation, all individuals involved in such activities were to hold each other accountable to ensure that no theft was perpetrated by any of them (Putro and Fajri, 2023).

In conclusion, the last but not least aspect of financial acceptability was efficiency in the use of money. Thi et al. (2022) admonished that the office of the treasurer (accounting or finance department) was to be availed a budget that was a true reflection of the objective of the entity. With reference to the budget, Thi et al. (2022) suggested that the heads of the an entity were to periodically assess the accounts of the entity and hold the treasurer accountable for any material deviations in spendings above what was budget for. This, Thi et al. (2022) advised, was necessary to ensure that overspending or irrelevant spending was avoided. Likewise, Mbabazi (2022) suggested that underspending was to be equally monitored as the same could imply that the objectives of the organisation were not met. Moreover, Mbabazi (2022) advised that NGOs (such as churches), especially those that collect large sums of money were to submit their financial records for periodic independent audit so that financial mismanagement, incomplete or inaccurate accounting may be identified.

How Accountability Relates with Accounting and Financial Reporting

Dana (2019) explained that the theory of accountability was not new to accounting and financial reporting. The USA’s Financial Accounting Standard Board (FASB) of 1973 and UK’s IASB of 2001 formed the precept for most of the current financial reporting globally. According to Dana (2019), both of these accounting standard boards aligned to the objective that the information provided by every set of financial report must be relevant and useful to facilitate financing and investment decision making (Dana, 2019). Williams and Ravenscroft (2015) had, however, questioned the articulations of both the FASB and IASB regarding ‘relevance and usefulness’ as the cardinal premises of both accounting boards. Williams and Ravenscroft (2015) argued that relevance and usefulness alone lacked coherent rationality for public policy. Williams and Ravenscroft (2015) then clearly advocated that ‘accountability’ was to be the central metaphor by which all financial reporting was to be based, as opposed to ‘relevance and usefulness’.

Chen et al. (2016) took the perspective of rationality in their approach to accountability with regards to financial reporting. Ebrahem (2003) had defined rationale accountability as the necessity of having to give valid justification for one’s actions or conduct. Chen et al. (2016) acknowledged the definition rendered by Ebrahem (2003) but augmented the same by relating accountability to financial reporting. Chen et al. (2016) explained that as far as accountability was concerned, financial reporting enabled the management of an organisation to justify their actions within the organisation in financial terms. As such, Chen et al. (2016) explained that accountability enabled stakeholders to be in the position to question the behaviours and actions of those charged with the stewardship of the organisation.

Accountability Pertaining to NGO Financial Reporting

With regards to accountability that pertained particularly to the financial reporting of NGOs, not much ‘research justice’ had been done up until the work of O'Dwyer and Boomsma (2015). In solidarity to the precept set by Buijze (2013) on financial and fiduciary accountability, O'Dwyer and Boomsma (2015) alluded that the benefit of financial reporting as a tool of accountability in NGOs could not be over emphasised. O'Dwyer and Boomsma (2015) argued for the need for a change in nomenclature. The researchers suggested that instead of calling the annual reports of NGOs ‘financial reports’ or ‘financial statements’, as was the common nomenclature, the reports were to be called ‘accountability reports’.

O'Dwyer and Boomsma (2015) further proposed that the accountability reports of NGOs were to be divided into various parts, in accordance with the classifications of Buijze (2013). In other words, one section was to be titled ‘Strategic Accountability’, another section titled ‘Procedural Accountability’, and another ‘Financial accountability’ and so on and so forth.

In terms of how NGOs were accountable, AbouAssi and Trent (2016) conducted a survey on how NGOs initiated, designed, and implemented accountability. Through the survey, the scholars revealed that NGOs operationalised accountability in several ways. AbouAssi and Trent (2016) then summarised into three categories how NGOs took account, gave account, and were held to account. The three categories included internal organisation-wide accountability, external legal accountability and external peer, sector-wide accountability. AbouAssi and Trent (2016), the first way NGOs performed internal organisation-wide accountability was through the mission statements of the NGOs as well as their values and standard operating procedures. Another way NGOs ensured internal accountability was through consultation and participatory mechanisms by which the views and concerns of the NGO stakeholders were listened to and taken into consideration. AbouAssi and Trent (2016) explained that NGOs demonstrated external accountability by ensuring that they complied with applicable laws and regulations (legal control). Sector-wide peer accountability, on the other hand, was applied by NGOs on voluntary bases. Sector-wide peer accountability included certification schemes and verifiable codes of conduct and standards (AbouAssi and Trent, 2016).

Wagner (2017) elucidated about mission statements, values and procedures as an Internal organisation-wide accountability procedure exercised by NGOs, as well as values and standard operating procedures. According to Wagner (2017), mission statements, values and procedures were often used by NGOs as the starting point to design the NGO Accountability, Learning and Planning System (ALPS) which fostered accountability. The next level of internal accountability that NGOs demonstrated was the accountability of the NGO board of trustees. Wagner (2017) explained that NGO board of trustees were responsible for policy setting and the monitoring of the overall direction of the NGOs hence were to be held accountable for such. The board of trustees were to ensure that the NGOs were compliant to both external statutory requirements and internal obligations enshrined within the mission and values of the NGO.

Markota, Vuković and Calace (2018) elucidated about consultation and participatory mechanisms as an internal accountability mechanism used by NGOs. The researchers explained that through consultation and participatory mechanisms the views and concerns of the stakeholders of the NGO were listened to and taken into consideration. According to Markota, Vuković and Calace (2018), such consultation and participatory mechanisms were usually based on annual project review processes by which NGOs were held accountable for the fulfilment of the objectives that the NGOs and their stakeholders had agreed upon. This enabled the NGOs to reflect on the quality of service they provided and to gain insight into how they work they did was perceived and valued by their stakeholders (Markota, Vuković and Calace, 2018).

Crawford et al. (2018) elucidated on how NGOs ensured internal accountability through information dissemination. By information dissemination, NGOs increased their level of transparency and accountability to their clients by simply making their financial reports publicly available at the community level. Crawford et al. (2018) cited WaterAid (a humanitarian NGO) as an example of an NGO that ensured that it always provided within its publicity materials the testimony and evidence of they work they did to provided accountability. Another example of accountability through information dissemination, as cited by Crawford et al. (2018), was demonstrated by British Red Cross in the context of Tsunami response. The humanitarian NGO set up an online desk where all stakeholders were to narrate complaints, ask questions, and obtain feedback. All the responses and feedbacks from the public were then recorded and reported to the management of the NGO Crawford et al. (2018).

Kamaruddin and MdAuzair (2019) elucidated on how NGOs demonstrated internal accountability through self-regulation mechanisms. According to Kamaruddin and MdAuzair (2019), self-regulation mechanisms were initiatives that were devised by the NGOs to ensure quality compliance, competence, and expertise in the activities they carried out. Islamic Relief (a renown religious NGO), for example, developed the Islamic Relief Quality Assurance System (IRQAS) to ensure quality assurance. The IRQAS covered several areas of quality assurance such as staff selection and training, performance monitoring and evaluation, complaints and suggestion handling, emergency preparedness and user-centred services. The IRQAS also promoted constant improvement and advancement of quality assurance through self-assessment (Kamaruddin and MdAuzair, 2019).

With regards to external accountability, one of the ways that NGOs exercised accountability was by ensuring that they complied with applicable laws and regulations (legal control). According to Guijt (2020), the compliance to laws and regulations that NGOs were mandated to do depended on the jurisdiction where the NGO operated. NGOs that were based in the UK, for example, were mandated to register with the UK Charity Commission in other to operate as charity within the UK. NGOs in the UK were also required to register as companies limited by guarantee and be under financial oversight. Guijt (2020) explained that at an international level, NGOs that functioned internationally were under international law such as the International Human Rights Law and international quasi legal mechanisms such as Memorandum of Understanding and law of contracts. In Botswana, NGOs were only required to register with the registrar of societies.

Sector-wide peer accountability was another form of external accountability that Guijt (2020) explained that NGOs demonstrated. This form of accountability was usually applied by NGOs on voluntary bases. Sector-wide peer accountability included certification schemes and verifiable codes of conduct and standards. As a form of guideline, Guijt (2020) explained that sector-wide peer accountability enhanced the accountability of the decision-making processes of international NGOs. The One World Trust's Global Accountability Project (GAP) developed a world-wide reporting system that facilitated interaction between NGOs and their stakeholders hence enabled more commitment, by the NGOs. This, according to Guijt (2020) enhanced the values and principles of accountability and the level of accountability that the NGOs exercised towards those the NGOs affected. It also strengthened the capability of civil societies to participate better in decision making processes. The world-wide GAP reporting system developed by One World Trust included a checklist for NGOs with criteria such as publication of code of ethics and values, and conflict of interest policy. Guidance was also provided pertaining to the independent audit of financial statements and policy on whistleblowing (Guijt, 2020).

La Torre et al. (2020) ‘shed more light’ about sector-wide peer accountability by NGOs, particularly about the code of conduct developed by People In Aid (an international, not-for-profit membership organisation) to facilitate the management and support of NGO aid personnel worldwide. La Torre et al. (2020) explained that the assessment of aid personnel was done by agencies across the world according to the verifiable code of conduct created by People In Aid. The agencies assessed aid personnel using the process of social audit. Likewise, La Torre et al. (2020) further explained that the International Red Cross (also known as Red Crescent Movement) also developed a code of conduct for NGOs in Disaster Relief. To demonstrate accountability, various NGOs in disaster relief volunteered to abide by the code of conduct set by the International Red Cross. Furthermore, La Torre et al. (2020) explained that to promote learning across the NGOs within the humanitarian sector worldwide, the Active Learning Network for Accountability and Performance (ALNAP) developed standards by which they evaluated the performance of their member NGOs to improve performance.

La Torre et al. (2020) further explained that the Humanitarian Accountability Partnership International (HAPI), on the other hand, aimed to enhance the level of accountability demonstrated by their member NGOs through a set of indicators. The indicators were called the HAP-I humanitarian accountability indicators and the indicators were actionable and verifiable. Likewise, the Sphere Project developed a set of standards of its own, and a charter (called the Humanitarian charter) for NGO that dealt with disaster response. The purpose for the guidance was to enhance the quality of work performed by humanitarian professionals while improving their level of accountability (La Torre et al., 2020). Another organisation that enhanced sector-wide peer accountability for NGO was the World Association of NGOs (WANGO) which created NGO code of ethics. The NGO codes of ethics were fundamental tenets of accountability and transparency. NGOs were invited to become signatories to the WANGO codes of ethics on voluntary basis (La Torre et al., 2020).

As this research purported to investigate into the quality of financial reporting of NGOs, accountability theory truly explained the expectations of stakeholders and gave a plausible format for assessing the quality of financial reports. To this extent, it was quite eminent that the theory of accountability was very pivotal and of imperative influence on this research. Hence, the literature on accountability were reviewed in detail. Moreover, accountability theory was foundational and encapsulated all the factors that influenced financial reporting that were evaluated in this chapter.

THEORETICAL FRAMEWORK

RESOURCE DEPENDENCY

Two prolifically renowned scholars of the 1970s by the names Pfeffer and Salanick were famous for being the first proponent of resource dependency. Pfeffer and Salanick (1978) were of the view that every organisation, in one way or another, was always affected by the syndrome of dependency on external resources. These external resources, the scholars explained, were imperative to the very survival of the organisation. Hessels and Terjesen (2010) further clarified that the dependency on paramount but external resources forced an organisation to align itself to comply with the demands and dictates of the external forces that availed the resources. Moreover, Meier et al. (2015) explained that an organisation’s dependency on external resources gave the providers of the resources high bargaining power. The high bargaining power enabled the providers of the resources to coerce the organisation to succumb to the dictates of the providers of the resources.

In cognisance to the concerns of Meier et al. (2015), Khieng and Dahles (2015) recognised the significance of resource dependency to NGOs. Khieng and Dahles (2015) explained that resource dependency was likely to occur if an NGO only relied on one donor for all its resources. This was because the donor could use his/her bargaining power to coerce the NGO to falsely report financials in the manner that only benefited the donor but did not benefit other stakeholders. Mitchell, O'Leary and Gerard (2015), therefore, advised that NGOs must use 'funding mobilization strategies' to secure funding from several donors and avoid depending on only one donor.

Deana, Anne and Murat (2016) agreed with the admonitions of Mitchell, O'Leary and Gerard (2015) but pointed out that donor diversification often had an unavoidable drawback to it. The drawback pertained to fund accounting complications. Mitchell, O'Leary and Gerard (2015) explained that some donors wanted autonomy and supremacy hence did not want their funds to be amalgamated with that of other donors. These donors usually preferred that the NGOs deposited their funds into a bank account that was separate from that of other donors (Deana, Anne and Murat, 2016). Miles, (2017) highlighted that having separate bank accounts necessitated both single funder budgets and consolidated reports for multiple donors. This type of account was complicated, however, and was not addressed by any of the current financial reporting frameworks (Miles, 2017).

Lu et al. (2019) brought a paradigm shift to the conventional ideology of resource dependency. Lu et al. (2019) explained that resource dependency could be approached from the angle of key managers of an organisation becoming so financially dependent on the organisation that they become unscrupulous and exploit the organisation's resources for their own personal interests. To mitigate this phenomenon, Lu et al. (2019) suggested that the stewards of NGO must not be appointed merely on the basis of their qualifications and skills but also on the basis of their passion towards advancing the vision and mission of the NGO (Deegan, 2019). Deegan (2019) also explained that this was called goal congruency. Goal congruency enabled the management of NGOs to work for sociological and psychological satisfaction and not just for remuneration.

AGENCY

The agency principle was a phenomenon that assumed that human beings, by nature, always sought to fulfil their own interests, to attain self-gratification even if such attainments came at the detriment of other people (Bosse and Phillips, 2014). Therefore, the relationship between an agent and a principal, as detailed was always entangled in mistrust because the principal was always uncertain about behaviour of the agent (Johannes, Jan and John, 2015).

On the above premise, Agogliaa, Hatfield and Lambertc (2015) explained that conflict of interests was what caused most misunderstandings between an agents and a principal. This was because agents naturally sought after their own interests at the expense of their principals. In agreement to this analogy, Bendickson et al. (2016) concluded that agency could not be separated from accountability. Bendickson et al. (2016) explained that principals were delegators and agents were implementers of delegated tasks. Dawson et al. (2017) clarified that the agency problem of conflict of interests, as stipulated by Agogliaa, Hatfield and Lambertc (2015), was actually caused by either one of two factors. The first was the erroneous appointment of incapable agents. The second factor that caused the agency problem was lack of integrity from capable agents. Capable agents, in pursuit of their own personal interest, performed actions that were contrary to their contractual obligations (Dawson et al., 2017).

Financial management had increasingly become a profound area of interest in the study of agency because money is the ‘live blood’ of every organisation (Frohlich and Flynn, 2017). With regards to the agent-principle relationship within an organisational setup, managers were agents, and other stakeholders were principals (Shi, Connelly and Hoskisson, 2016). Managers were, therefore, increasingly taking up the role of financial management as they were charged with the management of the financial resources of stakeholders (Banks et al., 2018). Moreover, French (2015) had explained that principal-agent conflicts resulted from the pursuit of their own personal interest, by managers, at the expense of other stakeholders. This resulted to mistrust. Dawson et al. (2017) explained that rampant mistrust led principals to resort to the deployment of stringent control and monitoring mechanisms. Funding covenants and periodic financial reporting requirements were examples of such mechanisms (Dawson et al., 2017).

With regards to NGOs in Botswana, the funders, who were the principals also, had gross mistrust for the managers of the NGOs (Mooketsane, Bodilenyane and Motshegwa, 2018). The mistrust necessitated the requirement for periodic financial reporting of the financial performance and financial position of the NGOs. Evelyn (2016) elucidated that the financial reporting requirement was exploited, nonetheless, by the agents. The agents produced misrepresentative and manipulative financial reports. Cynthia, Heather and James (2016) explained that NGO agents withhold paramount information from donors the agents misappropriated donor funding and produced financial reports that were not true and fair. Truly, this resulted to gross quagmire in NGO financial reporting in Botswana. The quagmire in NGO financial reporting in Botswana was mainly manifested through missing funds (Molosiwa, Masiya and Maringira, 2019).

This literature exploration on agency, in conclusion, supported the need for a suitable framework of financial reporting for NGOs in Botswana, to promote better accountability form the agents charged with the management of the NGOs. This, therefore, necessitated further investigation into the matter to understand how exactly the financial reporting frameworks affected the quality of financial reports of NGOs in Botswana.

STEWARDSHIP

Pastoriza and Arino (2008) were very instrumental in the championship of stewardship, following its initial proposition by Gjesdal (1981). The renowned economist, Gjesdal (1981), proposed stewardship as an auxiliary to agency. He suggested a mutual relationship of collaboration between an agent and the principal to alleviate conflict of interests. Pastoriza and Arino (2008) then explained that this agent-principal relationship could only be attained via service collaboration and mutuality. The underlining principle behind stewardship, therefore, connoted an understanding of the manner in which the resources of the principal were utilised by the agent.

Madison et al. (2015) elucidated on stewardship in relation to donor funding and explained that stewardship, when promoted, reduced conflicts between agents and principals. The reason for this analogy was that stewardship optimised trust. Through stewardship effective communication was promoted, with increased level of disclosures, which eventually resulted to increased emphasis on good quality of service delivery (Bernstein, Buse and Bilimoria, 2016). The importance of financial information was explained by Prasad, Zakaria and Altay (2016) using stewardship principle. Prasad, Zakaria and Altay (2016) explained that where the principles of stewardship were properly upheld, financial information was truly and fairly reported in the manner that correctly influenced the decision making of stakeholders. No wonder Keay (2017) equated good stewardship to proper ethics, corporate governance and corporate social responsibility. This was further alluded to by Harrison (2018) who denoted that a very paramount facet of goal congruence necessary between agents and principals was proper stewardship.

Kota, Bindu and Charumathi (2018), in harmony with the connotation of Harrison (2018), pointed out that the precepts underlined within the stewardship principle were imperative to financial reporting. Examples were factors like management efficiency and effectiveness (Domínguez-Escrig et al, 2019). Schillemans and Bjurstrøm (2019) pointed out that the ideologies of the stewardship principle were imperative for incorporation within the financial reporting frameworks of non for profit organisations. The emphasis of Schillemans and Bjurstrøm (2019), however, was on the public sector and no study was conducted to understand the possible benefits of stewardship on NGO financial reporting, particularly in Botswana, hence the reason for this research.

EMPIRICAL FRAMEWORK

INTERNATIONAL ACCOUNTING STANDARD BOARD (IASB)

The origin of the International Accounting Standard Board (IASB) dated back to the year 2000. Carmona and Trombetta (2010) explained that the IASB was formed in succession to the International Accounting Standards Committee (IASC) that had its establishment rooted back to the year 1973. In 2001 the IASC was renamed IFRS Foundation. The IFRS Foundation remained the founding parent of the IASB (Carmona and Trombetta).

Clendon (2011) explained that the main mandate of the IFRS Foundation was to promote public accountability in the private sector. The design of the membership of the IFRS Foundation was done in such a way as to enable it to represent an international group of preparers and users of financial reporting. Clendon (2011) further explained that the membership structure of the IFRS Foundation was internationally representative so that the international group of preparers and users may function as the trustees of the foundation. Indeed, the process of the selection of the members of the trustee of the IFRS Foundation took into cognisance both professional background and geographical factors and it was the IFRS Foundation trustees who then appointed the members of the IASB (International Federation of Accountants, 2011). For further checks and balances, a committee called Trustees' Due Process Oversight Committee was set up. Clendon (2011) explained that the Trustees' Due Process Oversight Committee assessed the Trustees' level of effectiveness in exercising their functions.

The other bodies that were also set-up to ensure quality were the Standards Advisory Council (SAC) and the International Financial Reporting Interpretations Committee (IFRIC). Zeff (2012) explained that both of these bodies were under the direct supervision of the IFRS Foundation. The role of SAC was to provide advice to the IASB in the setting of IFRS while the role of IFRIC was to provide interpretation to the issued IFRS standards. Zeff (2012) further explained that the IASB was the independent financial reporting standard setting body of the IFRS Foundation. Together with the IFRS Foundation the IASB provided unrivalled level of public accountability. Truly the work of the IASB in the standard setting process was very transparent because much consultation was done with a wide array of parties (Zeff, 2012). Moreover, the importance of the IASB in setting IFRS was affirmed by the leaders of the world’s major economies. The world economic leaders, through the G20 summits affirmed IASB as a necessary independent setter of financial reporting standards accountable to the public interest (Zeff, 2012).

IFRS Foundation (2013) clarified that the impetus of the IASB was to establish the framework by which to ensure that there was consistency in the approach rendered by individual accounting standards for solving respective financial reporting problems. Hence, the financial reporting framework, as laid down by IASB, purported to offer the basis by which any accounting challenge that was not addressed by any individual standard may be resolved (IFRS Foundation, 2013). Meyer, Guttman and Marinovic (2014) clarified that the IASB made a prominent decision in 2004 to harmonize with the Financial Accounting Standard Board (FASB) for a common framework. The areas of concentration for the first phase of the framework were two. According to Meyer, Guttman and Marinovic (2014), these two areas were the objectives of financial reporting and the qualitative characteristics of useful financial information. Meyer, Guttman and Marinovic (2014) further explained that the IASB made its first issue of the Conceptual Framework for Financial Reporting in 2010. This framework was simply an updated version to incorporate the two areas (objectives of financial reporting and the qualitative characteristics of useful financial information) into the original version of 1989. This was a joint project between the IASB and US FASB after which the two bodies suspended their partnership (Meyer, Guttman and Marinovic, 2014)

On the premise of the above, Gaynor et al. (2016) explained that a decision was made by the IASB in 2012 to revisit the Framework and revise its areas of concentration. The revision included; elements of financial statements, Measurement, Reporting entity, and Presentation and disclosure. The board then published, in 2013, the discussion Paper by which it made an outline of the underling premises that guided the revision. Gaynor et al. (2016) clarified that the discussion paper was met with extensive feedback which highlighted the importance of the framework to both the preparers of financial statements and the users of financial statements. The feedback was varied, nevertheless. According to Gaynor et al. (2016), some of the feedbacks were that the discussion papers were underdeveloped while other feedbacks were that the papers were too detailed. In consideration to the impossibility of devising a framework that satisfied all parties, Gaynor et al. (2016) concluded that the IASB published the Exposure draft of the revision in 2015 with minor changes in line with the feedbacks.

On the bases of the narratives laid down by Gaynor et al. (2016) above, Martin et al. (2017) explained that the purpose of the IASB Framework was to facilitate the process by which the IASB set new standards. The IASB was responsible for setting international accounting standards that helped national standard setters in various countries to develop new standards for themselves. IASB framework, therefore, provided guidance on issues not covered by any standards, and assisted auditors to evaluate the accuracy of financial statements (Martin et al., 2017). Wadesango and Mhaka (2017) clarified that the IASB consisted of independent experts with an array of practical experience that ranged from the setting of accounting standards to the preparation and audit of financial statements. Some of the independent experts were highly experienced in the use of financial reports while others were academics and experts in finance and accounting education (Wadesango and Mhaka, 2017).

In terms of geographical dominance, no geographical location dominated the IASB membership because geographical diversity was required (Jamie, Gregory, and Wayne, 2017). Jamie, Gregory, and Wayne (2017) added that the chief objective of financial reporting, according to IASB, was to avail financial information that were to facilitate the decision making of the major stakeholders of an entity.

Jamie, Gregory, and Wayne (2017) further explained that existing and potential investors where pinpointed as the major stakeholders, seconded by the entities lenders and other creditors. Financial reporting enabled investors to decide whether to invest equity into the entity while the decision of lenders and other creditors pertained to whether to lend to the entity. According to Jamie, Gregory, and Wayne (2017), both investors and lenders were responsible for financing the entity hence were the most important stakeholders to the entity, as far as IASB was concerned.

The IASB recognised that the primary users of financial statements were the providers of capital (shareholders and lenders) but, according to Jamie, Gregory, and Wayne (2017), this was not the same for NGOs. Jamie, Gregory, and Wayne (2017) explained that the primary stakeholders for NGOs were the donors. Donors differed from shareholders (investors) and lenders because they provided capital but had no residual claim on the resources of the NGOs. The donors were interested in the social impact of the NGOs. The donors were also interested in how efficiently the NGOs used resources to make the social impact (Jamie, Gregory, and Wayne, 2017).

Furthermore, Sarah, Amanda, and Linda (2018) clarified that the IASB framework only provided guidelines in the areas of recognition, measurement, presentation, and disclosures. These guidelines were specific to the needs of shareholders and lenders. All the financial reporting standards produced by the IASB were, therefore, designed for shareholders and lenders. The accounting standards produced by the IASB were, hence, limited in the provision of information that benefited the donors of NGOs (Sarah, Amanda, and Linda, 2018).

Furthermore, Brian (2018) explained that the IASB framework only catered for economic decision making. Brian (2018) highlighted that for NGO, financial reporting was to espouse social problem solving, social impact and moral satisfaction instead of economic achievements. Brian (2018), therefore, suggested that for NGOs, social impact and stewardship must be the fundamental objective of financial reporting and not wealth creation. This was because the NGO donors were not concerned about returns and wealth. NGO donors were concerned about social impact and good stewardship (Brian, 2018). This, therefore, meant that the assumptions of IASB conceptual framework did not harmonies with the unique features of NGOs. An example of such an assumption of the IASB conceptual framework that did not harmonies with the unique features of NGOs, according to Brian (2018), was the concept of accrual with regards to revenue recognition. The guideline for revenue recognition stipulated by the IASB conceptual framework made no reference to revenue from non-exchange transactions even though non-exchange transactions were very common with NGOs (Brian, 2018).

Gornik-Tomaszewski and Choi (2018) explained that the IASB Framework established fundamental qualitative characteristics of financial statement that were useful to financial statements users. Relevance was one of the key characteristic identified. Information was relevant if it was valuable to the user in a confirmatory and predictive manner. Gornik-Tomaszewski and Choi (2018) clarified that the characteristic of relevance was supported by considerations of materiality. Materiality related to the level by which the omission of information influenced decision making. The measure of materiality was either by size or by nature. In measuring materiality by size, Gornik-Tomaszewski and Choi (2018) explained that the quantitative value was expressed as a percentage of certain elements of the financial statement (revenue and total asset) and materiality was assessed against predetermined percentages. Information was material by nature if its omission could influence decision making regardless of its size. The consideration of materiality was truly unique to each entity as no minimum threshold was specified by the framework Gornik-Tomaszewski and Choi (2018)

Comparability was another qualitative characteristic of financial statements that was stipulated by the IASB framework. Comparability denoted that information was to be presented in the financial statements in the manner that enabled comparison with another entity, as well as comparison with previous periods (Jeffrey, 2018). Comparability of financial information was facilitated by consistency of presentation. According to Jeffrey (2018), IASB believed that investors were able to make better economic decision pertaining to the buying, selling, or holding of their equity instruments if they could compare the financial statements of an entity with the financial statements of another. Hence, financial reporting standards were to be of such high standard of quality and transparency that one set of financial statements was to be comparable with another set of financial statements from a different country (Jeffrey, 2018). Moreover, the IASB vigorously promoted the adaptation and arduous application of IFRS globally taking into cognisance the appropriate needs of the diverse array of entities in the world. One of the ways the IASB promoted the acceptance of IFRS globally was through convergence of IFRS with national accounting standards (Brooke, Kirsten and Mark, 2019). Detailed discussion of IFRS was presented in Section 2.4.2.

Verifiability, as an important characteristic of the IASB framework, provided users with assurance about the reliability and credibility of the information in the financial statements. IFRS Foundation (2013) elucidated that the meaning of verifiability was "that different, knowledgeable and independent observers could reach consensus (although not necessarily agree) that a particular presentation of an item or items was a faithful representation" (Framework, para QC26). Timeliness, on the other hand, denoted that old information was less useful than contemporary information. On that premise, Bermpei et al. (2019) explained that information must be availed to the users of financial statement within the suitable time frame by which the information could facilitate the decision making of the users. Moreover, Bermpei et al. (2019) clarified that information was to be presented as concisely and clearly as possible to enable people with only basic knowledge about financial reporting to understand because such was the stipulation of IASB framework regarding understandability, the final qualitative characteristic of financial statement. Brooke, Kirsten and Mark (2019) concluded that the IASB standards were to be understandable so as to be easily enforced and accepted.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The International Financial Reporting Standards (IFRS) were a set of accounting standards produced for the overall purpose of identifying appropriate accounting practices for the preparation of financial statements. IFRS availed a common understanding between users of financial statements and the preparers of the same. A typical example was on how Property, Plants and Equipment (PPE) were to be measured and recognised in the financial statement. IFRS gave guidance about PPE reporting so both the preparers of the financial statement and the user had common understanding on how PPE was to be reported (Kadous, Koonce, Thayer, 2012).

Lai, Shan, Y., and Taylor (2013) clarified that a set of financial statements was, therefore, supposed to comply with all the IFRS that were applicable. IFRS were not the only accounting standards in existence but were, arguably, the most embraced set of accounting standards for the private sector in the world. IFRS was, indeed, adopted by most companies in most countries worldwide (Lai, Shan, Y., and Taylor, 2013). Local regulations did govern financial reporting, nonetheless, and the manner in which financial statements were prepared within every individual country. Gaynor et al. (2016) explained that the scope of local regulation included both the issuance of national accounting standards, by local professional accountancy bodies or financial reporting regulatory bodies, and the enforcement of such standards.

Gaynor et al. (2016) explained that over the past twenty five years the influence of IFRS over various national financial reporting bodies grew exponentially. Indeed, most countries globally either permitted the use of IFRS (exactly as they were, without any change), or a set national accounting standards that were based on the IFRS. A typical example, as cited by Gaynor et al. (2016) was the requirement placed by the European Union (EU) on all EU countries. The EU requirement mandated all companies that were listed on a regulated EU financial market (such as London Stock Exchange) to prepare consolidated financial statements using IFRS (Gaynor et al.,2016). In the United Kingdom (UK), listed companies were not mandated but encouraged to prepare their financials on IFRS basis. In Botswana, on the other hand, all listed companies were mandated to use IFRS (Evelyn, 2016). This clearly showed that IFRS had a lot of influence in Botswana. But where did IFRS originate? IFRS was created by the International Accounting Standard Board (IASB), as stipulated in the topic 2.4.1 above. The IASB had initially started with the setting of International Accounting Standards (IAS) but since 2001 began to develop IFRS in the endeavour to gradually replace the IAS (Salehi and Shirazi, 2016).

The process of setting IFRS was relatively straightforward. The general plan for IFRS creation was put in place by the IASB, via dialogue, with the Advisory Council. Jeffrey (2018) explained that an advisory committee was established from the IFRS Advisory council as the working group, right from the inception of the project. Jeffrey (2018) further explained that the function of the advisory committee was to continuously provide advice on all matters that arose throughout the project of setting an IFRS. The IASB developed IFRS as a unit, in consultation with all the members of the IASB and the IFRS advisory committee. The IASB and the IFRS advisory committee members were of diverse backgrounds in financial reporting. After the IFRS was developed, a discussion paper on the same IFRS was published (Jeffrey, 2018).

The next step, after IFRS was published, was the acceptance of comments by the IASB from all relevant parties. Azleen et al. (2018) explained that the relevant parties, from across the world, received the discussion paper in advance. The relevant parties were to analyse and comment on the discussion papers. These relevant parties were usually given sixty days to respond. The IASB was then to review the comments from the relevant parties and develop an exposure draft for the proposed IFRS, in line with the comments on the discussion paper (Azleen et al., 2018). The exposure draft was then to be publicised for public comments. The standard time period for the public release of the exposure draft was one hundred and twenty days. Azleen et al. (2018) further clarified that in some circumstances, the time allowed for public comments on the exposure draft was less than one hundred and twenty days but was never less than thirty days. Following the receipt and thorough review of the public comments on the exposure draft, the fourth and final step was that the final IFRS was published by the IASB (Azleen et al., 2018).

There were certain underlining principles that guided the setting of all IFRS, as set out in the conceptual framework of the IASB. One of such principles was Faithful presentation. Weygandt et al. (2018) explained that all financial statements were to be presented in the manner that reflected, truly and fairly, financial performance and financial position of an entity. Indeed, Weygandt et al. (2018) firmly stipulated that no IFRS, by generality, was to contravene this principle. Fair presentation implied the reflection of what was stipulated by the relevant IFRS, without bias and impartiality. Truth, on the other hand, was the reflection of factual accuracy within the scope of materiality (Weygandt et al., 2018). According to Weygandt et al. (2018), the bottom line was that for financial information to be presented faithfully it was to be complete, free from error and neutral. Financial statements were, therefore, to consist of only information that was essential for adequate understanding. Departure from IFRS was only permitted in extremely rare cases where compliance was deemed to be misleading. Weygandt et al. (2018) clarified that an IFRS was deemed misleading if it conflicted with the objectives of financial statements, as set out in the IASB conceptual framework (Weygandt et al., 2018).

The concept of accrual was a major principle by which all IFRS was to be based. According to the conceptual framework of the IASB, financial statements were to be reported on the basis of accrual accounting. Alastair, Miguel and Dushyantkumar (2018) explained that under accrual accounting, transactions were to be recognised only when the transactions occur and not when cash was received or paid. A typical example of the application of the accrual concept, as cited Alastair, Miguel and Dushyantkumar (2018) was in revenue recognition. Alastair, Miguel and Dushyantkumar (2018) clarified that revenue was to be recorded in the period when the risk and reward of ownership for the product were transferred from the seller to the buyer. This was always the case regardless of whether the seller had received payment for the product (or service) or not. Hence, IFRS 15 (the IFRS on revenue) was set in accordance to the accrual principle.

Alastair, Miguel and Dushyantkumar (2018) further clarified that accrual principle was the reason why credit sales were recorded earlier than cash payment, and trade receivables recognised. Likewise, expenses were recognised in the period that the goods or services were consumed as opposed to when payment was made (Alastair, Miguel and Dushyantkumar, 2018). With regards to non-current assets such as PPE, Alastair, Miguel and Dushyantkumar (2018) clarified that the accrual assumption necessitated that depreciation of such assets were recognised over the asset's period of consumption and not the year of purchase. The bottom line, therefore, was that financial statements that were prepared on the basis of accrual provided information about both past and future transactions. Hence, the accrual principle was very useful for economic decision making (Alastair, Miguel and Dushyantkumar, 2018).

The third principle by which all IFRS were based was the principle of going concern and every IFRS was set to reflect the same principle. In fact, the IASB's Conceptual Framework referred the going concern assumption as the 'underlying assumption' (Shava, 2019). The going concern principle basically assumed that the reporting entity was to continue to operate even onto the unforeseeable future. Hence, financial statements were prepared on the same premise. Shava (2019) explained that going concern assumed that the management or owners of the entity had absolutely no intentions, nor any necessity to bring the entity to liquidity. To liquidate the entity implied selling off all the assets of the entity to pay off the entity's liabilities, and distribute the remaining surplus to the owners of entity (Shava, 2019). A typical application of the principle of going concern was on the measurement of trade receivable balances (as in accordance with IFRS 9) (Isidro, Nanda and Wysocki, 2019).

Isidro, Nanda and Wysocki (2019) explained that even though the future was always unknown, trade receivables were measured on the assumption that the entity would recover the trade receivables. However, if the entity was to liquidate, the entity was not going to recover its trade receivables.

Liquidation, therefore, caused trade receivables to become irrecoverable but this fact was totally ignored by the going concern concept (Nisidro, anda and Wysocki, 2019). Moreover, non-current assets in the financial statement were also measured on the premise that the assets were to be used by the entity throughout the useful life of the asset (as stipulated by IAS 16, PPE). If the entity was to liquidate, however, the asset was to be valued on the basis of what the asset could be sold for but this was also ignored by the going concern assumption (Isidro, Nanda and Wysocki, 2019).

In terms of the scope of IFRS, IFRS was applicable to all financial statements and was focused on the mutual informational needs of a broad array of users (Bermpei et al., 2019). The mandate of IFRS was to enable similar accounting for all transactions and events that were alike. According to Bermpei et al. (2019), the objective of IASB was, therefore, to reduce the number of choices permitted by IFRS regarding transactions and events. Moreover, the manner by which IFRS were drafted by IASB was such that some paragraphs were rendered in bold type while others were rendered in plain type (Bermpei et al., 2019). The paragraphs that were typed in Bold indicated the main principles of the standards. Other principles of the standards were typed in plain. In terms of authority, every principle of the standards was of equal authority. Furthermore, Bermpei et al. (2019) clarified that if some limitations were identified regarding the applicability of a standard, such limitations were clarified within the same standard.

With regards to the influence of IFRS on NGO financial reporting, Christensen et al. (2019) provided some clarity. Christensen et al. (2019) explained that the qualitative characteristics of IFRS such as relevance, faithful representation, comparability, understandability were influential on NGO financial reporting. To this extent, Christensen et al. (2019) clarified that NGOs were to benefit from adopting a framework of financial reporting that could consider, in a comprehensive manner, all aspects of the peculiarity of objectives, characteristics, and stakeholder information of NGOs. These objectives, characteristics included trustworthiness and social impact, as well as the performance of management, as hitherto stipulated by Ryan et al. (2014). With regards to the framework of accountability that was suitable for NGOs William (2019) explained that such a framework was to make appropriate use of the IASB qualitative characteristics of financial statements. William (2019) further explained that The NGO framework was also to embrace the globalization of the IFRS as an imperative benchmark for financial reporting. Moreover, the embrace of IFRS and profit-oriented principles of the IASB by NGOs, or other nonprofit organisation, was to be significantly beneficial to such organisations if the organisations were to become profitable (William, 2019).

INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS (IPSAS)

The characteristics of public sector organisations differed materially from that of private sector organisations. This difference impacted the objectives (financial and non-financial) and funding of the public sector organisations, as well as the and relationship of the public sector organisations with other organisations (Yusuf et al., 2013). The financial objectives and the targets of public sector organisations were usually set externally. Hence, the presentation and format of the financial statements of public sector organisations were usually influenced by the same external factors (Yusuf et al., 2013). Moreover, Yusuf et al. (2013) explained that demonstration of financial accountability was paramount with public sector organisations.

Indriasih and Koeswayo (2014) clarified that the demonstration of financial accountability with public sector organisations was both at individual level and at group level. Financial accountability emanated from the fact that public sector organisation used public funds to operate. By such financial accountability, users of the financial statements were able to assess the organisation's level of stewardship (Indriasih and Koeswayo, 2014). Fung (2014) explained that the objective for which governmental bodies all over the world produced their financial reports was very similar. Fung (2014) clarified, however, that the manner and presentation (by which each country prepared financial statements) did vary. This was because each country took into cognisance the local environment in which its public sector entities operated. Therefore, the manner of reporting of similar transactions varied in the UK as compared to the USA, Japan or Canada for example (Fung, 2014). Dzomira (2014) added that such differences, thus, diminished the comparability and usefulness of financial statements from different countries. This, therefore, necessitated global harmonisation of the practice and regulation of financial reporting to avoid inconsistency (Dzomira, 2014).

For the sake of harmonisation, public sector specific accounting standards were developed and these were known as the International Public sector Accounting Standards (IPSAS). The International Public Sector Accounting Standards Board (IPSASB) was endosed, by the International Federation of Accountants (IFAC), with the power to develop and issue the IPSAS (International Public Sector Accounting Standards Board, IPSASB, 2014). The focus of the IPSAB was on the accounting and financial reporting needs of local, regional and central governments, as well as government agencies of various countries. In general term, the origins of the IPSAS emanated from the IFRS, but was tailored for the public sector. But why was a separate set of financial reporting standards really needed for the public sector? International Public Sector Accounting Standards Board, IPSASB (2015) elucidated that a separate set of financial reporting standards really needed for the public sector because IFRS particularly fulfilled the financial needs of the private sector, but the objectives of private sector organisations grossly differed from that of the public sector.

International Public Sector Accounting Standards Board, IPSASB (2015) explained that the objectives of the IPSASB were set out in the ‘Preface to the IPSAS’, which also elucidated the scope and authority of the IPSAS. As the responsibility of producing IPSAS lied with the IPSASB, the IPSASB had a structured process to follow when producing IPSAS. When producing the IPSAS, the IPSASB mainly considered whether each corresponding IFRS was suitable for the public sector or needed amendment (International Public Sector Accounting Standards Board, IPSASB, 2015). The fundamentals of the process of developing the IPSAS, by the IPSASB, were laid out in the Terms of Reference.

Particularly elucidated, in the Terms of Reference, was the fact that the IPSASB supported the conjunction of both statistical information and national standards (International Public Sector Accounting Standards Board, IPSASB, 2015). Moreover, Cohen and Karatzimas, (2015) explained that the IPSASB terms of reference stipulated that due procedure was followed by the IPSASB in the creation of IPSAS. The due procedure included consultations and exposure drafts. Furthermore, Cohen and Karatzimas, (2015) explained that the IPSAS took into considerations comments from published exposure drafts and made revisions to the exposure drafts, accordingly. Finally, the terms of reference stipulate that affirmative votes were rendered by at least two-thirds of the IPSAS membership before approval of exposure drafts (Grace, 2015).

There were, therefore, two instances by which the IPSASB developed the IPSAS to address issues in public sector financial reporting, as provided by the guideline. Firstly, an IPSAS was developed where no current IFRS existed to cater for a certain element of financial reporting in the public sector, or where the existing IFRS did not appropriately or comprehensively address the issue (International Integrated Reporting Council and Chartered Institute of Public Finance and Accountancy, 2016). An example of an instance where the existing IFRS did not appropriately or comprehensively address a public sector specific issue, as cited by International Integrated Reporting Council and Chartered Institute of Public Finance and Accountancy (2016) was the issue of revenue recognition from non-exchange transactions. No IFRS existed specifically for revenue from non-exchange transactions because in the private sector revenue never occurred without any corresponding exchange of goods or services.

According to International Integrated Reporting Council and Chartered Institute of Public Finance and Accountancy (2016), IPSAS 23 Revenue was, therefore, developed without any reference to an underlying IFRS. International Integrated Reporting Council and Chartered Institute of Public Finance and Accountancy (2016) further clarified that IPSAS were also developed and issued in instances where an IFRS addressed comprehensively, or appropriately, an issue of financial reporting that pertained to the public sector. For such instances, IPASB simply converged with the applicable FRS by tailoring the IFRS to the context of the public sector. The IFRS, outlined in the IASB document, was simply rewritten to the style and terminology that best suited the public sector (International Integrated Reporting Council and Chartered Institute of Public Finance and Accountancy, 2016).

International Integrated Reporting Council and Chartered Institute of Public Finance and Accountancy (2016) further explained that the governance of the IPSASB was structured in the manner that demonstrates that the IPSASB, as a standard-setting organisation, was legitimate. This was achieved by ensuring that the members of the IPSASB were of the appropriate technical expertise and independence at all times. Katsikas, Manes-Rossi and Orelli (2016) explained that International Federation of Accountants (IFAC), the global accountancy profession oversight authority, was the parent body that oversaw the governance of the IPSASB. The IFAC membership and association was made up of over one hundred and fifty entities, across over one hundred countries and countries.

Katsikas, Manes-Rossi and Orelli (2016) further clarified that the mandate of IFAC was to protect public interest, through the encouragement of high-quality practices within the IFAC membership. The IFAC membership primarily comprised of national professional accountancy bodies like IPSASB, hence promoted the robustness of the accounting profession worldwide. Intrinsically, the IPSASB operated under the auspices of IFAC. The appointment of IPSASB members was also facilitated by the IFAC. The membership of IPSASB consisted of eighteen individuals. Fifteen of these individuals were nominated by the IFAC, while the remaining three were appointed as public members. Each member of the board of the IPSASB was entitled to one vote (Katsikas, Manes-Rossi and Orelli, 2016).

Lev and Gu (2016) added that the nomination committee of the IFAC endeavoured to ensure that the nominated members of the IPSASB were of broad geographical spread. The nomination committee of the IFAC also ensured that the nominated members were of broad accounting backgrounds, such as audit and financial reporting practise and education. The IFAC nomination committee further ensured that the members of the IPSASB were of the appropriate technical expertise and proficiency, and possessed adequate knowledge of the IPSASB constituency (Lev and Gu, 2016).

According to Thomas and Nadiyasu (2017), the primary objective of the IPSASB was to promote the international convergence and acceptance of the IPSAS. Moreover, the IPSASB also published other documents that offered direction on matters that pertained to public sector financial reporting (IFAC, 2018). In terms of IPSASB funding, about fifty percent originated from IFAC while the residual fifty percent come from numerous voluntary donations from governments and observers. The supranational organisations that observed the IPSASB included the World Bank, European Union and the International Monetary Fund (IFAC, 2018).

Nurlis (2018) explained that in October 2014 the IPSASB developed the Conceptual Framework for General Purpose Financial Reporting. It was on the Conceptual Framework for General Purpose Financial Reporting that all IPSAS were to be based. This was simply a mirror document equivalent to the IASB framework by which all IFRS were based. The IPSASB conceptual framework was only applicable, however, to the public sector organisations that adopted and applied IPSAS. According to IFAC (2018), the preface of the conceptual Framework was made up of eight chapters. The first and most important chapter was titled ‘Role and Authority of the Conceptual Framework.’ It outlined the role that the framework played in the IPSAS development process. IFAC (2018) further explained that the ‘Role and Authority of the Conceptual Framework’ chapter emphasised that accrual based accounting was the primary aim of the framework.

The IPSASB, therefore, aimed at applying the concept of accrual accounting to each IPSAS that was development. Moreover, the ‘Role and Authority of the Conceptual Framework’ chapter also explained that the role of the framework was to provide guidance on how issues of financial reporting, not particularly dealt with by an IPSAS, were to be dealt with. The 'Role and Authority of the Conceptual Framework' chapter outlined that the preparers of financial statements, and other stakeholders, made reference to the conceptual framework. The preparers of financial statements considered the applicability of definitions, principles of measurement and other concepts identified within the framework (IFAC, 2018).

Another remarkable chapter of the IPSAS conceptual framework, as elucidated by Biondi and Bracci (2018), was titled 'Objectives and Users of the General-Purpose Financial Reporting (GPFR)'. GPFR were statutory financial reports that were produced by most public sector entities and were audited. The 'Objectives and Users of the General-Purpose Financial Reporting (GPFR)' chapter emphasised that the objectives of the GPFR were determined in reference to the informational needs of the end users. Biondi and Bracci (2018) explained that this was necessary to provide information that was useful to the end users, for both accountability and decision-making. Biondi and Bracci (2018) clarified that the information that was useful to the end users of the GPFR pertained to financial performance, cash flow and financial position.

Haris et al. (2019), however, explained that other forms of financial and non-financial reports may be voluntarily produced by public sector entities, but these were not within the scope of the IPSASB framework. In the rest of the chapters of the conceptual framework, the qualitative characteristics of general-purpose financial statements were identified. The elements of the financial statements were also identified, and their measurement and recognition criteria were stipulated. One chapter detailed the key characteristics of a public sector reporting entity, while another chapter gave guidance on how financial information should be presented in a general-purpose financial report (Valerio, 2019).

Constitutional arrangements and public service operational methods differed from one country to another and this was acknowledged in the preface to the IPSASB conceptual framework, as elucidated by Manes-Rossi (2019). The preface also recognised that the objective of most public sector entities was primarily to deliver service to the general public. The IPSASB, therefore, acknowledged that additional supporting information was paramount, to demonstrate accountability to users of general-purpose financial statements (Manes-Rossi, 2019). On that premise, the preface of the IPSASB conceptual framework considered certain characteristics of the public sector prior to the development of the framework. Non-exchange transaction, where an entity received value for no corresponding value, was one of the key characteristics of the public sector that was considered. Another imperative consideration was the feature of budget approval. Budget approval was necessary when it was a constitutional requirement for an entity to prepare and publish a legislature approved budget (Sellami and Gafsi, 2019).

Sellami and Gafsi (2019) further elucidated that the preface to the IPSASB conceptual framework also considered the fact that the nature of longevity of the public sector required funding from future taxes. Moreover, the primary reason for holding assets, funded through long term taxations, was not to generate cash flow from the assets but just to benefit from the service potential of the assets. Furthermore, Sellami and Gafsi (2019) explained that the regulatory role of public sector entities was acknowledged within the preface to the IPSASB conceptual framework. According to Sellami and Gafsi (2019), regulatory powers were often bestowed on public sector entities to either safeguard public interests directly or through agencies.

Finally, the preface to the IPSASB conceptual framework considered the relationship between financial reporting and statistical reporting. This was because many governments did not only produce general purpose financial reports but also produce government financial statistics. IPSASB recognised that though overlaps existed between financial reporting and statistical reporting, the objectives of the two reports were different from each other. The differences between the financial reporting and statistical reporting objectives therefore resulted to different accounting treatments by the two report, for similar transactions and events (Dewi, Azam and Yusoff, 2019).

OTHER ACCOUNTING STANDARDS AND FRAMEWORKS

THE EUROPEAN UNION (EU)

The overall objective of the European Union (EU) was to create an internal market that functioned properly. As far as the financial arena was concerned, the EU endeavoured to develop a capital market that was well integrated for effective operation. The achievement of this objective was facilitated by the adoption of a single set of financial reporting started for the EU that was globally accepted (Donnelly, 2014).

Donnelly (2014) further explained that the European Commission established an authorisation system. With the authorisation system, companies were obligated to comply with a set of financial reporting standards that were endorsed by the European Parliament and the EU Council. This, according to Donnelly (2014), was done politically to maintain some level of financial reporting regulation in Europe and avoid leaving financial reporting in Europe exclusively within the control of unelected parties. Donnelly (2014) explained that to facilitate the decision making of the European Commission on which set of standards to prescribe for adaption, the European Commission was advised by two committees. According to Donnelly (2014), the first advisory committee was the Accounting Regulatory Committee (ARC) which was established to function at a political level.

The ARC comprised of representatives from each of the EU member states. The second advisory committee to the European Commission, as cited by Donnelly (2014), was called the European Financial Reporting Advisory Group (EFRAG). The EFRAG comprised of technical experts of financial reporting such as preparers of financial statements, setters of national standard, financial statement regulators and auditors. The EFRAG advised the European Commission on all matters that pertained to the application of approved sets of financial reporting standards in the EU (Donnelly, 2014).

Donnelly (2014) further clarified that the EFRAG advice the EU, at the early stage of standard creation, as to whether or not the proposed standards were likely to cause significant problems within the EU. It was on this premised that a core set of IFRS was adopted, in the year 2000, by the International Organisation of Securities Commissions (IOSCO). This was for the financial reporting needs of multinational entities within the EU, as elucidated by Bloomberg Politics (2017). IOSCO was the organisation that was charged with regulatory authority of security markets within EU. The IOSCO oversaw key issues of regulation that generally pertained to international securities, but specifically pertained to financial reporting of multinationals within the EU (Epstein and Rhodes, (2016). In synchrony with the IOSCO, the European Commission issued a financial reporting regulation in 2002 for entities of its member state, whose securities were traded on an EU controlled market. The regulation required such entities to prepare their consolidated financial statements on the basis of IFRS (Bloomberg Politics, 2017).

Carney (2017) explained that, even though the IFRS were issued by the IASB, the IASB had no legal authority to mandate entities to comply with IFRS. So the use of IFRS, for the financial reporting of entities within the EU, necessitated definite legislation in each respective country. Even though IFRS was generally adapted by the EU, the enforcement of IFRS for the entities incorporated within the EU member states was delegated to the regulatory authority of each member state. According to Carney (2017), the enforcement of IFRS was, nevertheless, done in accordance to the principles that were set out by the European Securities and Markets Authority (ESMA). Carney (2017) further explained that to date the EU directive and IFRS were the top guidelines by which the top multinational entities in Europe conformed. Howarth and Quaglia (2017) added that top multinational entities in Europe conformed to EU directives and IFRS though national requirement also influenced the financial reporting of the top multinational entities in Europe. Member states of the EU also had the discretion to extend the application of IFRS to include non-listed companies (Howarth and Quaglia, 2017).

Furthermore, Howarth and Quaglia (2017) explained that, with regards to the financial reporting needs of the public sector of the European Union member states, the recent public financial crisis in Europe highlighted the need for reformation. The financial reporting system within the EU had to be reformed and Harmonised for the improvement of the financial management of public entities within the region. Zayyad and Roszaini (2019) alluded that many member states of the EU had already resorted to accrual-based accounting, in the quest of bring reformation to their financial reporting systems. Lack of coordination in the process, however, resulted to numerous financial reporting systems to be in operation. Moreover, Zayyad and Roszaini (2019) added that meaningful comparison of financial reporting between member states was, consequently, difficult to achieve. Apart from improved financial management amongst member states, harmonisation of public financial reporting also promoted cross-border benchmarking. In fact, Zayyad and Roszaini (2019) further explained that better accountability was promoted within decision makers in the public sector. Harmonised financial reporting truly fostered intergenerational equity in fiscal policy that pertained to public entities within the EU region (Zayyad. and Roszaini, 2019).

On that premise, the EU was currently on the verge of developing a harmonised accrual-based set of standards for financial reporting within the EU member states. According to David and Guido (2019), these set of standards were to be called European Public Sector Accounting Standards (EPSAS). The EPSAS was to be the accrual-based accounting and budgetary system that was to be used by all entities within the public sector of all the EU member states. The International Public Sector Accounting Standards (IPSAS), a set of public sector accounting standards currently in use worldwide, was proposed. The IPSAS was to be endorsed, converted into EU regulations, and adopted as the starting core for the ESPAS (David and Guido, 2019).

According to Quaglia (2019), in November of the year 2011 a "Six-Pack" legislative package was adopted by the Council of the European Union. The reason for the adoption of the legislative package was to call upon the member states of the European Commission to assess the IPSAS. This was to ascertain the suitability of the IPSAS for the financial reporting needs of the EU Member States (Quaglia, 2019). Quaglia (2019) further clarified that the assessment was carried out by the European Commission in the month of February of 2012 through an entity called Eurostat, the statistical office of the EU. Eurostat carried out the assessment task through public consultation. By December 2012, all responses to the public consultation were received and the same responses were published in the same month of December 2012 (Quaglia, 2019).

Quaglia (2019) further clarified that in the month of March the following year, 2013, a report was published by the European Commission, to the European Parliament. The report stated that the IPSAS epitomised an appropriate framework of financial reporting that could be used for reference in the development of the EPSAS. According to Quaglia (2019), the report also indicated that the IPSAS could not be easily implemented within the member states of the EU, nonetheless. Quaglia (2019) concluded that the main emphasis of the report was that the focus of the EPSAS project was on the reformation of public sector financial reporting within the EU. An imperative feature of financial management within the public sector, however, necessitated a set of harmonised budgeting standards to be developed. Luís (2020) acknowledged that till date, the onus remained with the European Parliament and European Union, to make the final decision as to whether to implement the EPSAS within the public sector of the EU member states or not.

SECTOR SPECIFIC ACCOUNTING STANDARDS

The sector specific approach to developing accounting standards had for a long time been practiced in both the United States of America and United Kingdom. The Financial Accounting Standard Board (FASB) and the Accounting Standard Boards (ASB), of the USA and the UK respectively, developed accounting standards and conceptual frameworks using the needs-based approach (De Larosière, 2009). This approach originated from the notion, by Macve (1981), that a set of financial statements could only be of the necessary quality if the needs of the end users were considered.

On that premise, the ASB gave authorisation, in the year 2000, for the use of the Statement of Recommended Practices (SORP). According to De Larosière (2009), SORP was for the financial reporting of various sectors, in line with the user needs of the sectors. De Larosière (2009) explained that SORP comprised of sector-driven financial reporting recommendations, as well as auditing and actuarial practices, for specialised sectors and industries. SORP targeted areas that neither had Financial Reporting Council (FRC) standard, supplement FRC standard nor any other regulatory authority (De Larosière, 2009). Schimmelfennig, Leuffen and Rittberger (2015) clarified that SORP also addressed matters that though were addressed by FRC standards, required additional guidance. Furthermore, Schimmelfennig, Leuffen and Rittberger (2015) clarified that the Financial Reporting Council (FRC) was an independent regulator in the UK and Ireland that was responsible for setting codes and standards for the regulation of auditors, accountants and actuaries. According to Schimmelfennig, Leuffen and Rittberger (2015), every SORP-making body was, therefore, to be approved first by the FRC before they could be authorized to develop SORP. SORP was developed for each sector in cognisance of policies that were stipulated by the FRC (Schimmelfennig, Leuffen and Rittberger, 2015).

The Charities SORP was one of seven approved SORPs recognised by the FRC, and was the most beneficial for this study. This was because charities were one of the most common forms of NGOs. Higher Education, social housing and Pension schemes were also some of the sectors that were recognised by the FRC. Charity Commission for England and Wales, Office of the Scottish Charity Regulator and Charity Commission for Northern Ireland were currently the three recognised SORP-making bodies for charities in the UK (James, 2016). James (2016) explained that in the UK, the law that regulated charities made it compulsory for all charities to adopt the SORP. However, in some other European countries like the Republic of Ireland, the use of SORP by charities was on voluntary basis. James (2016) clarified that the SORP-making bodies in these other European countries were commissioned to develop and publish SORP for Charities. The SORP-making bodies were to decide for themselves the scope of each Charity SORP, and the consistency of the SORP with applicable standards of financial reporting (James, 2016).

Moreover, according to Agwor and Akani (2017), ad hoc advisory groups with sufficient technical knowledge and expertise were to provide the required advice on the specific issues of financial reporting that affected charities. Agwor and Akani (2017) explained that various stakeholders participated in the development of SORP. Rokiah et al. (2018) added that the onus, however, was completely upon the SORP-making body to determine the extent by which consultation was required throughout the SORP-making process. The SORP-making body was also to ensure that they complied with the FRC policies at all time (Rokiah et al., 2018).

With regards to the setting of sector specific accounting standards, in the USA for instance, the FASB issued the same set of financial reporting standards for both the profit sector and non-for-profit sector. This was the explanation rendered by Fosbre, Kraft, and Fosbre (2009), who also explained that due to the conspicuous number of inconsistencies in the financial reports produced by the two different sectors (profit sector and non-for-profit sector), the FASB set up a special advisory committee called the National Advisory Committee (NAC). According to Fosbre, Kraft, and Fosbre (2009), the purpose for the advisory committee was to recommend how best to address the financial reporting needs of the non-for-profit sector. The advisory committee did so in cognisance to the unique financial reporting requirements of non-for-profit sector. Hence, the FASB resorted to the production of a set of standards specifically for non-for-profit sector. These set of standards were known as the FAS 117, issued particularly to address the uniqueness of the Non-for Profit sector in the USA (Fosbre, Kraft, and Fosbre, 2009).

In quintessence was Canada, where Pina and Torres (2003) explained that there was a demarcation amongst the standard setting bodies. In Canada, financial reporting standards for the profit-making sector were issued by the Public Sector Accounting Board (PSAB) while the Accounting standard Board (ASB) issued standards for the non-for-profit sector. It was on this premise that Pina and Torres (2003) further clarified that in 2003, the Voluntary Sector Initiative of Canada made a request to the ASB. The request was for ASB to develop an enhanced set of financial reporting standards that was specifically for NGOs such as charities (Pina and Torres, 2003). To date, however, all the standards set by ASB were generically applied to non-for-profit entities in Canada. The standards were applied to government organisations and NGOs alike (Pina and Torres, 2003).

In Australia, a sector neutral approach to financial reporting was the norm but was overtime proven to be unsuitable for non-profit organisations. This elucidation was rendered by Kober, Lee and Ng (2013), who further clarified that IFRS had widely been adopted by all sectors but in 2006, FRC concluded that IFRS was not suitable to meet the financial reporting needs of non-profit organisation in Australia. According to Kober, Lee and Ng (2013), this conclusion was further corresponded by Australian Accounting Standard Board (AASB) who, in 2009, embarked on a dedicated project to ascertain the special financial reporting needs of non-for-profit sector in Australia. The project was to pave way for the possible development of a set of specific financial reporting standards for the non-for-profit sector in Australia (Kober, Lee and Ng, 2013). Kober, Lee and Ng (2013) further explained that in New Zealand (NZ) the Commission Charities (COC) was set up in 2005 to oversee the sector of charity organisations. The COC recommended the NZ GAAP for charity sector financial reporting in New Zealand (Kober, Lee and Ng, 2013)

In conclusion, Azleen et al. (2018) cited some of the others sector specific accounting standards that were in existence and these included the Micro Finance Accounting Standards (MFAS) for the microfinance sector, the IFRS for SMEs for unlisted small to medium sized profit seeking entities and the IPSAS for public entities. Azleen et al. (2018) explained that developed countries were on the forefront of these sector specific financial reporting standards. Some of these developed countries included, as cited by Azleen et al. (2018), included the USA, UK, Australia, Canada, New Zealand and a consortium of Asian countries. The developing world, however, lacked behind in the race for sector specific financial reporting standards. Botswana, for instance, still tied herself to profit oriented financial reporting frameworks for her non-profit sectors, such as NGOs (Azleen et al., 2018).

DONOR-DESIGNED ACCOUNTING STANDARDS AND FRAMEWORKS

There were several international donor institutions that associated with various NGOs worldwide. Some of such international donors included USAID, European Union (EU), World Bank and Swedish International Development Association (SIDA). Common to these institutions was that the institutions individually developed their own sets of financial reporting standards and formats. The reason for developing such standards was to mandate donees (fund recipients) to comply with the standards. This, therefore, ensured accountability by the donees to the donors (Patel et al., 2015).

The Financial Accounting, Reporting and Auditing Handbook (FARAH) were issued by the World Bank in 1995. The FARAH stipulated that all projects worldwide that were funded by the bank (whether for government entities or NGO) were to comply with the FARAH (World Bank, 1998). Compliance with the FARAH standards was inscribed in each grant covenant, as one of the key conditions for obtaining a grant from the World Bank. According to World Bank (1995), the FARAH set out both the financial guidance and the minimum standards on financial reporting, to ensure adequate stewardship of all projects funded by the World Bank.

Furthermore, in 1998, the World Bank augmented the FARAH with the Financial Management Manual (FMM). The impetus of the FMM was to provide further guidance towards the preparation of project management reports for the funded projects (World Bank, 1998). With the FARAH and FMM, the World Bank was able to enhance the efficiency and effectiveness of financial reporting, audit, procurement, planning and physical performance of all Word bank funded projects globally. The overall aim of developing such donor specific set of standards by the World Banks was to ensure both efficient and correct use of resources. The standards were strong deterrents to fraud and corruption, hence the standards promoted accountability and stewardship (World Bank, 1998).

As for the USAID, the guiding principle for the financial reporting and management of its funded projects was governed by an array of guidelines that originated from different frameworks. The chief regulatory body that guided the USAID was the Federal Accounting Standards Advisory Board (FASAB), which developed financial reporting standards for the federal government of the USA (Patel et al., 2015). According to Patel et al. (2015), the FASAB developed concepts called the Statements of Federal Financial Accounting Concepts (SFFAC).

These concepts were the framework by which a set of standards that guided financial reporting was produced, published and recommended by the FASAB. Patel et al. (2015) further explained that these set of financial reporting standards were called the Federal Financial Accounting Standards (SFFAS) and all donees of the USAID were mandated to prepare their financial reports in accordance to the stipulations of SFFAS. SFFAS 117, for instance, as cited by Patel et al. (2015), stipulated that the primary objective of financial reporting for donees was to facilitate assessment for continuity, liquidity and resource utilisation effectiveness.

Abi, Pituringsih and Husnan (2018) further clarified that the USAID Office of Management and Budget (OMB) was the other body that guided the financial reporting of USAID donees. A typical guideline developed by the OMB for that purpose was the OMB Circular A-136 on financial reporting requirements. According to Abi, Pituringsih and Husnan (2018), the OMB also developed the OMB Circular A-127, a regulation on internal controls and enterprise risk management. Regulation was set by the OMB for the donee financial management and donees' financial accounting. These regulations were titled OMB Circular A-127 and OMB Circular A-134 respectively (Abi, Pituringsih and Husnan, 2018).

Swedish International Development Association (SIDA) was another renowned donor for NGOs. According to Dabbicco and Steccolini (2019), the SIDA developed a set of guidelines that influence financial planning and reporting, as well as auditing, for the SIDA donees. The guidance mentioned accountability of resource utilisation as the prime purpose of financial reporting. Dabbicco and Steccolini (2019) further clarified that by the use of the principle of accountability, the SIDA standards juxtaposed outcomes with predetermined budgets. Furthermore, SIDA Standards were also set by for audit function. For the audit function, SIDA Standards were set to determine the level of resource usage in line with the predetermined requirements and grant agreements (Dabbicco and Steccolini, 2019).

In the UK, on the other hand, the Department of Finance for International Development (DFID), a founder of NGOs, mandated its donees to use the Statement of Reporting Practices (SORP) for financial reporting. SORP was issued by the office of Charity Commission. The DFID mandated the use of SORP in other to improve the quality of financial reports produced by the NGOs it funded (Rajib et al., 2019).

THE BOTSWANA GAAP

The General Accepted Accounting Practice (GAAP) in Botswana was issued as a preface by the Botswana Accountancy Oversight Authority (BAOA) for entities not applying International Financial Reporting Standards (IFRS). The BAOA did not constrain organisations and entities to apply IFRS hence the application of IFRS by entities and organisations was entirely by choice, save for public entities

(Botswana registered companies that were listed either on the Botswana stock exchange or any other international stock exchange) (Phatshwane and Mbekomize, 2017).

Phatshwane and Mbekomize (2017) clarified that only public entities were mandated to prepare their financial statements based on IFRS. Therefore, for the regulation of other entities that were not public entities, the BAOA was of the view that since these non-public entities were not mandated to apply IFRS, the entities were not be constrained by over-regulation. Over-regulation did not only increase the cost of doing business but also fostered a culture of noncompliance and informality which was bad for business. Phatshwane and Mbekomize (2017) further clarified that it was, therefore, imperative that that non-public entities were regulated with a simplified accounting and financial reporting framework that was commensurate with their small size (most of the non-public entities were SMEs), limited range of stakeholders and uncomplicated types of transactions.

Modirelabangwe and Phatshwane (2018) explained that most of the companies that chose not to apply IFRS often chose so because they lacked the capacity and resources that were required to appropriately comply the complicated IFRS requirements, particularly the requirements that entailed significant costs without corresponding benefits. Be that as it may, Modirelabangwe and Phatshwane (2018) further explained that BAOA needed to promote improved reporting of financial information amongst those entities that chose not to apply IFRS. BAOA, therefore, had to develop an ideal system of regulation that stroked a balance between the lessening of regulatory burden and the promoting of improved financial reporting. It was on the premise of lessening regulatory burden but promoting quality financial reporting that the BAOA developed the Botswana GAAP in the form of guidelines for the preparation of general-purpose financial statements (Modirelabangwe and Phatshwane, 2018).

Common Users of GAAP and Their Information Needs

According to Cussatt, Huang and Pollard (2018) general purpose financial statements were statements of financial performance and position that were directed towards the common information needs (for economic decision making) of a wide range of users. GAAP addressed the information needs of stakeholders such as shareholders and management, creditors, employees, government, and the public. Cussatt, Huang and Pollard (2018) explained that GAAP was instrumental for shareholders (as entity owners) to be able to assess the performance of the entity. As for the management of an entity, Cussatt, Huang and Pollard (2018) explained that GAAP facilitated internal financial management and planning.

According to Cussatt, Huang and Pollard (2018) GAAP was also instrumental for financing because financial institutions were more likely to place reliance on financial statements that were guided by GAAP in their preparation than financial statements that were not. This was because GAAP enabled the financiers and other creditors to be able to properly assess risk when making lending decisions. Cussatt, Huang and Pollard (2018) further explained that financial performance and credit loss assessment was easier to perform on the financial statements that were guided by GAAP than those that were not hence even after lending, the lenders and creditors were able to subsequently assess the financial performance and risk of credit loss pertaining to the entity that the enders and creditors had lent money to. With regards to the governments, as stakeholders, Cussatt, Huang and Pollard (2018) explained that GAAP facilitated financial statement preparation for tax purposes and fiscal planning.

The Financial Reporting Framework for GAAP

According to Botica, Laswad and Ehalaiye (2021) GAAP was generally designed for SMEs that did not apply IFRS hence the GAAP framework was a simplified system of accrual-based accounting that was directly connected to cash transactions. Botica, Laswad and Ehalaiye (2021) emphasized that the GAAP framework for financial reporting was a compliance framework that took into consideration the realistic needs of the preparers and the users of the financial statements and not necessarily the achievement of fair presentation. Pertaining to Botswana, Mbekomize and Popo (2020) had hitherto explained that the Botswana GAAP framework was included within the three tier framework of financial reporting adopted for use in Botswana (IFRS, IFRS for SMEs and GAAP for entities not applying IFRS). The IFRS and IFRS for SMEs were developed by the International Accounting Standards Board (IASB) hence the responsibility for the development of financial reporting framework for entities neither applying IFRS nor IFRS for SMEs was that of the local professional accountancy bodies of individual jurisdictions and countries. BAOA thus developed the Botswana GAAP framework for entities that did not use IFRS in Botswana (Mbekomize and Popo, 2020).

Preparers

Honde and Abraha (2015) explained that BAOA stipulated within the Botswana GAAP that only a person that was registered with the Botswana institute of Chartered Accountants was allowed to prepare financial statements based on GAAP. Honde and Abraha (2015) further explained that the Botswana GAAP framework further stipulated that the financial statement preparer was to produce and include a preparer's report alongside the financial statements. Within the preparer's report was to be stated the name or names of the preparer or preparers of the financial statements together with registration number or numbers of the preparer or preparers as issued by Botswana Institute of Chartered Accountants (Honde and Abraha, 2015) .

Purposes

In terms of the purpose of the Botswana GAAP, Morima (2018) stated that firstly the Botswana GAAP provided guidance pertaining to the accounting treatments that were suitable for "exempt private companies". Exempt private companies were defined by the companies act of Botswana (Companies Act Chapter 42:01) as companies with total assets of less than two million pula and annual turnover of less than five million pula in the preceding financial year. Exempt private companies required no audit even though they could opt to get audited. Morima (2018) further explained that the companies were not mandated to file their financials with the Companies and Intellectual Properties Authority (CIPA) but were required to ensure they prepared their financials within seven months after year end. The exempt private companies, nonetheless, were required to maintain and submit to CIPA a statement of charges that pertained to bonds and mortgages. Moreover, Morima (2018) explained that other private companies that were not ‘exempt’ were also permitted to use Botswana GAAP on the premise that they were not required to comply with IFRS and chose not to comply with IFRS.

Secondarily, Morima (2018) explained that Botswana GAAP purposed to aid entities prepare financial statements that could enable primary users to assess and evaluate the financial performance and financial position of an entity in terms of profitability, resource management, risk management and solvency. Hence, Morima (2018) clarified that the objective of Botswana GAAP was to set standards that enhanced the attributes that made information presented by entities that applied Botswana GAAP to be useful to the primary users of the financial statements. Furthermore, Morima (2018) clarified that the Botswana GAAP certified that entities recognised transactions with consistency and integrity so that the users of financial statements could place reliance on such financial statements. This enabled financial statements to be appropriately prepared and financial information presented in an understandable, complete, relevant and reliable manner(Morima, 2018).

According to Botica, Laswad and Ehalaiye (2021), the Botswana GAAP framework addressed the greater part of the transactions and events that reporting entities were most likely to encounter in their day-to-day business operations. The transactions that were either uncommon or only related to few entities were omitted. Moreover, Botswana GAAP required that financial statements reflected the legal form of business activities and transactions. As such, Botica, Laswad and Ehalaiye (2021) explained that similar events and transactions were required to be accounted for in similar manner. Likewise, dissimilar events and transactions were to be accounted for and reported. This was required both for financial reporting within an individual entity over time and among all entities that applied Botswana GAAP. This notwithstanding, Botica, Laswad and Ehalaiye (2021) clarified that entities that applied Botswana GAAP were expected to employ a trade off between costs and benefits in practice as a matter of professional judgement. The benefits obtained from financial information presented in line with Botswana GAAP was always expected to exceed the costs involved (Botica, Laswad and Ehalaiye, 2021).

The Scope and Authority of the Botswana GAAP

Ghebremusse (2018) explained that it was imperative that the Botswana GAAP was structured in such a manner that the definition of the entities that fell within the framework was clearly defined to avoid inadvertent confusion. This was necessary to ensure that entities that were not eligible to use the Botswana GAAP framework did not erroneously assert that they were eligible and inadvertently use the Botswana GAAP framework. Moreover, **Ghebremusse** (2018) emphasised that clarity in definition was necessary to ensure that the entities that were eligible did recognise their eligibility and use the framework accordingly. In defining the scope of application for the Botswana GAAP, **Ghebremusse** (2018) explained that the Botswana GAAP framework stipulated that the framework was to apply to entities that were "exempt private companies" as defined in Section two subsection three of the companies act of Botswana. Furthermore, **Ghebremusse** (2018) stipulated that the application of the framework for financial statement preparation was to be in accordance with the provisions of Section two hundred and six subsection three of the Companies Act of Botswana.

Ghebremusse (2018) further clarified within the scope of the Botswana GAAP framework that any entity that happened not to be required by any other law or regulation to apply IFRS, and which was not a public interest entity, could apply the framework by choice. A Public Interest Entity was further defined by **Ghebremusse** (2018) as an entity that had issued and listed financial instruments (debt or equity instrument) on the Botswana Stock Exchange or any other stock exchange for public subscription.

Financial institutions that were either under the supervision of the Bank of Botswana (BOB) or Non-Bank Financial Institutions Regulatory Authority (NBFIRA) were also regarded as public interest entities by **Ghebremusse** (2018). These included banks and other deposit taking institutions like insurance companies, pension funds and superannuation funds, trusts, provident funds and collective investment undertakings (**Ghebremusse**, 2018).

LITERATURE REVIEW SUMMARY

This chapter commenced with a detailed introduction, which was a preliminary background that depicted related researches and studies previously conducted. The literature gaps within the related researches and studies previously conducted were demonstrated within this literature review chapter, accordingly. The extensive study was conducted on the purpose of evaluating the quality of financial reports of NGOs in Botswana and determine the extent to which the financial reports were affected by the current financial reporting frameworks used. The introduction continued with an exploration into the library databases and search engines employed for the study. To guide the fundamental search phrases, the phrases were classified into several groups such as financial reporting quality, theories and NGOs.

The conceptual frameworks used in the study were described. The sources of the conceptual frameworks were revealed and the rationale behind the use of conceptual frameworks was explored. Stewart (1984) defined accountability as the act of holding organisations at large, and individuals in particular, responsible for their actions. Agents always owed their stakeholders explanations concerning whatever outcomes and impacts that emanated from the activities carried out by the agents (Keating and Frumkin, 2003). As this research purported to investigate into the quality of financial reporting of NGOs, accountability theory explained the expectations of stakeholders and gave a plausible format for determining what quality entailed for NGO financial reporting.

With regards to NGOs in Botswana, the funders, who were the principals also, had gross mistrust for the managers of the NGOs (Mooketsane, Bodilenyane and Motshegwa, 2018). The mistrust necessitated the requirement for periodic financial reporting of the financial performance and financial position of the NGOs. Evelyn (2016) elucidated that the financial reporting requirement was exploited, nonetheless, by the agents. The agents produced misrepresentative and manipulative financial reports. Shava (2019) explained that NGO agents withhold paramount information from donors. The agents misappropriated donor funding and produced financial reports that were not true and fair. Truly, this resulted to gross quagmire in NGO financial reporting in Botswana. The quagmire in NGO financial reporting in Botswana was mainly manifested through missing funds (Molosiwa, Masiya and Maringira, 2019).

With regards to theoretical framework, the agency principle was a phenomenon that assumes that individuals, by natures, always sought to fulfil their own interests at the expense of the interests of others (Bosse and Phillips, 2014). Meier et al. (2015) postulated that organisational dependency on external resources gave external forces, which provided the resources, so much bargaining power that the external forces exploited and coerced the dependent organisation to succumb to the dictates of the external forces. The underlining principle behind stewardship, therefore, connoted an understanding of the manner in which the resources of the principal were utilised by the agent (Meier et al., 2015). Erickson et al. (2011) emphasised the importance of adequate communication when corporate strategies were to be established. With regards to stakeholder theory, the impact of an organisation's activities on stakeholders influenced the organisation's level of success (Jones, Wicks and Freeman, 2017). This literature exploration on agency, in conclusion, supported the need for a suitable framework of financial reporting for NGOs in Botswana, to promote better accountability form the agents charged with the management of the NGOs. This, therefore, necessitated further investigation into the matter to understand how exactly the financial reporting frameworks affected the quality of financial reports of NGOs in Botswana.

The renowned economist, Gjesdal (1981), proposed stewardship as an auxiliary to agency. He suggested a mutual relationship of collaboration between an agent and the principal to alleviate conflict of interests. Pastoriza and Arino (2008) then explained that this agent- principal relationship could only be attained via service collaboration and mutuality. The underlining principle behind stewardship, therefore, connoted an understanding of the manner in which the resources of the principal were utilised by the agent. Kota, Bindu and Charumathi (2018), in harmony with the connotation of Harrison (2018), pointed out that the precepts underlined within the stewardship principle were imperative to financial reporting. Examples were factors like management efficiency and effectiveness (Domínguez-Escrig et al, 2019). Schillemans and Bjurstrøm (2019) pointed out that the ideologies of the stewardship principle were imperative for incorporation within the financial reporting frameworks of non for profit organisations. The emphasis of Schillemans and Bjurstrøm (2019), however, was on the public sector and no study was conducted to understand the possible benefits of stewardship on NGO financial reporting, particularly in Botswana, hence the reason for this research.

With regards communication, the application of the principle of communication in financial reporting was replete. Erickson et al. (2011) emphasised the importance of adequate, appropriate communication in the establishment of corporate strategies and the narratives of corporate reporting. Organisational crises management also, could only be successfully carried out by means of effective communication (Coombs, 2015). Good Communication was also significance in fraud prevention, detection and correction (Coombs, 2015). Regarding legitimacy, Claeys and Opgenhaffen (2016) explained that the financial status quo of an entity could only be legitimately communicated via financial reporting. Ferry et al. (2017), however, elucidated that numerical information alone did not suffice for the appropriate and sufficient communication of an entity’s financial status quo but that footnotes and pictures must augment numerical information.

Cornelissen et al. (2018) brought to light a remarkable aspect of communication that had been neglected by some other scholars, feedback. Cornelissen et al. (2018) first reiterated the teachings of Harshman and Harshman (1999) on the 7 Cs of communication. With emphasis on completeness as one of the 7 Cs of communication, Cornelissen et al. (2018) argued that communication was not complete and legitimate without feedback. One pertinent fact that emanated from the conclusions of Cornelissen et al. (2018), therefore, was that a high quality of financial report should incorporate stakeholder feedback for communication to be complete. Do the current financial reporting frameworks used by NGOs in Botswana incorporate the same? No literature currently shaded light on this, save for this research which purported to fill in the gap. Moreover, how much did the current frameworks of financial reporting used the NGOs in Botswana facilitate the promotion of 'correctness' as one of the 7 Cs of communication stipulated by Harshman and Harshman (1999)? This study also purported to shed light on the same.

Freeman (1984) taught that the concept of stakeholders connoted that a certain environment existed, which got affected by whatever actions and activities the organisation engaged itself in. This environment was called 'stakeholders'. The impact of the organisation's activities on the stakeholders in turn influenced the success of the organisation. Ever since its inception, the stakeholder concept was used by various scholars to explain various organisational practices. Ketokivi and Mahoney (2015), for example, explained accounting using the stakeholder concept. According to Ketokivi and Mahoney (2015), stakeholders were the paramount force that influenced accounting within an organisation.

The profiling (identification, listing and cross referencing) of stakeholders to satisfy their informational needs was of paramount importance. Freeman et al. (2018) suggested that stakeholders be profiled according to their power to influence and control the organisation. Such powers may be political, economic, technical or legislative (Freeman et al., 2018). Gooyert et al. (2017) explained that profiling enabled the establishment of whether the information received by stakeholders was relevant, sufficient and complete. The disclosure of such information was, therefore, crucial for quality financial reporting (Gooyert et al., 2017). It was, thus, necessary that adequate understanding was gained as to whether the current frameworks of financial reporting used by NGOs in Botswana enabled relevant, sufficient and complete reporting of information to stakeholders through stakeholder profiling. Hence, this research was important because it promised to uncover the same.

With regards to institutionalisation, Arbaugh and Hwang (2015) explained that by the normative process, regulatory bodies were the main factors that caused organisations to gravitate towards institutionalisation. These regulators may be professional regulators or moral regulators. The regulators caused organisations to gravitate towards institutionalisation through the formulation of cognitive paradigms and principles that organisations were encouraged to follow (Arbaugh and Hwang, 2015). Wu and Patel (2013) emphasised the need to scrutinize, prior to adopting, international practices whether in financial reporting or anything else. This scrutiny was to be performed on the contextual ruminants of the international practices to be adopted (Wu and Patel, 2013).

In alliance to the stipulations of Wu and Patel (2013), Arthur, Chen, and Tang (2019) further elucidated that the need of the users of financial statements naturally differed from country to country and institution to institution. Hence, there was need to tailor international frameworks according to the unique characteristics of countries and organisations. It was fundamentally correct, therefore, based on the elucidation of Arthur, Chen, and Tang (2019) that international financial reporting standards such as IFRS ought not to be wholly adopted without tailoring. The tailoring ought to be to the uniqueness of NGOs as well as the uniqueness of Botswana. No study had been conducted to understand how the current frameworks of financial reporting adopted by NGOs in Botswana affected the quality of financial statements the NGOs produced. This study was, therefore, important to fill in the gap.

By definition, an NGO was an organisation that was not founded by the government or state hence was independent of the government or state. This was the definition rendered by Campbell, P. (1987), who then elucidated that even though his definition could theoretically be inclusive of profit seeking corporations, the NGO nomenclature was austerely restricted to organisations with non-commercial goals. Mutua (2009) explained that NGOs existed for diverse tenacities, many of which were of humanitarian and philanthropically nature, but could also be politically or socially inclined. Indeed, there were different types of NGOs, as in accordance with the typology used by the World Bank (Bieri, 2010). Fishel (2016) explained that the annual budgets of large NGOs were often millions of dollars. American Association of Retired Persons (AARP), for example, had an annual budget of over five million dollars in 2014.

Financial reporting was the process of identifying, measuring, and communicating economic information, for the purpose of facilitating informed decisions. Financials were also reported to assess the stewardship of the management of an entity (Goddard and Assad, 2004). Besides, financial reporting provided an imperative base by which the accountability of management was to be effectively assessed. The management of an organisation inevitably had the role of stewardship, by which the management was accountable for the safe keeping of the resources of the entity. The objective of financial reporting was to provide the financial information about the entity that could be useful to both existing and potential investors, for economic decision making (Goddard and Assad, 2004). A financial report included notes that comprised of accounting policies and other narrative information. Accounting policies were principles, rules and conventions that were employed to appropriately depict transactions and other events in the financial statements. One of the most prominent limitations of financial reporting was the conventionalised representation of financial statements (Goddard and Assad, 2004).

IASB (2010) explained that the IASB was formed in succession to the IASC which was established in 1973. IFRS were a set of accounting standards that were produced by the IASB for the overall purpose of identifying appropriate accounting practices for the preparation of financial statements. According to IASB (2010), there were certain underlining principles that guided the setting of all IFRS, as set out in the conceptual framework of the IASB, one of which was the key principle of Faithful presentation. International Public Sector Accounting Standards Board, IPSASB (2014) explained that the IPSASB was formed by the IFAC with the power to develop and issue the IPSAS. When producing the IPSAS, the main aspect of financial reporting that IPSASB took into consideration was to enquire about the suitability of the corresponding IFRS for the need of the public sector (International Public Sector Accounting Standards Board, 2015).

David and Guido (2019) explained that the overall objective of the European Union had, over several years, been to create an internal market that functioned properly. As far as the financial arena was concerned, the EU endeavoured specifically to develop a capital market that was well integrated for effective operation. According to David and Guido (2019), the EU was currently on the verge of developing a harmonised accrual-based set of standards for financial reporting within the EU member states and these were proposed to be called EPSAS. The sector specific approach to developing accounting standards had for a long time been practiced in both the United States of America and United Kingdom. The FASB and the ASB of the USA and the UK, respectively, used the needs-based approach to draft conceptual frameworks (David and Guido, 2019).

Rajib et al. (2019) explained that common to several international donor organisations was the development of their own set of financial reporting standards and frameworks. The reason for developing such standards was to mandate donees to comply with the standards for financial reports. According to Rajib et al. (2019), the Financial Accounting, Reporting and Auditing Handbook (FARAH) was issued by the World Bank in 1995. All projects that were funded by the World Bank were to comply with FARAH. With regards to USAID, Rajib et al. (2019) explained that the guiding principle for financial reporting and management was governed by an array of guidelines that originated from different frameworks. The chief regulatory body that was endorsed by USAID was the FASAB, which established financial reporting standards for the federal government. In the UK, the Department of Finance for International Development mandated the use of Statement of Reporting Practices for NGOs (Rajib et al., 2019).

The relationship between financial reporting frameworks and the quality of financial reporting was complex. Robust frameworks like IFRS and U.S. GAAP generally improve reporting quality, but institutional and environmental factors also played a significant role. The potential convergence of major frameworks was to shape financial reporting in the future. Understanding this relationship was crucial for academics, professionals, and stakeholders. Robust frameworks provided a foundation for financial reporting, promoting transparency and reliability. However, institutional factors, such as governance and culture, can either enhance or undermine reporting quality. The convergence of IFRS and U.S. GAAP presented opportunities and challenges. It was to simplify global financial communication but was to potentially introduce complexities in reconciling different accounting philosophies. In conclusion, financial reporting quality was influenced by various factors, and staying updated on these dynamics was essential for maintaining the relevance and reliability of financial information.

CHAPTER 3:

RESEARCH METHODS AND DATA COLLECTION

INTRODUCTION

Detailed in this chapter, therefore, were the research and data collection methods employed. The research approach and design were elucidated. These were followed by the population and sample of the research study. It was imperative that the instrumentation of research tools was explained. Also detailed was the operational definition of variables. Afterward, a review of the study procedures and ethical assurances that were employed for the study was done. A detailed elucidation of the manner of data collection and analyses employed was also paramount. Moreover, a collective summary of the key points that emanated from the entire chapter was inevitable, to conclude the chapter.

RESEARCH APPROACH AND DESIGN

The research approach and design chapter topic described accurately the manner in which the researcher approached the research and design employed by the researcher on the research. The research approach talked of the research methods employed and the appropriateness of the same . This included a discussion, in form of a statement, about the reasons why the particular methods employed were chosen. The researcher did not just fixate on the chosen research methods however but instead ensured to cite other alternative research approaches that were considered for use for the study. The researcher then adequately explained the advantages the chosen methods had to offer above the alternative methods that justified the use of such research methods for the study. Moreover, the researcher ensured the continuous usage of current and peer reviewed literature to substantiate all claims pertaining to the research methods discussed.

Furthermore, contained within this research approach and design chapter topic was an elaboration of the research design that the researcher chose for this research. The elaboration included a discussion about the appropriateness of the research design chosen, particularly a discussion on how the same design appropriately responded to the purpose of the study. Moreover, the design steps undertaken for the study were also elaborated. In elaborating the research design steps the researcher ensured to include within this chapter topic a detailed, wholistic elucidation that included appropriate support (through literature) for the use and application of the chosen design (not just a simple listing and description). The literature used to substantiate the chosen research design were current peer reviewed research and textbooks. This substantiation enable adequate justification of why the particular research design was chosen as the optimum pick for the study. Besides, the substantiation also enabled justification as to how the chosen design was to facilitate the accomplishment of the intentions of the study. In a ‘nut shell’, the study design was elaborate enough to ensured that enough guidance was provided to enable any possible future replication of the research if needed.

RESEARCH APPROACH

The research approach used for this research was the secondary quantitative methodology. This was employed so as to be able to profoundly analyse the relationship between the frameworks for financial reporting and the quality of financial reports produced by NGO, as in accordance to the aim of the study.

This secondary research utilized data that has already been collected by others, making it more cost-effective than primary research, which involves collecting new data. It also saves time, as the researcher doesn't need to go through the process of designing and conducting the study. This allowed the researcher to draw upon a diverse range of sources, leading to a more comprehensive understanding of the research problem. This includes academic papers, industry reports, government publications, and more, each offering different perspectives. Reviewing secondary data helped the researcher identify gaps in existing knowledge to guid future research efforts and helped to formulate research questions and hypotheses. Moreover, using secondary data reduced the risk associated with the research, as the data had been previously validated and the ethical considerations in data collection had already been addressed.

In terms of this research being quantitative in nature, it provided more objectivity and reliability as quantitative research was often viewed as more objective than qualitative research. The use of statistical methods helped in ensuring that the results for this reseach were less influenced by the researcher's personal biases, leading to more reliable and replicable outcomes. Due to its structured approach and larger sample sizes, the quantitative research findings were able to be generalized to a broader population of NGOs. Quantitative research allowed for complex statistical analyses which uncover patterns, correlations, and cause-effect relationships that might not be apparent in qualitative data. Advanced statistical techniques were also posible to control for variables and test hypotheses with a high level of precision. The numerical nature of the quantitative data for this research allowed for clear, concise presentation of findings. Charts and tables were used to efficiently communicate complex data, making it easier for others to understand and interpret the research results. Moreove, the quantitative research methods enabled the ability to test hypotheses as it allowed for precise measurement and analysis.

While quantitative research offered several benefits, it was limited in capturing the depth and complexity of human experiences. It was on this premise that though the reseach approach used for this reseach was secondary quantitative approach, it was augmented with some arrative information to gain a more comprehensive understanding of the research topic. The goal of making use of some arrative information in conjunction with the quantitative data was to strengthen the validity of the overall research findings through congruence and complementarity of the results. The use of some arrative information in conjunction with quantitative data, therefore, superseded the use of quantitative data in complete isolation because it enabled congruence which was to do with consistency, similarity and convergence of results. This enabled congruence for this research and offset vast bias and measurement errors that could have, otherwise, resulted from the use of quantitative analyses in complete isolation.

The issue associated with the dependence on quantitative research approach without any augmentation was bias. The types of bias typical of quantitative research approach were measurement bias, sampling bias and procedural bias. Measurement bias emanated from the way data was collected. The use of some non-numerical data to enhance the quantitative data, therefore, allowed the combination of both group and individual research options to enable reduction in measurement bias. Sampling bias, on the other hand, could either be the bias of omission or that of inclusion. The former resulted from not covering all the population intended while the later emanated from the covering of only the most convenient of the population. The use of some non-numerical data to augment the quantitative data was, therefore, significant in the combination of the various strengths of these options to guarantee that coverage was sufficient. Moreover, when participants were pressured or coerced in one way or another to avail information, procedural bias would have occurred.

For such, analysing some necdotal information with quantitative data was instrumental to enable the combination of both short and long engagements. Additionally, analysing some necdotal information information in conjunction with quantitative data simplified data validation via the employment of cross verification that involved different sources. It further ensured that the consistency of results gotten through various instruments was tested. This remarkably enhanced the chance to control, or at minimum, evaluated some multiple causes that swayed results. This, therefore, ensured that the approach to this research was eclectic and the research questions were followed in a manner that ensured that the best and most useful answers and solutions were obtained. The approach ensured that narrative words were used to deduce meanings from numbers, and numbers used to add meticulousness to the narratives. This was truly remarkable, as the method facilitated the broader and more complete answering of an array of questions that were peculiar to the study.

For this research, much stronger evidence was availed for firmer conclusion derivation, through corroboration and conjunction of research findings. This inevitably resulted to more accurate understanding and insight towards the necessary theories, for better analyses, as compared to the use of quantitative methods in total isolation. Moreover, the researchers was able to gather multiple data via vast strategies, to result to a combination of complementary strengths and non-overlapping weaknesses. It was, therefore, confirmed that analysing some textual data in conjunction with quantitative data was superior, for this quantitative research. In quintessence was the fact that employing Subjective reviews in the analyses of the quantitative findings, in this study, served as a manipulation check, and perhaps, a way to directly discuss the issues under investigation. This augmentation helped avoid some potential problems associated with quantitative method inaccuracies and inadvertent manipulations.

This was buried on the assumption that the weakness in quantitative method was compensated by the counter-balancing strength of subjective naratives. This was a remarkable advantage as multiple and independent measures did not share the same weaknesses or potential for bias. This purported to exploit the merit and neutralised, rather than compounded, the demerits of quantitative research. This was a remarkable benefit for this quantitative study as it provided the study with several important opportunities. Firstly, it enabled more confidence to be placed on the research findings as opposed to if quantitative methods were used in total isolation without any augmentation. Secondly, the research approach played many other constructive roles as well. A typical example was the fact that it stimulated, for this research, the creation of inventive problem capturing methods to complement conventional data-collection methods. Furthermore, this enabled the synthesis and integration of theories in research. In this sense, this paralleled theoretical triangulation as it endeavoured to bring diverse theories, pertaining to this research, to bear on a common problem. This was remarkable as it served as the critical test, by virtue of its comprehensiveness, for competing theories.

However, not only was the use of some narratives in conjunction with the quantitative data time consuming and expensive, it was overwhelmingly difficult especially for a single researcher. For this reason, therefore, this study did not triangulate. This research was a quantitative research and the bulk of this study made use of quantitative methods. The quality of the quantitative research was simply enhanced with the analyses of some narative information so as to solidify the findings. The bottom line, nonetheless, was that multiple prospective dimensions of classifications were presented hence the quality of research was enhanced.

RESEARCH DESIGN

The research design mainly used for this study was the causal-comparative approach. This research design endeavoured to uncover relationships that existed between dependent and independent variables post the occurrence of an event or action. Causal-comparative approach was, therefore, most suitable for this study because it enabled the measurement of variables with instrument, and statistical procedures were used to analyse the same. The examination of the relationships that existed between the variables was used to test objective theories. Truly, causal comparative approach was able to assess the effects and impacts that had already transpired hence was best suited for this study.

The chief characteristic of causal-comparative research design was that it required the study to be non-spurious, of which in this context, inferred to a causal relationship between two variables. This was the existence of the relationship between cause and effect as demonstrated by the association between dependent and independent variables. Since independent variable had already occurred, the manipulation of the same was not possible hence causal-comparative research design inevitably improved the accuracy of study. Comparison group selection was paramount, nonetheless, in causal-comparative research design because it improved the interpretation of results even though the manipulation of the independent variable was not easy. As such, the causal-comparative research design, for this research, involved the selection of two groups of contributors. One group was experimental while the other was for control or comparison. The independent variable that differentiated the two groups was, therefore, unmistakably defined because a different population was represented by each group. Hence, in designing the causal-comparative strategy for this research, the selection of a random sample was not done from a single population but from populations that were already in existence.

With regards to the reasons why causal-comparative research design was chosen for this study above its other research design counterparts, correlated research design was also considered. Correlated research design was very similar in characteristics to causal-comparative research design as both examined relationships between variables. The focus of correlated design, however, was only limited to one group, whereas causal-comparative design was able to propel a comparison between subject groups. Moreover, correlational research had no focus on the understanding of cause and effect, whereas causal-comparative design did, hence was imperative for this research. Experimental design was another alternative research design considered for this study. Experimental research involved group comparisons and centred around the establishment of relationships that existed between variables, on a cause-effect basis, just like causal-comparative research did. Causal-comparative research design was advantageous over correlational research nonetheless, for this research, in the fact that for the former, sampling emanated from two populations that were already in existence whereas for the latter, the selection of random sampling emanated from only one population. Moreover, the variables in causal-comparative research could be manipulated since they had already occurred, unalike in experimental research. Besides, unlike experimental research, causal-comparative research design enabled, for this research, the study of cause-and-effect relationships under conditions inherently more difficult under experimental research, hence was imperative to this research.

Despite the numerous advantages that causal comparative research design had over its alternative counterparts, as beneficial to this research, an inevitable drawback did exist. In causal comparative research the researcher had restricted control over the investigation. This was because the formation of groups was carried out pre-studies, hence the inherent drawback that an ostensible cause-effect relation may not actually be as it appeared. Moreover, causal comparative research design was tailored towards quantitative research but this research made use of some qualitative data as well. Therefore, content analyses research design, as tailored towards qualitative research, was also employed to supplement the causal comparative research design.

Content analysis was used to determine the existence of certain words and concepts within narrative data. By employing content analysis for this research, the quantification and analyses of the existence, connotations and relationships of words, themes and concepts within the supplementary narrative data, for the research, was possible. Inferences about the messages within the texts were made and this provided the unobtrusive means of analysis needed. This enabled the direct examination of the use of communication using text and allowed the analyses of both narrative and quantitative data, hence was a good supplement to the causal comparative research design principally used in the study. Relational analysis was the type of content analyses employed for this study. The analysis involved an exploration into the relationships between concepts. Single concepts were perceived not to have any inherent meaning but the relationships among the concepts themselves. The texts were carefully selected for analysis through the balancing of having sufficient information with having succinct information. This was to ensure that the coding process thereof was not overly arduous, to provide results that were worthwhile and meaningful.

In conclusion, the research approach and design stipulated above were instrumental towards the establishment of the impact of financial reporting frameworks on the quality of financial reports of NGOs in Botswana. Truly the results of this study, as conducted in accordance to the design and approach stipulated above, may propel future researches in the areas of understanding the reasons for level of quality.

SAMPLE AND POPULATION OF THE RESEARCH STUDY

TOPIC OVERVIEW

This chapter topic (about the sampling and population of the research study) provided a description of the population that was beneficial for this research, as appropriate. The chapter topic was also paramount in explaining, with appropriate and relevant support, the estimated size of the sample as well as the characteristics to the sample that were relevant to the studies. The explanation of the sample size was augmented with an appropriate description of the reasons why the chosen sample size met the design criteria. The larger population with which the study participants were drawn, known as the sample frame, was also elucidated. Moreover, the researcher ensured that a description of the demographics and representativeness of the sample to the broader population was also included in this chapter topic of sample and population of research study. The researcher performed the description of the sample bearing in mind the fact that, depending on the study design, the population was to either reflect a set of organisations, group of people, archived and documents among others.

Furthermore, the researcher elucidated within this chapter topic (about the sampling and population of the research study) the justification as to why the population was appropriate to respond to the study problem and purpose. The power analysis was included and described for the particular quantitative design that was instrumental to the study as well as the sampling method which was purposive and purposeful. The researcher acknowledged the fact that each specific design for quantitative study had different sizes of sample and that a number of issues could impact sample size in quantitative study. Hence, the researcher ensured that the type of sampling method that was instrumental for the study was purposive and purposeful and that the guiding principle that determined the sample size was aimed on the premise of saturation.

Moreover, the researcher ensured that the quantitative samples that were instrumental for this study were large enough to render the assurance that most, if not all, of the perceptions that were essential were uncovered. However, the researcher took into cognisance the fact that data could become repetitive if sample size was too large hence the researcher ensured that the sample size was not too large. Furthermore, the researcher was cognisant of the fact that probabilistic selection approach, as supported by power analysis, was essential for determining the statistical significance of responses. Hence, when determine the minimum sample size, the researcher took into consideration all the assumptions of the proposed statistical tests as well as the responsiveness of the sample and possible sampling error.

Furthermore, this topic (about the sampling and population of the research study) included references that justified the sampling and population of study. Primary quantitative research design sources were refereed to, so as to optimally support the sample size and method. The manner of participant recruitment and data selection were well elucidated, as well as the procedures employed for sampling. Moreover, a detailed description was rendered about the properties of the instruments that were employed, the constructs that were measured and the coding schemes that were used in the study. Besides, the detailed description rendered included a discussion about the reliability and validity of the instruments, constructs and coding schemes.

SAMPLING OF THE RESEARCH STUDY

Research sampling technique could either be probability or non-probability. Probability sampling technique was sampling in which the greater proportion of a population was sampled out by the researcher, with the use of techniques based on the theory of probability. This was a statistical theory founded on random selection by which small group of participants were chosen from an existing large population and all their responses envisaged to match the overall population. The fact that the entire population was bestowed a known and equal chance of selection was the greatest key condition of probability sampling. For example, in a population of 100 participants, the odds of selection were 1 in 100.

Moreover, probability sampling rendered the greatest chance of sample creation that was a true representation of the population. In terms of advantages, the cost effectiveness of probability sampling was the most prominent. The process of probability sampling was both effective in time and cost. Likewise, on the basis of assigned numbers to the sample, a greater sample could also be selected, and then random numbers chosen from more substantial sample. Above and beyond, probability sampling was non-technical in nature as the same required neither technical knowledge nor intricate expertise. The sampling method was, therefore, straightforward and simple as no complicated processes were involved. With this technique, more time was salvaged which was, thus, effectively utilised in the analyses of data to draw conclusions.

Non-probability sampling, on the other hand, was sampling on the basis of subjective judgement of the researcher as opposed to random selection. Though this sampling technique was minutely stringent, it was greatly contingent on the expertise of the researchers. With non-probability sampling, as opposed to probability, not all members of the entire population were bestowed equal chance of participation. Rather, every representative of the population got a known chance of selection. Pilot surveys were deployed in smaller sample, in comparison to pre-determined sample size, and other explanatory studies were typical studies of which non-probability was most suited. The scholars also explained that the chief advantage of non-probability sampling technique, therefore, was pivoted on the fact that it was a more useful method for deploying surveys in the real world. Moreover, the proper application of non-probability sampling could produce the same quality of result as that which probability sampling could produce.

On the above premise, as the research was chiefly quantitative in nature probability sampling was chiefly employed and sparingly augmented by non-probability sampling techniques, at different intervals, for this study to obtain remarkably robust sampling of data. The complementation that probability sampling exuded for the study was in randomisation of selection, which was the strength of probability sampling. Each member of the given population was bestowed equal chance of selection. As this research was on the impact of financial frameworks on the quality of financial reports of NGOs in Botswana, it was very imperative that selections were randomised to a certain extent, to depict a result that largely represented the entire population of NGOs in Botswana. This approach therefore helped mitigate some sampling and systematic biasness that came with non-probability sampling.

The randomness in selection that emanated from probability sampling could negatively affect the statistical power of study. This was particularly so when sampling units with specific characteristics was essential to assess those characteristics, which might be missed out in random sampling. With non-probability sampling, selection was done totally at the researcher's discretion and members of a population were not given an equal chance of participation. This technique was also beneficial to this study. This was because there were specific sources and units, as well as report types that were remarkably vital for the study. These, hence, needed the researcher's discretional judgment to be selected from the population and included as part of the sample. An example was NGOs where fraudulent activities had hitherto been reported. Some NGOs were also infamous for having funders withdraw their funding at a point in time, hence were beneficial to the study. Non-probability sampling was, therefore, employed to amalgamate such NGOs into the sample. The other criteria that guided non-probability sampling were the prominence of location, financial frameworks used, the type of funders involved, as well as the auditors that audited the NGO financial reports.

POPULATION OF THE RESEARCH STUDY

The Botswana Registered of Societies had an approximation of five hundred NGOs registered under its regulatory authority. These included both charitable NGOs and NGOs with non-charity purposes. An example of the former was orphanage homes while an example to the later were associations, churches, and clubs. Based on the criteria stipulated above, a total of thirty NGOs were sampled out on judgmental basis. These included ten that were located within the Gaborone capital city area, five that had hitherto reported incidents of fraud, five that were prominently funded by international donors, five that had had at least one international audit firm as their auditors within the past ten years and five that were funded by at least one international funder. Still on the premise of this population of registered NGOs in Botswana, the National Statistical Service Calculator was then employed to facilitate the statistical sampling for the study and a statistical sample size was estimated. This was derived through probability sampling on the basis of the beta power (1-β) estimation of 0.8 and alfa estimation of 0.05 which resulted to an effect size of 0.03 in accordance to the Burkholder Statistical model (Foster, Rakhlin and Sridharan, 2018). It was on this basis, therefore, that a sample size of one hundred and twenty NGOs was the statistical sampling target for the statistical sampling of the NGOs to be understudied. This was in addition to the thirty NGOs that were hitherto sampled out for examination on non-probability basis, emanating from the judgement of the researcher. The total sample of NGOs in Botswana for purpose of this study was, therefore, one hundred and fifty.

With regards to reports from the auditors that were associated to the audit of the financial statement of NGO in Botswana, the registrar of societies had six international audit firms on record amongst over fifty audit firms in Botswana associated with NGOs. For the sampling needs of this study all six international audit firms were sampled on judgemental basis. Twenty-five other local audit firms were then also sampled out on the basis of their level of prominence in the market, as well as their level of accessibility. Out of these twenty-five non-statistically selected firms, fifteen were sampled out on random statistical basis. This brought the total number of sampled out audit firms, for the purpose of this study, to twenty-one. The sampling was done on the expectation to be able to retrieve, from each of the twenty-one audit firms, three report hence a total of sixty- three audit reports were expected.

With regards to reports from institutional funders, a total of ten funders were selected from the detailed list of NGO funding institutions compiled by Dupuy, and Prakash (2020). The basis employed for the judgmental selection was the level of funding the funders provided, and indeed, the top ten funders were selected. From each of these institutions, three reports were expected hence a total of thirty reports of donor framework of financial reporting was expected for analyses. From the office of the auditor general of Botswana, who periodically compiled reports on the financial frameworks that guide financial reporting in Botswana, ten reports were requested. The financial reporting frameworks, of which reports were expected, included the IFRS, IFRS for SMEs, the IPSAS, the local Botswana GAAP and the report on donor designed frameworks. Two reports were of interest for each framework hence a total of thirty reports were expected from the office of the auditor general of Botswana.

MATERIALS/ INSTRUMENTATION OF RESEARCH TOOLS

This research topic described the instrument that was used for this research. The description of the instruments included the information that pertained to the origin of the instrument as well as the validity and reliability of the instrument. The instrument was compiled by the researcher hence no permission was needed nor pilot application made in order to use the instrument for the research. The pilot testing that was conducted for the instrument was, therefore, conducted on the premise of the researcher's research knowledge and discretion, and the same pilot testing that was employed for the instrument was well discussed in this research topic.

Indeed, before the development of the research instrument for this study, the researcher investigated several resources for a well validated and accepted instrument that was already in existence and was perfectly compatible with the study. Most of the resources that were investigated were published empirical research articles. Peer-reviewed publications were also investigated, as well as NCU resources. In the course of the thorough search for an existing, validated and accepted instrument, the researcher found no instrument adequate enough for the exploration into the effects of financial reporting frameworks on the quality of financial reports of NGOs in Botswana. Hence, it was sacrosanct that the researcher developed a suitable instrument for the study. To facilitate the development of the suitable instrument, the researcher had to inquire, thoroughly, about instrument development from suitable instrument development sources and survey items.

The researcher understood the fact that the self development of instrument was generally discouraged. Hence the researcher was not casual in the search for a suitable instrument but conducted a thorough search for the suitable instrument. Moreover, having not found a suitable instrument, the researcher was careful to conduct a thorough study about instrument development and the pilot testing and validation of the instrument was adequately planned by the researcher. Besides, described in detail within this research topic were the measures the researcher took to demonstrate reliability and validity of the instrument developed. In fact, the entire process that was followed to develop the instrument was revealed in adequate detail within this research topic.

INSTRUMENTATION EMPLOYED

To expedite the operationalisation construct, and attain the optimum instrumentation research tool for this study, the researcher developed a unique tool that was peculiar to the research. This was paramount after searching for an existing, acceptable, and validated instrument via published empirical and peer-reviewed research articles and NCU resources but none was found suitable for the study. Moreover, hitherto to the development of the instrument, all necessary consultative survey and instrumental development sources from established, reliable and valid instruments surveys were employed. A research instrument was, therefore, developed to facilitate the quantification of the quality of financial reports of NGOs in Botswana, and measure the quality of financial reports of NGOs in Botswana. This was a diagnostic instrument that facilitated the identification of competencies within the financial reports of the NGOs. The same instrument was also used to measure the deficiencies in the financial statements that were investigated.

The instrument that was developed was named the Francis' Quality Management Tool - Financial Reporting (FQMT-FR). An ample amount of study time was invested prior to the development of the FQMT-FR, to learn the nuances of instrument development. The process was a thought-provoking endeavour that necessitated both statistical analysis and pilot testing. Moreover, inter-item reliability analysis and factor analysis were also employed. These analyses altogether enabled the establishment of the psychometric properties that facilitated the demonstration of the validity and reliability of the instrument. As no pre-existing measure that encompassed established psychometric properties that was most suited to this study was found, it became imperative that a strong understanding of instrument reliability and validity was inevitable. With the help of the Internet, several survey data collection tools were employed to facilitate the study. The survey data collection tools that expedited the study included tools that facilitated the increase of response rate as well as reduction in non-response bias.

To facilitate the development of the FQMT-FR, a thorough literature review was conducted on financial statement quality constructs. The items for the instrument were in accordance with the 5-point Likert-type, specifically developed for the study, and not from another existing instrument. By the means of a pilot study of the instruments, the FQMT-FR was validated by peer evaluation. Internal consistency method was employed in determining its reliability. The process of validation was imperative to weed out the weak elements identified in the instrument through item analyses. On that premise, the FQMT-FR instrument scored a reliability ranch of seventy eight percent to ninety three percent and was therefore judged to be appropriate for use in the study, to explore the effects of financial reporting frameworks on the quality of financial reports of NGOs in Botswana.

CONTENT OF INSTRUMENT

The FQMT-FR was derived from the amalgamation of the precepts of two financial reporting analyses tools that were already in existence. The first tool was the quality indicators of the IASB, as prescribed in the conceptual framework of the IASB. These quality indicators included relevance, faithful representation, understandability, comparability and timeliness. This was inspired by the elucidation of Jeffrey (2018), on the imperativeness of the quality indicators. Jeffrey (2018) explained that a financial report was to exhibit the quality indicators of the IASB in other to be appropriate and useful. The other financial reporting tool for quality analyses that guided the FQMT-FR was the NFPO quality assessment tool of the Chartered Accountants Australia and New Zealand (CA ANZ), as revealed by Barned (2009). Amongst the various quality measurement indicators prescribed by the CA ANZ, eight were deemed most relevant to the assessment of the quality of financial reports of NGOs. Hence, the eight quality measurement indicators were incorporated into the FQMT-FR instrument. These, amongst others, included governance, issues of resource dependency, communication of reports, and stakeholder matters. Each of the eight categories were ascribed several questions, to the total number of one hundred and fifty (appendix 1.2).

The final amalgam to the FQMT-FR instrument, in facilitation to the analyses of the quality of financial reports, was the incorporation of the theories associated with financial reporting. These, amongst others, included the institutional theory, the communication theory, and the resource dependency theory. The reason for such incorporation was to be able to analyse the quality of financial reports of NGOs, through the assessment of nonfinancial information. Financial reporting quality expressed the extent to which the required, user relevant information was contained within the financial reports. Gao et al. (2019) argued that the achievement of such quality, in financial reporting, could only be attained via structured criteria that considered unique industrial futures. Hence, it was necessary to incorporate these relevant theories into the FQMT-FR instrument. This enabled the analyses of all aspects of the financial report that were narrative in nature. Detailed in appendix 1.3 was the manner of incorporation of the five relevant financial reporting theories into the FQMT-FR construct, for data analyses.

INSTRUMENT DEVELOPMENT STAGES

The development of the FQMT-FR research tool chiefly involved the deployment of a five-phase model. The first step was the review of literature on financial frameworks, quality of financial reports and NGOs in Botswana. Though the studies of this nature that were hitherto conducted were very scanty, they sufficed in the provision of evidence pertaining to the constructs for this study. Truly, the literature review conducted at the inception of the development of the FQMT-FR revealed that there were several components to financial statements quality. This was crucial for this research, as the quality of financial statements was to be measured with utmost adequacy. Moreover, a review was conducted to identify the constructs of financial statement quality that were essential for the research. A range of quality attributes were discovered and numerous constructs were revealed. Post the comparison and analyses of the numerous constructs identified, some were designated as vital and considered essential for this research. As these constructs overlapped with several other instruments, the constructs were deemed fit for purpose, hence were essentially utilised for the study.

The second phase of the development of the FQMT-FR was the operational definition of the constructs and the development of question item. This phase was necessary after having identified the most suitable constructs for the study. Several question items were developed for each identified construct to facilitate the measurement. It became imperative to adapt, for the study, some of the items identified from present instruments, as availed from the literature review hitherto conducted. The rest of the items were then developed on the basis of the operational definition of the construct. A Likert-type of scale was ideal, where a mark against each item was required. Post item development, the third stage of FQMT-FR instrumentation development commenced. This was to do with content validation and reliability testing by expert judgement. The items were delivered to three senior researchers who were reputable for content validation. Each of these three validators was requested to perform a review on each question item. The researchers were to categories the question item according operational definitions. To concretise the validation process, each of the validators was to work separately. When consensus was reached, it implied that the item was an appropriate measure of the construct.

This was the basis by which question items were selected. Any item for which consensus was not reached was dropped. It was on this premise that most of the items, however, were found fit for the measurement of the construct for the study. After item selection for construct measurement, the draft questions for quality assessment was piloted for the purpose of assessing the reliability of the construct. To facilitate this assessment, a random selection of contributors was made, and the contributors were requested to complete the questions for quality assessment. The assessment process also made use of internal consistency method to calculate the reliability of the assessment. The outcome of the result depicted how reliable the test was and, indeed, a moderately high coefficient was attained. This depicted good reliability. The fourth step that transpired in the development of the FQMT-FR instrumentation was item analyses and preparation of final draft. This stage involved the performance of item analysis on inter-correlations that existed between the items and their corresponding constructs.

that the value of the coefficient of some of the items within the questions for quality assessment was below 0.3. Hence the items were eliminated from the questions for quality assessment. Following the inter-correlation test, between items and constructs, the final draft of the FQMT-FR instrument questions for quality assessment was composed.

INSTRUMENT VALIDATION

After the composition of the FQMT-FR instrument questions for quality assessment draft, piloting was done to expose the FQMT-FR to expert review and reliability check. This was the fifth and final phase in development of the FQMT-FR instrument, as the principal research tool for this study. It was paramount that the FQMT-FR was adequately tested for validity. The concept of validity was about the ability for an instrument to be able to measure what it was intended to measure. Nachmias and Nachmias (2008) defined validity as "the extent to which a measuring instrument contained variable errors, that appeared inconsistent between observations, either during any one measurement procedure or each time a given variable was measured by the same instrument".

It was on this premise that, to facilitate the validation of the FQMT-FR implement, the Krippendorff's alpha was employed. The Krippendorff's alpha was reputed as a remarkable content validity index, with incredibly reliable coefficient, as it depicted eccentricities among normally amorphous peculiarities, thus suited this study. The Krippendorff's alpha derived from the FQMT-FR research instrument was thus 0.85. The Krippendorff's alpha required for adequate sufficiency was 0.7, as recommended by Hayes and Klaus (2007). Hence the interpretation of the alpha for FQMT-FR was positive. Truly, the reliability of each construct was computed and was sufficiently high. This indicated that the instrument was ready for use. This further endorsed, verified, and validated the FQMT-FR and depicted that the FQMT-FR was an extraordinarily sufficient instrument that befitted the measurement and analyses of variables for this study.

To adequately facilitate the instrument validation process, piloting activities were prominently employed to assess a minute sample of the entire participation size. The information retrieved from the sample was very beneficial to modify the instrument till it was perfectly befitting for the study. This process ensured that the FQMT-FR instrument questions for quality assessment were clearly articulated to elicit meaningful responses. The piloting was beneficial in verifying that the instrument met these criteria. Moreover, to further concretise the validity of the instrument, it was imperative that a feasibility study was conducted prior to instrument development to determine the feasibility of the instrument for the intended purpose. The feasibility study facilitated the assessment of the practicality of the proposed instrument regarding its capability to facilitate the answering of the research questions of this study. It was, indeed, concluded that the FQMT-FR was a feasible instrument, particularly, with regards to data collection and analyses.

It was on this premise that, to expedite the operational construct of variables for this study, facilitate the validity of the FQMT-FR instrument, and achieve the required objectives within limited time that the expertise of two experts in the field of study was deployed. Both experts were specialists in quality assessment, as they were qualified chartered accountants with impeccable credentials. They were of remarkable work experience in financial statement analyses and reputed for good work ethics. Amongst the other areas that the two experts were of immense benefit were the areas of FQMT-FR instrument validation, data coding and data rating. Despite the unimpeachable expertise of the professional raters, it was paramount that, prior to the raters assessing the financial reports, the raters were rendered thorough training about the FQMT-FR, and its manner of use for the study. The detailed review of the instrument by the raters was considered. Hence, the validity of the FQMT-FR instrument was further verified. This then enabled the phraseology and interpretation of the financial reports to be thoroughly analysed using the FQMT-FR research instrument.

OPERATIONAL DEFINITION OF VARIABLES

To attain the mandate of this study of determining the effects of financial reporting frameworks on the quality of financial reports of NGOs in Botswana, it was imperative that assessment activities were designed and employed to find out what effect one variable had on another. The most appropriate operational variables that befitted this study were, therefore, the independent and dependent variables. These operational variables pertinent for this study were identified within this sub chapter of operational definition of variables. It was paramount that the each of the key constructs connected to the research questions and hypotheses for the study was identified and operationally defined on the premise of instruments already validated. Moreover, the variability of each variable in terms of range of scores was well described within this sub-chapter below, as well as how the specific scores used for analyses were attained from raw data. The specific instruments used to measure the variables were also identified and the level of measurement employed, described.

INDEPENDENT VARIABLES

The independent variables in this study were the variables that were perceived to be causative. These were the treatment variables that were to be manipulated to affect the outcome of the investigation. The independent variables used to facilitate the achievement of the aim of the study were, therefore, the financial reporting frameworks themselves. Examples were IFRS, IFRS for Small SMEs, GAAP, and frameworks imposed by donors such as World Bank. These independent variables, for the purpose of this study, were categorical variables. They were not quantitative variables as they contained categorical data and not quantitative data (Savalei and Rhemtulla, 2013).

It was on this premise that the independent variables for this study were grouped into three categories for consideration. The first category was the international frameworks of financial reporting such as IFRS and IPSAS. The second category was the donor-designed frameworks of which USAID, European Union (EU), World Bank and Swedish International Development Association (SIDA) were a part of. The third category was termed ‘Other financial reporting frameworks’. Other financial reporting frameworks included sector specific frameworks such as Financial Accounting Standard Board (FASB) and the Accounting Standard Boards (ASB) of USA and UK, respectively. The local Botswana GAAP framework was also part of the ‘Other financial reporting frameworks’ category of independent variables.

IFRS

IFRS were a set of accounting standards that were produced for the overall purpose of identifying appropriate accounting practices for the preparation of financial statements. IFRS enabled a common understanding between users of financial statements and the preparers of financial statements (Christensen, Hail and Leuz, 2013). A typical example was the measurement and recognition of property, plants and equipment (PPE) in the financial statement. IFRS enabled common understanding between financial statement preparer and financial statement users on how to account for the PPE (Kadous, Koonce, Thayer, 2012). It then followed, therefore, that an IFRS set of financial statements was to comply with all applicable IFRS. IFRS were not the only accounting standards in existence nevertheless, but were arguably the most used, for the private sector worldwide (Brochet, Jagolinzer and Riedl, 2013). Local regulations also governed financial reporting and the manner in which financial statements were prepared in every country. The scope of local regulation or accounting standards included the issuance of national accounting standards (by local professional accountancy bodies) and the enforcement of the standards (Bailey, 2010).

IFRS FOR SMES

Hammer et al. (2010) explained that in the year 2009 IFRS for SMEs was created, by the IASB, to cater for the financial reporting needs of small companies. The intention of the IASB, in creating IFRS for SMEs, was to issue a comprehensively reviewed set of accounting framework for SMEs. This was to address the issues of SMEs in financial reporting, and incorporate changes that would had occurred within the full IFRS, if appropriate (Kaya and Koch, 2015). It was on this premise that every three years an omnibus proposal of amendments was issued by IASB for the IFRS for SMEs framework.

The set of standards within the IFRS for SMEs framework were apposite to general purpose financial statements as well as the other financial reporting needs of small profit entities. The direction of general-purpose financial statements was towards the mutual information needs of an extensive array of users such as creditors, shareholders employees and the general-public (Adetula and Owolabi, 2014). Hammer et al. (2010), however, elucidated that IFRS for SMEs (approximately 250 pages) focused on the information needs of creditors, lenders and other financial statement users, whose primary information need was related to cash flows, liquidity and solvency. The set of standards took into cognisance, however, the costs to the SMEs and the capabilities of SMEs to prepare financial information.

Moreover, the IFRS for SMEs was a standalone set of standards regardless of the fact that the framework was on the basis of the principles of the full IFRS standards. The framework of financial reporting was organised by topics and the presentation of the topics was in separate sections though all the sections and paragraphs of presentation of the standards were of equal authority, nonetheless (Sanders, Lindberg and Seifert, 2013). However, there were basically five aspects of simplifications that the IFRS for SMEs reflected, which emanated from the full IFRS Standards. The first simplification was the elimination of the compulsory application of some standards present in the full IFRS. An example was the standard IFRS 9 Financial Instruments: Recognition and Measurement. In the full IFRS, the application of IFRS 9 was compulsory but was made optional for users of IFRS for SMEs as the standard was deemed irrelevant for SMEs (Kılıç, Uyar and Ataman, 2014). Secondly, some options that the full IFRS availed towards the application of some policies of accounting were not available in the IFRS for SMS due to the increased simplifications of the later.

Furthermore, a substantial number of the measurement and recognition principles prescribed in the full IFRS were abridged for FIRS for SMEs (Kılıç, Uyar and Ataman, 2014). The fourth simplification was the fact that IFRS for SMEs required fewer disclosures as compared to the full IFRS. Finally, the IFRS for SMEs was simplified linguistically to promote better understandability and translation, hence was a rewrite of the full IFRS in more 'plain English' (Hammer et al., 2010).

IPSAS

The IPSAS financial reporting framework was a set of accounting standards that were issued by the IPSAS Board for entities within the public sector around the world to use in the preparation of their public purpose financial reports. The basis of these standards, however, was on IFRS (as dispensed by the IASB). The main impetus of the IPSAS was to improve the accountability and transparency of the financial reporting of governments around the world. This was to enhance the quality of general-purpose financial reporting by the public sector entities. By so doing, improvement was attained in the provision of informed assessments of resource allocation decisions by governments. Hence, better accountability and transparency was possible (Toudas, Poutos and Balios, 2013).

The scope of application of the IPSAS was quite broad. It included governments (regional and national) and government related entities (provinces, cities, towns, councils etc.) (Toudas, Poutos and Balios, 2013). The IPSAS framework comprised of a total of thirty-eight standards. All the standards were based on the concept of accrual save for one that was cash based. The financial statements that the IPSAS gave guidance about their preparation included the statement of financial position, the statement of financial performance, the statement of changes in equity and the cash flow statement. Guidance was also provided on how to deliver the annexes or notes to the financial statements. When cash-based accounting was adapted, 2011 IPSAS Handbook provided guidance on the preparation of the statement of cash receipt and payment (Cretu., et al. 2011).

DONOR-DESIGNED ACCOUNTING STANDARDS AND FRAMEWORKS

There were several international donor institutions that were associated with various NGOs worldwide (including NGOs in Botswana). Some of such international donor organisations included USAID, European Union (EU), World Bank and Swedish International Development Association (SIDA). Common to these institutions, however, was the fact that they all individually developed their own set of financial reporting standards and formats (Challa, 2016).

The Financial Accounting, Reporting and Auditing Handbook (FARAH) were issued by the World Bank in 1995 on the stipulation that all projects assisted by the bank worldwide, whether to government entities or NGO, must comply with the FARAH standards. Compliance with the FARAH standards was inscribed in each grant covenant as a condition for obtaining a grant from the World Bank. The FARAH set out both the financial guidance and the minimum standards on financial reporting so as to ensure adequate stewardship of all such projects funded by the bank (World Bank, 1995). Furthermore, the World Bank in 1999 augmented the FARAH with the Financial Management Manual (FMM) (Patel et al., 2015).

As for the USAID, the guiding principle for the financial reporting and management of its funded projects were governed by an array of guidelines that emanated from different frameworks. The main regulator body was the Federal Accounting Standards Advisory Board (FASAB) which established the financial reporting standards for the federal government. The FASAB developed concepts called the Statements of Federal Financial Accounting Concepts (SFFAC). These concepts were the framework by which a set of standards that guided financial reporting were produced, published, and recommended by the FASAB. These set of financial reporting standards were called the Federal Financial Accounting

Standards (SFFAS) and all donees of the USAID were mandated to prepare their financial reports on the guidelines of the same (Patel et al., 2015).

DEPENDENT VARIABLES

The dependent variables, for the purpose of this study, were 'the effect' variables (Ives and Garland, 2014). These were response variables that represented the outcome of the study (effects of the independent variables). The dependent variables that facilitated this research, therefore, were the indicators of quality. The quality of the financial reports of NGOs in Botswana had to be quantified to expedite the optimum operationalisation and instrumentation of construct for the study. This was achieved via the development of a unique tool, peculiar to the research called the FQMT-FR, as hitherto detailed. The quality indicators of the FQMT-FR were, therefore, the dependent variables and these included relevance, faithful representation, understandability, comparability and timeliness.

RELEVANCE

Relevant information, with regards to financial statements of NGOs, was information that was capable of having an impact on the decisions made by the users of the financial statements. Relevance, therefore, had predictive and confirmatory value to the financial statement user. Truly, the concept of relevance was supported by materiality considerations whereby something was perceived material if its omission or misstatement could affect decision making. This was the NGO-specific aspect of relevance and depended on the size of the item in question or the circumstances of omission or misstatement (Gan, Chong and Ahmad, 2016). Materiality was a quality threshold. Materiality was, therefore, either by size or nature. This was regarded as the threshold of quality within the financial statements. It was imperative that the information within the financial statements of the NGOs was assessed for its ability to exuded relevance. Relevance was determined by ability of the financial statement to facilitate the examination of past, present and future events of the NGOs for economic decision making (Jeffrey, 2018).

FAITHFUL REPRESENTATION

The information presented within a given set of financial statements must be complete for it to be faithfully representative (Gao et al., 2019). Completion was to do with the information containing all the necessary explanations and descriptions it needed to contain in other to be understandable. The notion of Faithful representation also implied neutrality and being free from error. Financial statements were not neutral if they were selected or presented in such a manner as to intentionally influence the decision making or judgement of the end user in a certain way in order to achieve a predetermined outcome (Gao et al., 2019). If information was to represent faithfully the transactions and other events that was purported to be represented, the information must be accounted for and presented in accordance with their substance and economic reality and not merely their legal form. This constituted neutrality (Gao et al., 2019).

Being free from error, on the other hand, did not imply absolute perfection and accuracy in all aspects. It only implied perfection in material aspects. A material error or omission was one that could cause the financial statements to be false or misleading, and thus unreliable and deficient in terms of their relevance (Jeffrey, 2018). An example was the aspect of estimation in financial reporting, of which when used must be accurately and adequate. Moreover, it was imperative that the quality of the financial reports of the NGOs was measured under the ambit of faithful representation. This was the measure of how much the financials were without manipulation or biasness (Jeffrey, 2018).

UNDERSTANDABILITY

Understandability implies that information within the financial statements should be presented in such a manner that it could be easily understood by the end user. Understandability, as a dependent variable for this study, was measured with regards to how clear and concise the information was (Gao et al., 2019). This was chiefly dependent on the manner in which the information was presented, and the assumed capability of the user. For this study, the assumption rendered was that the users of the NGO financials were reasonably knowledgeable in the area of business, financial and economic activities and were eager to study the c provided with reasonable diligence. This was because for information to be understandable users needed to be able to perceive the significance of the same information (Gao et al., 2019).

COMPARABILITY

Information was more useful if it could be compared with similar information about other entities, or even the same entity over different time periods. Comparability was facilitated by consistency of presentation (Ives and Garland, 2014). Comparability, as a dependent variable to measure the quality of the financial statements of the NGOs in this study, was a measure of how the financial statements of the NGOs could be compared over time to identify trends in financial position and performance. The ease of comparison with other NGOs was also assessed, to evaluate comparability in a relative sense. This was particularly achieved by measuring how much the users were informed, within the financial reports. The users ought to be informed, from the financial report, about of the accounting policies employed, any changes in those policies and the effects of such changes. The level of compliance with accounting standards and level of disclosure of accounting policies were also assessed (Jeffrey, 2018).

TIMELINESS

Information was to be made available to users within the time-scale that was likely to influence their decisions making because older information was less useful (Gao et al., 2019). By incorporating timeliness, as a dependent variable, for measuring the quality of the financial statements of the NGOs in this study, an assessment was done as to whether the financial statements were made available to decision makers on time. Financial statements were to be availed on time to decision makers for the financial statements to be capable of influencing the decision making of the users (Gao et al., 2019).

THE MEASUREMENT OF THE VARIABLES

The FQMT-FR was the instrument used to measure the variables. The FQMT-FR incorporated the dependent variables, as the quality measurement indicators, by subdividing twenty-five financial report quality questions into categories of these indicators. As Relevance was the most significant indicator, it took preeminence, with ten questions, while other indicators were ascribed five questions each. The exception was timeliness, a very important indicator but least in significance in comparison to others hence was ascribed only one question. The various financial reporting quality measurement questions were coded within the FQMT-FR model which included two letters in accordance to the phonology of their IASB quality indicator nomenclature, and a number, in accordance to the numeric sequential positioning of the question (appendix 1.1).

The level of measurement ascribed to the response aspect of the quality measurement items of the indicator was from zero to four, on the basis of the 5-point bipolar scaling method of Likert. The inapplicable and non-disclosure items were ascribed the score of zero, whereas the score of one was scored for the limited disclosure items. The score of two was rendered to all information that was sufficient in usefulness but could possibly be nebulous to the lay users. Items with sufficient information, disclosed in a clear and understandable manner were ascribed the score of three.

The items with exhaustively detailed disclosures that were overly sufficient were scored four. To this effect, the possible quality score range, in the financial report analysis, in terms of percentages, was between zero and hundred percent. At the epitome of the data analyses, the Krippendorff's alpha was used to determine the coefficient of the study, of which external auditors were the covariate. The Krippendorff's alpha derived from the FQMT-FR quality analyses tool for the variables was zero point one five higher than the standard zero point seven, as recommended by Hayes and Klaus (2007). This, hence, depicted that the FQMT-FR was the necessary tool for measuring and analyzing the variables for this research.

To sufficiently evaluate the relationship between the financial reporting frameworks (the independent variables) and the quality indicators (the dependent variables), quantitative analyses was imperative. This was because quantitative analyses enabled the examination of relationships between variables, by which objective theories were tested and analysed (with statistical procedures). The SPSS Statistics 25 software was instrumental in the examination of the relationship between these variables. The same software facilitated the analyses of group variance between one dependent variable (quality) against several definite groups of independent variables (financial reporting frameworks), and one covariant (audit firm). Besides, it was on the premise of the four research questions and hypothesis of this study that the analyses were defined. Moreover, as quality indicators themselves were the dependent variables, which depicted the quality of financial reports that emanated from the frameworks, the one-way analyses of covariance (ANCOVA) by Mertler and Vannatta (2016) was also paramount to the facilitation of the analyses of the quality indicators.

However, the ANCOVA model was linear in nature hence was vulnerable to biasses particularly when the statistical assumptions happened to be violated. Truly, quality as the depended variable was measured according to percentages which was a linear ratio hence was subject to the same biasses. It was to mitigate this biasses therefore, and make concrete the dependent variable measurement, that grouped scatterplots were performed to test for linearity of the dependent variable. The testing of the homoscedasticity of the ANCOVA was also facilitated by the scatterplots, of which the outcomes of both linearity and homoscedasticity were remarkably positive in totality.

It was to this effect that the ANCOVA also necessitated the statistical assumption of homogeneity of regression slopes. For this, no collaboration was discovered between the frameworks of financial reporting (independent variable) and the audit firm class (covariate). The reason for no collaboration was that the frameworks adapted by the NGO were also confirmed by their audit firms as relevant to the NGOs. On the above premises, the statistical assumptions were within acceptable limits hence endorsing the ANCOVA as appropriate for the examination of the variables.

THE REGRESSION MODEL

As the study made used of ANCOVA in its analysis, the regression model that was developed and was instrumental for the alalysis was the multiple linear regression. To analyze the relationship between financial reporting frameworks and the quality of financial reports of Non-Governmental Organizations (NGOs) in Botswana, the multiple linear regression model was employed effectively.

Defining the Variables

Firstly the variables were properly defined. Quality was defined as the dependent variable and this was measured through the five dimensions of relevance, faithful representation, understandability, comparability, and timeliness. Each of these dimensions was quantitatively assessed, through the FQMT-FR scoring system based on specific criteria. Relevance measured how pertinent the financial information was to decision-making processes of stakeholders.

The quantitative assessment involved the rating of the relevance of financial information on a scale the scale of one to five and the criteria included the extent to which the financial reports helped in assessing past, present, or future financial performance. Average scores from the FQMT-FR were be used to quantify relevance. Faithful Representation reflected the degree to which financial the NGO financial statements accurately and completely represent the economic phenomena they purport to represent. This was assessed through an review and evaluate of the completeness, neutrality, and freedom from error in financial reports. Each aspect (completeness, neutrality, and error-free)was rated, and an average score derived.

Understandability indicated how easily a range of users could comprehend the financial information. The criteria may included layout clarity, use of jargon, and the presence of explanatory notes. The ratings were aggregated to form an overall understandability score. Comparability refers to the ability to compare financial information across different periods and entities. This was analysis by assessing consistency in reporting methods over time and across similar NGOs and the scoring was based on the degree of consistency in presentation and disclosure practices. Timeliness measures the speed at which financial information was disclosed to users. The quantitative assessment was objectively measured by calculating the time lag between the fiscal year-end and the date of report publication. This was scores based on predefined time brackets.

The dependent variables for the ANCOVA analysis by use of multiple linear regression model were the financial reporting frameworks (IFRS, IFRS for SMEs, GAAP, and frameworks imposed by donors). Each NGO's financial reporting framework was identified and categorized accordingly. IFRS identification included NGOs that used the international statndards for their financial reporting. The categorisation involved an assessment of the extent to which the NGOs adhered to IFRS in their reporting. IFRS for SMEs were identified as specifically tailored for smaller smaller NGOs and the categorization was done by assessing the level of compliance with the simplified standards meant for SMEs. GAAP was identification as used mainly by NGOs that adhere to national accounting standards. The categorization was done by determine the adherence level to the Botswana GAAP. Frameworks Imposed by Donors were identified as the NGOs that were required to follow specific reporting frameworks imposed by their major donors. The categorization of the same involved identifying each donor's specific reporting requirements and how closely the NGOs adhere to these.

Data Collection

For each NGO in the study, data on the financial reporting framework used must was collected. This involved a review of the financial statements. Data on the quality of financial reports needed to be collected from a significant sample of NGOs in Botswana. This involved surveying andanalyzing the financial statements of these NGOs. Information about the financial reporting frameworks used by each NGO in the sample was also collected. Each NGO's adherence to their respective framework was assessed and classified accordingly, providing a basis for comparison in the regression analysis. By thoroughly defining and quantifying these variables, the study provided robust and insightful findings on the impact of different financial reporting frameworks on the quality of financial reports in NGOs in Botswana.

Operationalizing Variables

Each dimension of the quality of financial reports (dependent variable) was operationalized through the FQMT-FR scoring mechanism. For example, timeliness was scored based on the delay (in days) from the end of the fiscal year to the publication of the financial report. Independent variables (different financial reporting frameworks) were treated as categorical data and coded into dummy variables for the regression analysis. With the FQMT-FR coding system, A unique code was assign to each financial reporting framework and for the regression analysis, the categorical codes were converted into dummy variables. Each framework became a binary variable (0 or 1), indicating the absence or presence of that particular framework.

Developing the Regression Model

The multiple linear regression model was specified as follows; Quality=β0+β1(IFRS)+β2(IFRSSMEs)+β3 (GAAP)+β4 (DonorFrameworks)+ε. Here, 0β0 was the intercept, 1β1 to 4β4 are the coefficients for each financial reporting framework, and ε was the error term.

Understanding the Regression Model Components

Intercept (β0) was the expected mean value of the DV (Quality) when all IVs were at zero. In the context of dummy variables, it represented the baseline level of quality when none of the specific financial reporting frameworks were in use. Coefficients (β1, β2, β3, β4) measured the change in the dependent variable for a one-unit change in the respective independent variable, holding all other variables constant. In the case of dummy variables, they represent the difference in the quality score relative to the baseline (intercept) for each financial reporting framework. Error Term (ε) represented the unexplained variation in the quality of financial reports. It captures the effects of variables not included in the model.

Steps in Developing the Regression Model

Data preparation was the first step to the regression model. This ensured that all data (both DV and IVs) were correctly coded and entered into the statistical software. This included coding the financial reporting frameworks as dummy variables. The next step was model specification by which the model was specified correctly in the statistical software, ensuring that all independent variables were included and correctly coded. This was followed by assumption checking. Before running the model, the assumptions of linear regression were checked. These included linearity, independence, homoscedasticity, normality, and absence of multicollinearity. After assumption checking, model sstimation was performed. The regression analysis was ran in the statistical software and the coefficients (β0, β1, β2, β3, β4) and the error term were estimated.

Interpretation of results was then carried out. This involved the careful interpretation of the coefficients. A positive coefficient for an IV indicated that as the IV increased, the quality of financial reports increased, holding other variables constant. Conversely, a negative coefficient suggested a decrease in quality with an increase in the IV. The significance of each coefficient (typically assessed through t-tests and p-values) indicated whether the impact of each financial reporting framework on the quality of financial reports was statistically significant. Model Diagnostics followed model estimation and interpretation. Diagnostic tests were conducted to check if the model was a good fit. This included analyzing residuals, checking for outliers, and conducting post-estimation tests like the F-test for overall significance.

The last step the regression model developement was reporting. The findings were reported in a detailed manner. This included the estimated coefficients, their significance, and the model diagnostics. Also, discussed were the implications of these findings in the context of NGO financial reporting in Botswana. By following these detailed steps and thoroughly understanding each component of the regression model, the study effectively analyzed and interpretd the impact of different financial reporting frameworks on the quality of financial reports among NGOs in Botswana.

Testing and Validation

The multiple linear regression model was run using SPSS statistical software. This involved inputting the data collected and running the regression analysis to obtain the coefficients. The significance of each coefficient was checked to determine if there was a statistically significant relationship between the type of financial reporting framework and the quality of financial reports. Diagnostic tests were conducted to check for multicollinearity, heteroscedasticity, and normality of residuals to ensure the validity of the model.

STUDY PROCEDURES AND ETHICAL ASSURANCES

This research received the necessary approval from the UREC before the data paramount to the research was collected and this chapter topic depicted the fact that approval was received, accordingly. Since human participants were beneficial for the research, anonymity and confidentially were achieved and how these were achieved was appropriately reflected in this topic. Though the study involved some aspects of human participation, the risk of harm to the participants (weather physically, emotionally, psychophysically or otherwise) was very minimal, if not totally nil, hence the research did not result to any ethical issues that could have required more than minimal ethical consideration. Ethics was considered throughout the study, nonetheless, and all relevant ethical issues were discussed accordingly. Further discussed within this chapter topic were the specific steps that were undertaken to gather the data for the research. The specific steps followed to collect data described how the data was collected. However, the researcher also further discussed within this chapter topic when the data was collect, where exactly the data emanated from and a description of the people that facilitated the collection of data.

STUDY PROCEDURES

For this research, data was collected through the engagement of virtual interpersonal interactions, which was weighed and measured cautiously in accordance to stipulated standards. As the project took place during the time of the Covid-19 pandemic, the need for social distancing was taken into consideration in data collection. All correspondence was, therefore, conducted via phone calls and email rather than physical interaction, and all data was collected electronically. Secondary data was, therefore, used for the study, and no human subject was directly examined for the study. Indeed, no primary data collection that involved human participation, that could pose risk of harm, was part of the study. Only secondary data was collected via the internet and no physical contact was necessary. Moreover, there was no physical hazard whatsoever nor associated risks that related to the research activities carried out for this research study.

There were several sources from which data necessary for this study was conspicuously gathered from. These included the office of the Auditor General Botswana, Non-Governmental Organisations (NGOs) in Botswana, Audit firms and the Institutional donors for NGOs in Botswana. The research was centred on NGOs in general hence the NGOs that data was collected from included both charitable NGOs and NGOs with non-charity purposes. The requests for the data to be collected from the necessary organisations were done during the month of July 2020 and the gathering of the requested data continued till September 2020. In order to get as much corporation from the organisations as possible, the researcher was careful to eloquently explain all the immense benefits that the research was to provide. These benefits were emphasised to the representatives of each respective organisation.

Moreover, the researcher was also careful to explain to the representatives all the ethical considerations that were made. Furthermore the representatives, of the organisations from which data was sought, were assurance of the confidentiality of the data they were to provide and were given the freedom to opt out of participation at any time they may so wish. The representative for the organisations from which data was sought included senior managers, finance managers and partners who were bestowed the liberty of granting only the data that they were comfortable to share considering their own organisational confidentiality constraints. When the requested data was successfully collected from the various organisations required, the data was photocopied and secured in a filing cabinet. The filling was conducted in a neat sequential manner. The filling of the data was neat and sequential so as to be able to facilitated easy sorting and analyses of the data.

ETHICAL ASSURANCES

It was of imperative importance that prior to the commencement of the data collection process for this study all ethical assurances were taken into cognisance. Truly, when human participants were involved in research ethical issues were possible. Indeed this researched involved some aspects of human participation hence the risk of harm to the participants was possible though not to the extant that required more than minimal ethical consideration. Ethics was, therefore, considered for this research at the basic level and all relevant compliances with the ethical standards for conducting the research that was appropriate to the design of this research were complied with.

All the relevant ethical assurances were done according to the permission that was sort from the UNICAF Research Ethics Committee (UREC) and all relevant approvals were received, accordingly. For the ethical assurances of this researcher, the researcher was careful to consider the fact that there were specific aspects of ethics to be considered in research. Such paramount aspects of ethics included confidentiality, rights to privacy, protection from harm and informed consent. These were dully considered, indeed, as described below. Moreover, Sieber (1992), a renowned father of ethics, stipulated five norms associated with ethical consideration to be taken into cognisance, and abided to, by researchers prior to participants' engagement in research. These norms included informed consent, research beneficence, competence, research relevance and validity. Truly, the research took theses norms into cognisance, as described below.

The first procedure that was taken for informed consent, to solicit the consent of the representative of each organisation from which data was sought, was to explain eloquently and thoroughly to the participants what the study was all about and why data was required from them. The representatives were all briefed about the selection and sampling methods that were employed so that they understood exactly how they happened to be selected or sampled out for the study. Moreover, the general benefits of the study were well elucidated to the representatives as well as how the research was to possibly specifically benefit their respective organisations in future. Every respondent was also rendered the ideal assurance of confidentiality and freedom to refuse or withdraw from providing the requested information. This was to solicit optimum corporation and ensure all the ethical principles of consent, confidentiality, and no coercion where abided to. As such, the research took all appropriate care of control against all risks associated with ethics.

Despite all efforts taken to ensure adequate research ethics, the research was not absolutely void of ethical challenges. A significant ethical challenge faced during the study was the maintenance of confidentiality with regards to some pertinent and sensitive information encountered by virtue of the study. Particularly this included information pertaining to inquiries into cases of corruption and fraud. As some of these cases were not within the public domain, the identity of those that supplied the information and the fraud perpetrators had to be concealed by the researcher in spite of the general anti-corruption requirement of reporting corruption cases to the necessary authorities in Botswana. Moreover, some donors for instance were reluctant to divulge the financials of their funded projects for quality assessment. They feared negative assessment that might potentially hamper their fundraising efforts. For these, non-disclosure agreements were signed by the researcher. Non-disclosure agreements were also signed for some NGOs who, on the other hand, were evasive of disclosing the sources of their funding for fear of competition from other NGOs.

DATA COLLECTION AND ANALYSES

Included within this chapter topic of data collection and analyses was an elaborate description of the data that was collected for this research. The elaboration of data collection included a description of the type of data that was collected and how the data was identified. The manner of usage of some narrative data in conjunction with quantitative data was discussed and the discussion included a detailing of the area where the use was paramount. The elaboration also included the steps and processes that were employed in the assemblage of the data. The manner of data coding that was employed was also elucidated, including the software that facilitated the coding. Moreover, the researcher understood the fact that the data that was collected was to be in alignment to the research questions and hypotheses of the study. Hence, the researcher ensured that the data that was collected provided the information that was beneficial to the answering of the research questions and hypotheses.

Further included within this chapter topic of data collection and analyses was an elaborate description of how the data that was collected for the study was processed and analysed. The processing and analyses discussed included an elucidation of the statistical tests conducted as well as coding employed and the software that facilitated the analyses. The researcher, once more, ensured that the data analysis methods that were employed were in alignment with the research questions and hypotheses as well as the design of the study. Hence the researcher ensured that the analyses employed rendered the required evidence that provided the necessary answers the research questions and hypotheses required. For data analysis, it was further identified within this chapter topic, the primary constructs that were associated with the topic of research (an investigation of the dynamics of financial reporting frameworks on the quality of financial reports of NGOs in Botswana). The primary constraints that were associated with the research problem, research question(s), and hypotheses were also identified.

This chapter topic further included a description of the nature of each variable for the study and how the variable was measured and collected. The nature of the data was consistent with and appropriate to the purpose of the study as well as the research design and statistical analyses employed. The terminology associated with the statistical test employed was used throughout the chapter topic and the researcher ensured alignment in data collection procedures and analysis to address all the research questions in the study. The researcher further mapped the instrumentation materials to the research questions. As this research was quantitative in nature but augmented with narrative data, described within this topic was the analysis strategy that was employed to test each hypothesis. The primary design support for the proposed analytical strategy was also discussed. The discussion was sufficiently detailed to make evident the chosen statistical tests. This was to ensure that the statistical tests were befitting to answer the hypotheses for the study, and that the variable constructs met the assumptions of the statistical tests.

DATA COLLECTION METHODS FOR THE STUDY

For this research, data was collected through the engagement of virtual interpersonal interactions which was weighed and measured cautiously in accordance to stipulated standards. As the project took place during the time of the Covid-19 pandemic, the need for social distancing was taken into consideration in data collection. All correspondence was, therefore, conducted via phone calls and email and all data was collected electronically. Required data requests from the necessary organisations were done during the month of July 2020 and the gathering of the requested data continued till September 2020. There were four sources from which data necessary for this study was prominently gathered from. These included the office of the Auditor General Botswana, Non-Governmental Organisations (NGOs) in Botswana, Audit firms and the Institutional donors for NGOs in Botswana.

As the research was centred on NGOs, these included both charitable NGOs and NGOs with non-charity purposes. To solicit optimal corporation, the immense benefits of the study were emphasised to the representative of each respective organisation, with the ideal assurance of confidentiality and freedom to opt out. These representatives included senior managers, finance managers and partners who were bestowed the liberty of selecting only the reports that they were comfortable to share considering their own organisational confidentiality constraints. All collected data were then photocopied and secured in a filing cabinet. The filling was conducted in a neat sequential manner, taking source of origin into cognisance to facilitated easy sorting and analyses.

Quantitative data collection methods were chiefly used for this research. The quantitative method used was cross-sectional study and this was used in conjunction with case study and content analyses. As in line with the cross-sectional quantitative data collection method, data from a population of NGOs was collected and analysed as a representative subset at a specific point in time. In cross-sectional research, data was collected from many different individuals at a single point in time. The same was typical of this study because financial statements were, by nature, prepared, to be representative of a financial period. A large sample of NGOs was, therefore, retrieved from the Botswana Registrar of societies. Emails were sent, to request for the financial reports of the NGOs and this was followed up with phone calls.

The sampling of NGOs had to be performed on the premise of being the representative of the entire population because validity of generalisation was imperative in a cross-sectional study. Moreover, the sample size was adequately large enough for the estimation of occurrence of circumstances of interest to be made with satisfactory precision. It was to that effect that Epi Info statistical package was employed to facilitate the calculation of sample size. Non-response nonetheless was infamous as the problem that could affect cross-sectional data collection. This was because non-response could result to biasness of outcome measurement. The level of response from the sampled NGOs, for this study, was remarkably high nonetheless, hence biasness was avoided.

Furthermore, with cross-sectional data collection method, variables within the collected financial reports were observed without influencing them. Cross-sectional regression was employed to class out the presence and extent of causal effects of the independent variable against the dependent variable of concern at the allotted moment in time. This was as opposed to time series data collection, whereby the comportment of an aggregate was drawn out through time. The advantage that the cross-sectional data collection method presented was that the complicating facet such as correlation of residuals that emanate from the usage of data drawn from various points in time was avoided. Furthermore, the use of cross-sectional data collection ensured that during the data analyses that followed, the assumption that relationship between variables over time was stable needed not be made.

Moreover, data from all variables were retrieved only once and with remarkable easy, even though the prevalence for all factors were successfully measured. This enabled the study of multiple exposures and outcomes. The drawback that emanated from this method, nonetheless, was the fact that the results for the one point in time had to be assumed depictive of other points in time. The determination as to whether exposure stemmed from outcome or vice versa was particularly difficult to determine.

Case study data collection method was also of paramount effectiveness in this research. Case study was a descriptive research approach employed to acquire in-depth knowledge concerning a phenomenon, an individual or a group. The scholar further explained that case studies were also much more in-depth than observational research due to the usage of multiple measures on an individual subject. For this research, financial reports were, therefore, collected in conjunction with requested NGO audit reports from selected auditors as well as reports from institutional donors of NGOs in Botswana. These were studied to acquire in-depth knowledge of the same. Retrospective study was the type of case study method used as the selected cases from the audit and institutional donor reports were of historic nature.

In terms of the case study techniques used for the above data collection, archival records and direct observation were paramount. These techniques were deployed to explore causation and discover underlying principles within the reports. The data was retrieved with the intention of obtaining evidence from multiple sources with reference to research questions under investigation. The storing of the evidence was done in a systematic and comprehensive manner. The format employed was one that made referencing and sorting very easy in order to facilitate the uncovering of converging lines of inquiry and patterns. Moreover, this method also afforded exceptionally, detailed descriptions of unique and otherwise difficult to study cases within NGO financial reporting. Nevertheless, case study method by itself could not draw cause and effective relationship nor test the hypothesis of this study. Moreover, generalisation could not be extrapolated to overall NGO population in Botswana with case study as the sampled NGOs for case study in this regard was limited. Hence, it was imperative that case study was amalgamated with Cross-sectional study, as explained above and content analyses, as detailed below.

With regards to data on financial reporting frameworks, the reports on various frameworks of financial reporting, as produced by the auditor general of Botswana were requested from the auditor general office and retrieved. The data collection method that facilitated the use of such reports for the study was content analyses. Content analysis could be defined as "the study of recorded human communications". It was "essentially a coding operation," with coding being "the process of transforming raw data into a standardised form". As the mandate of this study was to ascertain the impact of financial reporting frameworks on the quality of financial reports of NGOs, content analyses of the reports on these frameworks were, therefore, imperative. This was because content analyses was to provide the information needed to facilitate the answering of the research questions and hypotheses of the study, as detailed in chapter one. In implementation of content analyses, conceptual and relational analysis techniques were employed. This was to reduce the texts to a unit-by-variable matrix through the application of a set of codes to the set of narrative data.

DATA ANALYSES METHODS FOR THE STUDY

This was to facilitate the testing of the hypotheses of the study through the quantitative analyses of the matrix. As such, the presence of certain key words and concepts within the financial framework reports were determined and their meanings and relationships quantified. Inferences were made within the text relating to the messages and the text coded and examined on the basis of conceptual analysis (Fujita et al., 2014). Even though the use of content analyses, as a data collection method for this study, was exceedingly time consuming and difficult to automate, it was of immense benefit. This was because it enabled both quantitative and qualitative operations, in harmonious conjunction. It enabled the statistical analyses of the coded form of text and provided valuable historic insight over time through the analyses of the same. The use of content analyses for this study was inherently reductive, nonetheless, as the financial framework report texts were particularly complex in nature hence the inherent risk of increased error was prevalent. The augmentation of this method with cross-sectional data collection method and case study method, as hitherto detailed was, therefore, of paramount necessity to mitigate this risk.

Summarisation and visualisation technique were employed by the use of tables, grouped into broader categories. This was important as it gives an eminent picture of the data. For quality measurement, the research made use of the quality assessment tool devised by the Institute of Charted Accountants of Australia (Tomatsu, 2002) in conjunction with the quality indicators of IASB. The rudimentary features of the values collected were described in simple summaries and measures which equated to statistic descriptive analyses . It was important during analyses that data spread was taken into cognisance, which included aspects such as range analyses of variances (ANOVA) and standard deviations. Finally, skew analytical technique was employed to understand how symmetrical the data set was for adequate analyses. These, coupled with modest graphical analysis, connoted the precepts for the quantitative analysis of data.

To facilitate the quantitative analysis of data, secondary data was collected, cautiously measured, weighed in accordance to stipulated standards and meticulously analysed hence the research was of secondary methodological nature. As the research was centred on NGOs, these included both charity NGOs and NGOs with non-charitable purposes in Botswana. An example to the former were orphanage homes while an example to the later were associations, churches and clubs. The submitted financial reports of a sample of NGOs were, therefore, retrieved from the Botswana Registrar of societies and analysed in conjunction with requested audit reports of NGOs from selected auditors as well as reports from institutional donors of NGOs in Botswana. With regards to data of financial reporting frameworks, the reports on various frameworks were retrieved from the office of the auditor general.

CHAPTER SUMMARY

This chapter was on research methods and data collection. The chapter entailed a full elucidation on the research and data collection methods employed in the exploration into the dynamics of financial reporting frameworks on the quality of financial reports of NGOS in Botswana. The study was necessitated from the general detrimental effects of fraudulent reporting of financial statements of NGOs in Botswana that resulted to jeopardy the integrity, reliability and equity of the financial reporting process and diminished the confidence of funders as elucidated by Gibelman and Gelman (2001).

The research approach and design chapter topic described accurately the manner in which the researcher approached the research and design employed by the researcher on the research. The research approach talked of the research methods employed and the appropriateness of the same . This included a discussion, in form of a statement, about the reasons why the particular methods employed were chosen. The researcher did not just fixate on the chosen research methods however but instead ensured to cite other alternative research approaches that were considered for use for the study. The researcher then adequately explained the advantages the chosen methods had to offer above the alternative methods that justified the use of such research methods for the study. Moreover, the researcher ensured the continuous usage of current and peer reviewed literature to substantiate all claims pertaining to the research methods discussed.

The research approach mainly used for this research was the secondary quantitative methodology. This was employed so as to be able to profoundly analyse the relationship between the frameworks for financial reporting and the quality of financial reports produced by NGO, as in accordance to the aim of the study. Though secondary quantitative approach was prominent, it was augmented with some textual data. The goal of using some textual data in conjunction with quantitative data was to strengthen the validity of the overall research findings through congruence of the results from each method. The use of some narrative data in conjunction with quantitative data, therefore, superseded the use of quantitative data in isolation because it enabled congruence which was to do with consistency, similarity and convergence of results. The use of some qualitative data in conjunction with quantitative data enabled congruence for this research and offset vast bias and measurement errors that could have, otherwise, resulted from the use of quantitative analyses in complete isolation.

The research design mainly used for this study was the causal-comparative approach, as first proposed by Charles (1998). This research design endeavoured to uncover relationships that existed between dependent and independent variables post the occurrence of an event or action. Causal-comparative approach was, therefore, most suitable for this study because it enabled the measurement of variables was with instruments, and statistical procedures were used to analyse the same. The examination of the relationships that existed between the variables was used to test objective theories. Truly, causal comparative approach was able to assess the effects and impacts that had already transpired hence was best suited for this study.

The chapter topic about the sampling and population of the research study provided a description of the population that was beneficial for this research, as appropriate. The chapter topic was also paramount in explaining, with appropriate and relevant support, the estimated size of the sample as well as the characteristics to the sample that were relevant to the studies. The explanation of the sample size was augmented with an appropriate description of the reasons why the chosen sample size met the design criteria. The larger population with which the study participants were drawn, known as the sample frame, was also elucidated. Moreover, the researcher ensured that a description of the demographics and representativeness of the sample to the broader population was also included in this chapter topic of sample and population of research study. The researcher performed the description of the sample bearing in mind the fact that, depending on the study design, the population was to either reflect a set of organisations, group of people, archived and documents among others.

The research topic on research instrument described the instrument that was used for this research. The description of the instruments included the information that pertained to the origin of the instrument as well as the validity and reliability of the instrument. The instrument was compiled by the researcher hence no permission was needed nor pilot application made in order to use the instrument for the research. The pilot testing that was conducted for the instrument was, therefore, conducted on the premise of the researcher's research knowledge and discretion, and the same pilot testing that was employed for the instrument was well discussed in this research topic. Indeed, before the development of the research instrument for this study, the researcher investigated several resources for a well validated and accepted instrument that was already in existence and was perfectly compatible with the study. Most of the resources that were investigated were published empirical research articles. Peer-reviewed publications were also investigated, as well as NCU resources. In the course of the thorough search for an existing, validated and accepted instrument, the researcher found no instrument adequate enough for the exploration into the effects of financial reporting frameworks on the quality of financial reports of NGOs in Botswana. Hence, it was sacrosanct that the researcher developed a suitable instrument for the study. To facilitate the development of the suitable instrument, the researcher had to inquire, thoroughly, about instrument development from suitable instrument development sources and survey items.

To expedite the operationalisation construct, and attain the optimum instrumentation research tool for this study, the researcher developed a unique tool that was peculiar to the research. This was paramount after searching for an existing, acceptable, and validated instrument via published empirical and peer-reviewed research articles and NCU resources but none was found suitable for the study. Moreover, hitherto to the development of the instrument, all necessary consultative survey and instrumental development sources from established, reliable and valid instruments surveys were employed. A research instrument was, therefore, developed to facilitate the quantification of the quality of financial reports of NGOs in Botswana, and measure the quality of financial reports of NGOs in Botswana. This was a diagnostic instrument that facilitated the identification of competencies within the financial reports of the NGOs. The same instrument was also used to measure the deficiencies in the financial statements that were investigated.

The FQMT-FR was derived from the amalgamation of the precepts of two financial reporting analyses tools that were already in existence. The first tool was the quality indicators of the IASB, as prescribed in the conceptual framework of the IASB. These quality indicators included relevance, faithful representation, understandability, comparability and timeliness. A financial report was to exhibit the quality indicators of the IASB in other to be appropriate and useful. The other financial reporting tool for quality analyses that guided the FQMT-FR was the NFPO quality assessment tool of the Chartered Accountants Australia and New Zealand (CA ANZ). Amongst the various quality measurement indicators prescribed by the CA ANZ, eight were deemed most relevant to the assessment of the quality of financial reports of NGOs. Hence, the eight quality measurement indicators were incorporated into the FQMT-FR instrument. These, among others, included governance, issues of resource dependency, communication of reports, and stakeholder matters. Each of the eight categories were ascribed several questions, to the total number of one hundred and fifty (appendix 1.2).

After the composition of the FQMT-FR instrument questions for quality assessment draft, piloting was done to expose the FQMT-FR to expert review and reliability check. This was the fifth and final phase in development of the FQMT-FR instrument, as the principal research tool for this study. It was paramount that the FQMT-FR was adequately tested for validity. The concept of validity was about the ability for an instrument to be able to measure what it was intended to measure. Nachmias and Nachmias (2008) defined validity as "the extent to which a measuring instrument contained variable errors, that appeared inconsistent between observations, either during any one measurement procedure or each time a given variable was measured by the same instrument".

To attain the mandate of this study of determining the effects of financial reporting frameworks on the quality of financial reports of NGOs in Botswana, it was imperative that assessment activities were designed and employed to find out what effect one variable had on another. The most appropriate operational variables that befitted this study were, therefore, the independent and dependent variables. These operational variables pertinent for this study were identified within this sub chapter of operational definition of variables. It was paramount that the each of the key constructs connected to the research questions and hypotheses for the study was identified and operationally defined on the premise of instruments already validated. Moreover, the variability of each variable in terms of range of scores was well described within this sub-chapter below, as well as how the specific scores used for analyses were attained from raw data. The specific instruments used to measure the variables were also identified and the level of measurement employed, described.

The FQMT-FR was the instrument used to measure the variables. The FQMT-FR incorporated the dependent variables, as the quality measurement indicators, by subdividing twenty-five financial report quality questions into categories of these indicators. As Relevance was the most significant indicator, it took preeminence, with ten questions, while other indicators were ascribed five questions each. The exception was timeliness, a very important indicator but least in significance in comparison to others hence was ascribed only one question. The various financial reporting quality measurement questions were coded within the FQMT-FR model which included two letters in accordance to the phonology of their IASB quality indicator nomenclature, and a number, in accordance to the numeric sequential positioning of the question (appendix 1.1).

This research received the necessary approval from the UREC before the data paramount to the research was collected and this chapter topic depicted the fact that approval was received, accordingly. Since human participants were beneficial for the research, anonymity and confidentially were achieved and how these were achieved was appropriately reflected in this topic. Though the study involved some aspects of human participation, the risk of harm to the participants (weather physically, emotionally, psychophysically or otherwise) was very minimal, if not totally nil, hence the research did not result to any ethical issues that could have required more than minimal ethical consideration. Ethics was considered throughout the study, nonetheless, and all relevant ethical issues were discussed accordingly. Further discussed within this chapter topic were the specific steps that were undertaken to gather the data for the research. The specific steps followed to collect data described how the data was collected. However, the researcher also further discussed within this chapter topic when the data was collect, where exactly the data emanated from and a description of the people that facilitated the collection of data.

For this research, data was collected through the engagement of virtual interpersonal interactions, which was weighed and measured cautiously in accordance to stipulated standards. As the project took place during the time of the Covid-19 pandemic, the need for social distancing was taken into consideration in data collection. All correspondence was, therefore, conducted via phone calls and email rather than physical interaction, and all data was collected electronically. Secondary data was, therefore, used for the study, and no human subject was directly examined for the study. Indeed, no primary data collection that involved human participation, that could pose risk of harm, was part of the study. Only secondary data was collected via the internet and no physical contact was necessary. Moreover, there was no physical hazard whatsoever nor associated risks that related to the research activities carried out for this research study.

It was of imperative importance that prior to the commencement of the data collection process for this study all ethical assurances were taken into cognisance. Truly, when human participants were involved in research ethical issues were possible. Indeed this researched involved some aspects of human participation hence the risk of harm to the participants was possible though not to the extant that required more than minimal ethical consideration. Ethics was, therefore, considered for this research at the basic level and all relevant compliances with the ethical standards for conducting the research that was appropriate to the design of this research were complied with.

Included within the chapter topic of data collection and analyses was an elaborate description of the data that was collected for this research. The elaboration of data collection included a description of the type of data that was collected and how the data was identified. The manner of use of some narrative data in conjunction with quantitative data was discussed and the discussion included a detailing of the area where the use was paramount. The elaboration also included the steps and processes that were employed in the assemblage of the data. The manner of data coding that was employed was also elucidated, including the software that facilitated the coding. Moreover, the researcher understood the fact that the data that was collected was to be in alignment to the research questions and hypotheses of the study. Hence, the researcher ensured that the data that was collected provided the information that was beneficial to the answering of the research questions and hypotheses.

CHAPTER 4

DISCUSSION OF RESEARCH FINDINGS

INTRODUCTION TO THE SECTION

As this chapter intended to present the results that emanated from the study, a detailed analysis of the results of the findings was presented. The discussion of findings included graphical illustrations and statistical test assumptions. After that, as explained in chapter two, the research questions and hypotheses were revisited as the interpretation for this entire chapter were organised around the same. This was because the demonstration of how the results responded to the research questions and hypotheses was vital. The research questions were expressed based on quantitative research, followed analyses to address the research questions. Research hypotheses were formulated for each of the three research questions highlighted in chapter 1. The research hypotheses were precise statements of likely outcomes of the research. Although they were based on prediction, the intention was to render a precise understanding of the potential outcomes that were testable.

This chapter also included a detailed evaluation of the findings of this study. Evaluation of the findings included an evaluation of financial reporting frameworks and the financial reporting quality of the NGOs. Furthermore, evaluation of findings was undertaken in light of the conceptual framework and theories, including Accountability Conceptual Framework, Agency Theory, Stewardship Theory and Resource Dependency Theory. The section ended with a summary of the critical points discussed in the chapter. Implications, recommendations, and conclusion are discussed in chapter five.

The essence of this section was to render a report on what the research findings truly depict. The depictions rendered in this section were only momentary however, as the expansions on the discussions were adequately rendered under the ‘Implications’ section of the next chapter, ‘Implications, Recommendations, and Conclusions’ (chapter 5) that followed. This section did, however, provide a comprehensive interpretation of the results in light of the conceptual frameworks and theories that were imperative to the study as previously identified and discussed in the previous literature review chapter (chapter 2). Furthermore, interpretations were also rendered in light of the relevant knowledge obtained in the course of the various literature reviewed for the purpose of the study. In the endeavour to find out whether the results attained were expected, part of the evaluations in this section were also organised in accordance with the research questions and hypothesis. Potential explanations were, likewise, rendered for any conflicting or unexpected outcome. Adequate care was moreover taken throughout the clarification in this section, not to draw conclusion that were beyond what the study results provided.

DEMOGRAPHIC INFORMATION COLLECTED

For this study, all the information that facilitated the findings were collected from four groups of intentionally designated sources. The first designated source was NGOs. From about one thousand NGOs that were registered with the Botswana Registrar of Societies, a random selection of ninety-five was made and a total of two financial reports were requested from each of the ninety-five. A total forty-two NGOs responded to the requests which represented a rate of response of forty four percent. Even though out of those that responded to the request a total of eighty-four financial reports were expected, only seventy-four financial reports were in-fact received as shown in Table 1.

Table 1: Report Requests

Category	Requested		Received		
	No. of institutions	Reports requested	No. of institutions	Reports received	%
International audit firms	6	18	0	0	0.0%
SMP	19	57	11	22	29.7%
Institutional donors	10	20	3	10	13.5%
Auditor General	1	10	1	6	8.2%
NGOs	25	50	11	36	48.6%
Totals	**61**	**155**	**26**	**74**	**100%**

Note: Reports from the Auditor General and SMPs have collectively been called *SMPs*.

Source: Researcher's field survey (2021)

Audited financial reports belonging to various NGOs were also requested from audit firms and this was the second category of requests made. Six international audit firms were known to operate in Botswana and all six were sampled out and NGO audited financial statements requested from them. As for the local audit firms which were known as Small to Medium Practices (SMPs), nineteen of them were sampled out, out of the total of one hundred and ninety-one that were listed with the Botswana Audit Oversight Authority (BAOA). This represented ten percent of the total listed SMPs and a request for three copies of NGO Audited financial reports were also sent to each one of them accordingly. Unfortunately, none of the eighteen reports that were requested from the international audit firms was received. A total of twenty-two audited financial reports were received however, from the eleven out of nineteen SMPs that responded. This amounted to twenty nine point seven percent of the total number of reports received as shown in Table 1 above, and the response rate in this regard was forty four percent.

The other two sources from which data was requested were the institutional donors of NGOs and the Office of the Auditor General of Botswana. Fortunately, three out of the ten institutional donors from which information was sourced responded positively and provided a total of ten NGO financial reports, as depicted in Table 1 above, which were remarkably useful. As a matter of fact, even though no response was gotten from any of the international audit firms from which information were sourced due to the issues of confidentiality from their sides, the institutional donors that responded were quite instrumental in providing some of the needed NGO financial that were audited by the international firms.

Some other NGO financial reports that were audited by international firms were provided by the NGOs themselves. This indicated that in the quest to support the study, some of the respondents availed more financial reports than were requested which was quite remarkable. With regards to the Office of the Auditor General of Botswana, a response rate of sixty percent was achieved, and six reports were provided out of the total of ten that was requested. The reports requested and received from the Auditor General however were not necessarily NGO financial reports but the reports on the various financial reporting frameworks used in Botswana.

To report data suitable to facilitate the answering of all the research questions, the researcher made use of the scores from the FQMT-FR for each financial report. The financial reporting framework used for each report also facilitated the same. Table 2 shows each financial reporting framework's quality scores as were calculated on average basis.

PRESENTATION OF RESULTS BY RESEARCH OBJECTIVES

The presentation of results below was conducted on the premise of systematic order as in accordance with the research objectives as well as research question hypothesis of the study and structured consistently with that of introduction and methodology chapters. The Data analyses conducted under this section was solemnly on reporting basis as the interpretations and inferences were rendered in the section that followed.

As the aim of this research was to understand the effect of the current financial reporting frameworks on the quality of financial reports produced by NGOs in Botswana, it was aimed to provide a set of high-quality results that may deliver the platform through which a set of unique, NGO tailor made financial reporting framework may be formed, and NGO tailor made accounting standards derived. On this premise, the objectives that the results of findings were to address were three-fold.

THE RESEARCH OBJECTIVES

The first was to precisely select a sample of NGOs in Botswana and establish a quality score for each financial report of the same in accordance with the framework employed. The second objective was to use the established mass of quality scores of each framework to evaluate and establish the impact of the frameworks on the quality of financial reports of the NGOs. The third objective was to employ various theories of financial reporting to facilitate, augment and enhance the quality of evaluation in determining the effect of the application of financial reporting frameworks on the quality of the financial reports of the NGOs in Botswana.

It was therefore important that before the reporting of data on each research question and hypothesis, an overview of the information collected on the same data was presented. The tabular form of data presentation was deemed most relevant and all results of finding in the section were organised around the research questions and hypotheses. The salient points associated with each research question and hypothesis was included and actual data elements were used to report the results. Appropriate statistical analysis was designated to report data findings on each research question and hypothesis.

QUALITY SCORES

Table 2: Quality Scores of Frameworks of Financial Reporting

Framework	Audit firm	*N*	Mean	Std. deviation
Donor-designed	International	8	13.63	2.387
	SMPs	7	16.14	3.338
	Total	15	14.80	3.052
GAAPs	International	18	17.39	4.972
	SMPs	17	15.41	4.797
	Total	35	16.43	4.919
IFRS	International	2	14.00	2.828
	SMPs	22	14.91	4.700
	Total	24	14.83	4.536
Total	**International**	**28**	**16.07**	**4.537**
	SMPs	**46**	**15.28**	**4.490**
	Grand total	**74**	**15.58**	**4.494**

Source: Researcher's field survey (2021)

Table 2 above clearly showed that the financial reporting framework mostly used by NGOs in Botswana for their financial reporting were the Botswana GAAP with a total of thirty-five financial reports having been prepare on the premise of GAAP, out of the grand total of seventy-four, which was forty seven point three percent of the grand total. The second most used framework of financial reporting by NGOs in Botswana was IFRS which made up thirty two point for percent of the seventy-four financial reports analysed. The least used frameworks of financial reporting by NGOs in Botswana were those designed by NGO donors, which consisted of fifteen out of the seventy-four financial frameworks considered (approximately twenty percent). Table 1 above also depicted that for the audit of these financial reports of NGOs in Botswana, both the international firms and the Small to Medium Practices (SMPs) concluded on the use of all three financial reporting frameworks in almost equal measure, except for IFRS which was applied more by SMPs than their international counterparts.

The difference in the conclusion to the application of IFRS by the two class of auditors was about one to eleven. This difference may have emanated from the limited knowledge that SMPs may have had in relation to the restrictions pertaining to the conclusion that financial reports complied with IFRS. It was also observed that the phrase "GAAP' was used by most audit firm in the endeavour to describe whatever financial reporting principles that were adopted as relevant. This was because no document gave an official definition of the same in Botswana (Kiyanga, 2014).

The result thereof was that the Botswana GAAP was an amalgamation of the IFRS, IFRS for SMEs, IPSAS and any other accounting practice generally accepted and made known in Botswana for the preparation of general-purpose financial statements. From Table 2 above, the average quality score across both class of auditors was fifteen point five eight percent, which generally indicated poor quality. Moreover, the FQMT-FR generally indicated that about seventy five percent of the information needed by users of the financial reports of the NGOs were not indicated in the financial reports. This truly depicted both poor quality of financial reporting as well as poor levels of accountability.

The average quality score of the twenty-four financial reports of NGOs in Botswana that made use of internationally accepted frameworks of financial reporting were determined to be fourteen point eight three percent (as shown in Table 2). These internationally accepted frameworks of financial reporting included both the full IFRS and the IFRS for SMEs, as well as the IPSAS. For the thirty-five financial reports of NGOs in Botswana that made use of the Botswana GAAP for their financial reporting needs, their average quality score was sixteen point four three percent. For the subcategories of Botswana GAAP in this regard, the researcher incorporated both the ones that were unspecified which were meant to be general, and those that were specified, as emanating from the guidelines of accounting policies. Fourteen point eight percent was the average quality score for the donor designed frameworks of financial reporting. These frameworks included those designed by the World bank, EADB and USAID, to mention a few. A total of fifteen financial reports of NGOs in Botswana that made use of the donor designed frameworks were used to determine the quality scores.

On an overall basis, the average score of fifteen point five eight percent for the financial reports produced by NGO in Botswana. This comprised of a quality score of sixteen point four three percent that was designated to GAAP. This was the highest quality score, followed by fourteen point eight three percent that was designated to international frameworks and finally fourteen point eight percent designated to the donor designed frameworks. The breakdown of the quality scores for each individual report was listed in Appendix 1 and from the same, twenty five point two percent was the highest score observed while the lowest was seven point five percent. The former was audited by an international auditor while the latter was audited by an SMP. GAAP, however, was the framework for which both highest and lowest quality scores were attributed. The implication of these low-quality scores was that, based on the accountability theory, there were very low levels of accountability amongst NGOs in Botswana.

ASSUMPTIONS OF STATISTICAL TEST AND ADDRESS OF VIOLATION OF ASSUMPTIONS

ANCOVA statistical model was used for data reporting and statistical testing in this study, as shown in Table 2 and subsequent analysis. As Mishra et al. (2019) clarified however, because the ANCOVA was linear by nature as a statistical model, it was naturally prone to bias, more especially upon the violation of its statistical assumptions. Linearity and additivity were some of the statistical assumptions that were peculiar to ANCOVA. On that premise therefore, for the presentation of results for this study as facilitated by ANCOVA, the dependent variable was quality. This covariate was the class of audit firm, while the financial reporting frameworks were the independent variables.

With the ANCOVA statistical test, the data distribution was assumed to be normal. This was known as the normality of data distribution, as the normal distribution table of the ANCOVA indicated that data was normally distributed (Shieh, 2019). To address this assumption, it was important that no more than one financial reporting framework was used in the preparation of any of the financial reports and this made the observation real. The FQMT-FR produced a mean score of fifteen point six percent (Table 1). The range was seven point seven percent to twenty five point nine percent, which registered a variance of fifty point six percent and sixty six percent respectively from the mean.

The similarity of the variances from the ANCOVA was also tested with the Levene's test and the results were presented in tabular form. This was further supported with group scatterplots in the quest of testing the linearity of the homoscedasticity and the dependent variables. The results for these were indeed positive. Furthermore, homogeneity of regression slops was the last assumption that was necessitated in the use of ANCOVA. For this, no interaction was generally found between the financial reporting frameworks which were the independent variables and the class of audit firms which were the covariate. The reason for the lack of interaction between the two was the fact that the financial reporting frameworks that clients claimed to be applicable to them were the ones that their audit firm adopted. It was, therefore, paramount that since all the statistical assumptions of the ANCOVA that were considered above were in line with acceptable limits, the same was a confirmation to the appropriateness of ANCOVA as a suitable statistical test for this study and hence was adequately used for the result findings below.

EVALUATION BY RESEARCH QUESTIONS AND HYPOTHESES

RESEARCH QUESTION AND HYPOTHESIS ONE

Q1. Does the application of International Financial Reporting Standards (IFRS) affect the quality (relevance, faithful representation, understandability, reliability and timeliness) of financial reports of charitable and non-charitable NGOs in Botswana?

H1. The application of International Financial Reporting Standards (IFRS) by charitable and non-charitable NGOs in Botswana does not significantly affect the quality (relevance, faithful representation, understandability, reliability and timeliness) of financial reports of the NGOs.

Presentation of findings

To facilitate the answering of this research question, the quality scores from the FQMT-FR was obtained for all the financial reports of the NGOs that made use of any of the designated international financial reporting frameworks. The designated international frameworks of financial reporting were either Full IFRS or IFRS for SMEs. The NGO financial reports were grouped on the basis using SPSS 25 as shown in Table 3.

Table 3: International Frameworks Quality Score

IFRS	Mean	Std. deviation	*N*
Non IFRS	16	4.523	50
Full	14.98	4.008	23
SMEs	23.6	.	1
Total	15.58	4.494	74

Source: Researcher’s field survey (2021)

The data presented in Table 3 raised questions about the adequacy of the full IFRS for meeting the financial reporting needs of NGOs. While the full IFRS is commonly adopted, its mean quality score was lower than that of the IFRS for SMEs. This suggested that the comprehensive requirements of the full IFRS, designed primarily for profit-oriented entities, might not align well with the unique financial reporting needs of NGOs. The analysis of the data raised critical points about the suitability of the full International Financial Reporting Standards (IFRS) for non-profit organizations (NGOs).

These standards were traditionally designed for corporations with a profit motive and may not have captured the non-financial performance indicators that were crucial for NGOs, whose goals often included social impact and sustainability. The lower mean quality score for full IFRS, as compared to the IFRS for SMEs, could have reflected this disconnect. The IFRS for SMEs, despite being less comprehensive, may have offered a more suitable framework for NGOs due to its scaled-down and simplified requirements, which could better match the reporting needs of smaller, non-profit entities.

The analysis of variance (ANOVA) in Table 4, indicated by an F value of 1.748 and a significance level (p-value) of 0.165, did not provide evidence to reject the null hypothesis at the common alpha level of 0.05. Hence, the initial analysis suggested that the international frameworks did not have a statistically significant impact on the quality of financial reports. However, this finding were to be interpreted with caution due to the large difference in sample sizes across the IFRS categories, which could have potentially skew the results.

When examining the results of the ANOVA test presented in Table 4, the F value and the p-value warranted a closer look. An F value of 1.748 on its own did not indicate the strength of the evidence against the null hypothesis; it must be interpreted in conjunction with the p-value and the degrees of freedom. The p-value of 0.165 exceeded the conventional alpha level of 0.05 which suggested that the differences in mean scores across different reporting frameworks were not statistically significant. This implied that switching from one framework to another may not yield a notable difference in report quality, according to the data. However, the varied sample sizes could have affected the reliability of this conclusion. A large sample for non-IFRS and a very small sample for IFRS for SMEs could have introduced a bias. The small sample for IFRS for SMEs, in particular, meant cautious was necessary in generalizing the results, as they could have been influenced by outliers or specific circumstances not representative of the wider population.

Table 4: Levene's test - International Frameworks

F	*df1*	*df2*	*Sig.*
1.748	3	70	0.165

Note. Design: Intercept +Audit Firms +IFRS.

Source: Researcher’s survey (2021)

The results from Table 5 offered a deeper insight when considering audit firm class as a covariate. The significance level here (p = 0.047) fell below the 0.05 threshold, suggesting that the audit firm class had a significant effect on the quality of financial reports prepared under IFRS. This is further supported by the partial eta squared value, which indicates that approximately 10.8% of the variance in quality scores can be attributed to the IFRS framework once the audit firm effect is accounted for. The introduction of audit firm class as a covariate changed the landscape significantly.

The drop in p-value crossed the threshold of statistical significance, which suggested that the quality of the audit firm had a meaningful impact on the quality of financial reports. The partial eta squared value indicated that just over 10% of the variance in the quality scores was explained by the type of IFRS framework used when controlling for audit firm effects. This was an important consideration as it implied that the differences in report quality was not solely due to the intrinsic properties of the reporting frameworks but was also affected by the quality of the audits conducted.

The observed power in both tables indicates the likelihood that the tests will correctly reject a false null hypothesis. While Table 4 shows a power of 0.626, Table 5 demonstrates a higher power of 0.649, which suggests that the test for the IFRS framework's impact is more reliable when the audit firm variable is included.

Table 5: Covariant Effect on Quality – IFRS Framework

Source	Type III sum of squares	*df*	Mean square	*F*	*Sig.*	Partial eta squared	Noncent. parameter	Observed power[b]
Corrected model	169.222[a]	4	42.305	2.237	.074	.115	8.949	.626
Intercept	1146.206	1	1146.206	60.614	.000	.468	60.614	1.000
Audit firm	1.113	1	1.113	.059	.809	.001	.059	.057
IFRS	**158.391**	**3**	**52.797**	**2.792**	**.047**	**.108**	**8.376**	**.649**
Error	1304.792	69	18.910					
Total	19439.000	74						
Corrected total	1474.014	73						

[a]*R* squared = .115 (adjusted *R* squared = .063). [b]Computed with $p = .05$.

Source: Researcher's field survey (2021)

The observed power provided insight into the likelihood of Type II errors, where a false null hypothesis was not rejected. A power close to 0.65, as seen in Table 5, was moderate and suggested a reasonable chance of detecting an effect if one existed, especially compared to Table 4. This indicated a more robust test when considering the influence of audit firms.

In sum, the initial analysis pointed to no significant difference in report quality across different IFRS frameworks. Still, when taking into account the audit firm's influence, the full IFRS's adequacy for NGO reporting was brought into question. The significant role of the audit firm in the equation underscored the importance of high-quality audits in ensured the reliability and usefulness of financial reports prepared under IFRS. It may have also suggested that NGOs should carefully consider their choice of audit firm, alongside their choice of reporting framework, to best meet their financial reporting objectives and reflect their operational realities.

Interpretation of findings

The IFRS that this research question and hypothesis purported to investigate included both the full IFRS and the IFRS for SMEs. Most of the NGOs investigated in Botswana that made use of the internationally recognised financial reporting frameworks opted for the use of the full IFRS. This was consistent with the finding of Cordery, Belal and Thomson (2019) who reported that NGOs worldwide tend to use IFRS for financial reporting. In fact, only one NGO that was investigated prepared its financial report on the principles of IFRS for SMEs. The very formation of the IFRS for SMEs was a concept to accommodate the profit entities that were of small to medium in size (Schiebel, 2008).

The entire concept was, therefore, relatively new as indicated by Bautista, Muñoz and Horno (2019). So, the IFRS for SMEs principles were relatively unknown to several entities, including NGOs. It was, therefore, most likely that the preparers of the financial reports of most NGOs in Botswana had not adequately grasped the applications of this principles, hence, chose to rather use the full IFRS that they were familiar with. No financial report for all the NGOs investigated was found to have used the IPSAS which explains why no result on IPSAS was reported. Even though most of the NGOs made use of full IFRS, the average quality score for it was much less than that of IFRS for SMEs.

The most reasonable explanation for such disparity was that the Full IFRS did not provide adequate quality for the financial reporting needs of NGOs because it was significantly tailored towards the financial reporting of profit seeking entities as opposed to NGOs as reported by Njiru and Githinji (2018). Moreover, as stipulated in number one thousand and fourteen of the International Audit Practice, if an organisation were to comply with IFRS, it was not allowed to comply with it in parts but in full (Behrendt et al., 2018). The results of finding from this research however depicted that most of the NGOs that prepared their financial reports on the premise of IFRS did not comply with IFRS in full. Essentially, this fact showed that some of the NGOs even prepared their financial reports on cash basis as opposed to accrual basis which was the only basis of financial reporting permitted by IFRS as under IAS 1 (Presentation of Financial statements) (Behrendt et al., 2018).

Others did not even include the statement of changes in equity and the cash flow statements in their financial reports, both of which were mandatory as in accordance with IAS 1 (Dennis, 2018). Some of the other areas of non-compliance included the area of taxation (IAS 12), noncurrent assets (IAS 16) and related party disclosures (IAS 24). In taxation, some of the NGOs did not account for deferred tax. For noncurrent assets, others did not account for depreciation. Furthermore, the necessary disclosures as stipulated in IAS 24, where not made. On this premise, it was unrealistic for the NGOs to claim to have complied with IFRS when in fact they had not. All this fracas was figured to have emanated from the lack of financial reporting framework that was tailored for NGOs. This, therefore, resulted to the NGOs scoring low in the measurement of the level of quality shown by their financial reports.

To answer the research question, it was therefore concluded that the current internationally recognised financial reporting frameworks did not affect the quality of financial reports of NGOs in Botswana. No significant relationship was found to exist between the cited frameworks and the quality of resultant financial reports as depicted in section 4.3.2 of chapter 4. The poor-quality scores attained by the financial reports that made use of the frameworks was not due to the financial frameworks themselves but the failure to apply them correctly, probably because of their irrelevance for NGO financial reporting.

RESEARCH QUESTION AND HYPOTHESIS 2

Q2. Does the application of the Generally Accepted Accounting Practices (GAAP) of Botswana affect the quality (relevance, faithful representation, understandability, reliability and timeliness) of financial reports of charitable and non-charitable NGOs in Botswana?

H2. The application of Generally Accepted Accounting Practices (GAAP) of Botswana, being local to NGOs in Botswana does not greatly influences the quality (relevance, faithful representation, understandability, reliability and timeliness) of financial reports produced by charitable and non-charitable NGOs in Botswana.

Presentation of findings

To facilitate the answering of this research question, the quality scores from the FQMT-FR was obtained for all the financial reports of the NGOs that made use of Botswana GAAP. These were categorised into two. The first category was those that specified the accounting policies that guided the GAAP they used while the other were those that generally used GAAP without any accounting policy specifications. The ANCOVA model was instrumental in the analyses thereof with the two subcategories of GAAP as the independent variables while the average quality scores were the dependent variables as shown in Table 6.

Table 6: GAAP Framework Quality Scores

GAAPs	Mean	Std. deviation	*N*
Non GAAPs	15.16	3.898	37
Accounting policies	16.21	5.421	24
General	15.62	4.426	11
Total	15.58	4.494	74

Note. Dependent variable: Quality.

Source: Researcher's field survey (2021)

From Table 6, we can see that the use of GAAP in financial reporting among NGOs had varying levels of quality scores. The mean quality score across all NGOs was 15.58%, with a standard deviation of 4.494, indicating moderate variability around the mean. Notably, NGOs that specified their accounting policies had a slightly higher mean quality score (16.21%) compared to those that applied GAAP on a general basis (15.62%). This suggested that specificity in accounting policies might be associated with higher reporting quality.

With the mean quality score standing at 15.58%, there appeared to be a moderate level of consistency in quality across the sample. However, the standard deviation of 4.494 pointed towards a moderate spread in the quality scores, which indicated that while some NGOs reported financials with quality close to the mean, others report with quality scores that diverge more substantially from this central tendency. When breaking down the mean scores by specificity in accounting policy declaration, we see a slight uptick in quality scores for NGOs that explicitly stated their accounting policies (16.21%) versus those that apply GAAP more generally (15.62%). This difference, while not large, hinted at a possible association where clarity and transparency in reporting specific accounting policies may contribute to a perceived increase in the quality of financial reporting. This could be reflective of a greater attention to detail or a higher degree of conscientiousness in the financial reporting process among NGOs that delineate their policies.

Levene's test (Table 7) evaluated the hypothesis that the variances for quality scores were equal across groups using GAAP. A p-value of 0.108 was greater than the conventional alpha level of 0.05, indicating that we cannot reject the null hypothesis that the variances were equal across different applications of GAAP. This implied that the difference in means observed in Table 6 was not due to different variabilities in quality scores between the groups.

Table 7: Levene's test - International Frameworks

F	*df1*	*df2*	Sig.
2.299	2	71	.108

Note. Dependent variable: Quality.
[a]Design: Intercept + Audit Firm + GAAPS.

Source: Researcher’s field survey (2021)

The results from Levene's test, as shown in Table 7, were critical in confirming whether the variability of quality scores was consistent across the groups. The p-value of 0.108, exceeding the alpha threshold of 0.05, suggested that the null hypothesis (that the variances are equal) cannot be rejected. This implied that the observed differences in mean quality scores were not likely due to differences in the spread or consistency of those scores across groups. In practical terms, it meant that any variation in the mean quality scores between the specified and general GAAP groups was not because one group had more variable scores than the other.

Table 8: Covariant Effect on Quality – GAAP Framework

Source	Type III sum of squares	*df*	Mean square	*F*	Sig.	Partial eta squared	Noncent. parameter	Observed power[b]
Corrected model	19.709[a]	3	6.570	.316	.814	.013	.949	.108
Intercept	1461.765	1	1461.765	70.359	.000	.501	70.359	1.000
Audit firm	3.758	1	3.758	.181	.672	.003	.181	.070
GAAPS	**8.879**	**2**	**4.439**	**.214**	**.808**	**.006**	**.427**	**.082**
Error	1454.305	70	20.776					
Total	19439.000	74						
Corrected total	1474.014	73						

Note. Dependent variable: Quality.
[a]*R* squared = .013 (adjusted *R* squared = -.029). [b]Computed using alpha = .05.

Source: Researchers' field survey (2021)

The introduction of the covariate 'audit firm' in Table 8 suggested that when controlling for the audit firm, the GAAP framework's impact on the quality of financial reports was not significant (p = 0.808). This was indicated by the fact that the p-value was still above the 0.05 threshold. The R-squared value of 0.013 (with an adjusted R-squared of -0.029) suggested that the model, including the covariates, explained only 1.3% of the variability in quality scores, which was not significantly different from a model with no predictors at all. This was further confirmed by the non-significant F-value ($F = 0.316$, $p = 0.814$), indicating that the overall model did not significantly predict quality scores.

The partial eta squared values provide a measure of effect size and suggested that the covariate 'audit firm' had a very small effect on quality scores (partial eta squared = 0.003). In contrast, the intercept (which can be interpreted as the overall mean quality score when other predictors were held at zero) was highly significant ($p < 0.001$) and had a large effect size (partial eta squared = 0.501).

When a covariate was introduced, in this case, the 'audit firm', into the analysis (as seen in Table 8), the aim was to control for the influence that this external factor might have on the primary variable of interest — the quality of financial reporting. The non-significant p-value of 0.808 post-introduction of the covariate indicated that even after accounting for the potential influence of audit firms, the use of GAAP did not show a statistically significant association with the quality of financial reporting among NGOs.

The R-squared value was a proportion that explained the variance in the dependent variable attributable to the independent variable(s). An R-squared value of 0.013 was very low, suggesting that nearly all the variability in the quality scores remained unaccounted for by the model that included both GAAP and audit firm factors. Furthermore, a negative adjusted R-squared implied that the model could be overfitted — that is, it performed worse than a simple mean model.

The F-statistic evaluated whether there was a collective effect of the variables included in the model on the dependent variable. The non-significant F-value (0.316 with a p-value of 0.814) further supported the conclusion that the model lacked predictive power regarding the quality scores. The partial eta squared for the 'audit firm' covariate was 0.003, which was a negligible effect size, suggesting that the variation in quality scores was barely influenced by which audit firm was involved. On the other hand, the intercept was statistically significant and accounted for a substantial effect size (partial eta squared = 0.501), indicating that the average quality score was distinctly different from zero and was a significant factor in the model. In conclusion, after a detailed examination of the data, no substantial evidence was found to suggest that the application of GAAP, or the specific audit firm involved, had a meaningful impact on the quality of financial reporting among the NGOs sampled.

Interpretation of findings

The result of the findings clearly depicted that the financial reporting framework mostly used by NGOs in Botswana for their financial reporting needs was the Botswana GAAP with a total of thirty-five financial reports haven been prepare on the premise of it, out of the grand total of seventy-four which gave a percentage of forty seven point three percent. As indicated to by Dimitriou (2020), the phrase 'GAAP' was used by most audit firm in the endeavour to describe whatever financial reporting principles that were adopted as relevant in a given country, which was Botswana in this case.

This was because no document gave an official definition of the same in Botswana (Mbekomize and Popo, 2020). The result thereof was that the Botswana GAAP was an amalgamation of the IFRS, IFRS for SMEs, IPSAS and any other accounting practice generally accepted as publicised in Botswana for the preparation of general-purpose financial statements as further interpreted by Mbekomize and Popo (2020). The findings from this research therefore reported that the financial reports of the NGOs that made use of GAAP scored the highest average quality score as opposed to the other two classes of financial frameworks that were investigated.

The most reasonable explanation for these quality scores was that because GAAP was an amalgamation of various standards. As such, the NGOs that adopted it employed all aspects of the GAAP stipulations in their financial reports. These included the disclosure of nonfinancial information, for example, in augmentation to the financial information. This helped to better the decision-making of the end users of the reports hence, were of higher quality as compared to others. However, the results established that the majority of the audit opinions that were issue, with regards to financial reports prepared under GAAP, were not in compliance with the international standard of Audit that required auditors to disclose country of origin of the components of the GAAP, if IFRS or IPSAS was not used. This non-disclosure hampered optimum decision making of end-users hence affect quality of the financial report.

In response to the research question, the Levene's test from the result depicted that the GAAP framework of financial reporting did not have any significant impact on the quality of financial reports of the NGOs that used them. This was due to the fact that the ρ-value of 0.108 depicted by the Levene's test of it was quite insignificant statistically because it was higher than the 0.05 standard. This remained true even after the introduction of the covariate of audit which further showed that indeed the GAAP framework applied by NGOs in Botswana did not have any significant impact on the quality of their financial reports as depicted in section 4.3.3 of chapter 4.

RESEARCH QUESTION AND HYPOTHESIS 3

Q3. Does the application of financial reporting frameworks designed by NGO donors affect the quality (relevance, faithful representation, understandability, reliability and timeliness) of financial reports of charitable and non-charitable NGOs in Botswana?

H3. The donor designed financial reporting framework does not have a significant impact on the quality (relevance, faithful representation, understandability, reliability and timeliness) of financial reports of charitable and non-charitable NGOs in Botswana.

Presentation of findings

To facilitate the answering of this research question, the quality scores from the FQMT-FR was obtained for all the financial reports of the NGOs that applied the financial reporting frameworks designed by their respective donors. The total number of NGO financial reports that purported to have been prepared based on the financial frameworks designed by their donors were twelve as depicted in Table 9.

Table 9: Donor Designed Framework Quality Scores

Donor designed	Mean	Std. deviation	*N*
Non-donor designed	15.61	4.699	62
Undefined	13.00	.	1
Norwegian	11.00	.	1
DFID	10.00	.	1
USAID	13.00	.	1
World Bank	17.00	.	1
ADB	18.00	.	1
SIDA	18.00	3.606	3
CSF	14.00	.	1
ERIKS	17.50	.707	2
Total	15.58	4.494	74

Note. Dependent variable: Quality of financial reports.

Source: Researcher's field survey (2021)

Table 9 also shows that out of the twelve financial reports prepared based on donor designed frameworks, each framework only had one financial report attributed to it except for the financial frameworks designed by SIDA and ERIKS which had three financial reports and two financial reports attributed, respectively. The donor designed frameworks that had the highest quality scores were SIDA and ADB which both scored eighteen percent while the average overall mean quality score for all donor designed frameworks combined was fifteen point five eight percent.

Table 10: Levene's test – Donor Designed Frameworks

F	$df1$	$df2$	Sig.
1.532	9	64	.156

Note. Tests the null hypothesis that the error variance of the dependent variable is equal across groups.
Dependent variable: Quality.
[a]Design: Intercept + Audit Firm + Donor Designed.

Source: Researcher's analysis (2021)

Levene's Test was utilized to assess the equality of variances across the groups. A p-value of 0.156 indicated that there was no statistically significant difference in the error variances of the quality of financial reports among the different donor-designed frameworks. The high p-value suggested that the null hypothesis, which posited no difference in variances, cannot be rejected. This result implied that the variability in quality scores was consistent across different donor-designed frameworks, suggesting that donor influence did not contribute to differential variability in the quality of financial reporting.

Table 11: Covariant Effect on Quality – Donor Designed Framework

Source	Type III sum of squares	df	Mean square	F	Sig.	Partial eta squared	Noncent. parameter	Observed power[b]
Corrected model	120.246[a]	10	12.025	.560	.840	.082	5.596	.261
Intercept	1090.814	1	1090.814	50.763	.000	.446	50.763	1.000
Audit firm	19.443	1	19.443	.905	.345	.014	.905	.155
Donor-designed	**109.416**	**9**	**12.157**	**.566**	**.820**	**.075**	**5.092**	**.252**
Error	1353.767	63	21.488					
Total	19439.000	74						
Corrected total	1474.014	73						

Note. Dependent variable: Quality.
[a]R squared = .082 (adjusted R squared = -.064). [b]Computed using alpha = .05.

Source: Researcher's analysis (2021)

In Table 11, the analysis incorporated a covariate – the class of the audit firm – to examine its effect on the quality of financial reports. With a p-value of 0.820, the effect of the donor-designed framework on the quality of financial reports remained statistically insignificant, even after accounting for the audit firm class. This suggested that the quality of financial reports was not dependent on the donor-designed framework used, nor was it influenced by the audit firm's class. The partial eta squared value for donor-designed frameworks was 0.075, which was a small effect size, and observed power was low at 0.252, indicating that the sample size might be too small to detect a real effect if one existed.

The general trend across the analyses suggested that donor-designed frameworks did not have a statistically significant impact on the quality of financial reports, and this held true even after accounting for the potential confounding variable of audit firm class. The low observed power in both tests suggested that the sample size may be insufficient to detect any potential effects. The implications for practice could be that NGOs may not need to significantly differentiate their financial reporting practices based on donor requirements, at least not with respect to the quality outcome measured in this study.

Interpretation of findings

The least used frameworks of financial reporting by NGOs in Botswana were those designed by NGO donors. They made up only fifteen out of the seventy-four NGOs analysed, which was 20.3%. As stated by Omidvar (2018), donor designed frameworks were specifically tailored by each donor particularly for the NGOs it donated to. This was therefore the most possible reason for the low usage of these frameworks by NGOs in Botswana. Other NGOs were not aware of to the existence of such frameworks nor were they in the know of the contents of them, except for the NGOs they were intended for, hence most NGOs did not apply the donor designed frameworks. With regards to quality scores, the lowest was attained by the financial reports that were prepared on the basis of donor designed frameworks.

The explanation for this was that donor designed frameworks were much less common than other financial reporting frameworks as stated by Aboramadan (2018). As such these frameworks were more difficult to apply, as they had not been thoroughly analysed and interpreted unlike the other frameworks. This thereof, resulted to incorrect application of them by the majority of the NGOs that made use of them, which then resulted to the lowest quality scores.

In terms of the Levene's test, which was beneficial in the answering of the research question pertaining to the effect of the donor designed framework on the type of the financial reports of the NGOs in Botswana, the ρ-value of 0.156 was greater than the 0.05 standard. The implication of this was that statistically the donor designed frameworks of financial reporting had no significant impact on the type of the financial reports, hence did not contradict the null hypothesis above as discussed in section 4.3.3 of the fourth chapter of this research.

EVALUATION OF FINANCIAL REPORTING FRAMEWORKS AND NGO FINANCIAL REPORTING QUALITY

The result of the findings of the study evidently showed that the Botswana GAAP was the framework of financial reporting mostly used by NGOs in Botswana as more of the analysed financial reports were prepared on the premise of it than other frameworks. The reason why the GAAP was most popularly used by NGOs in Botswana was most definitely because of the fact that the GAAP by itself was the rendering used to describes the combination of accounting standards that were not essentially popular nor internationally recognised but were nevertheless deemed appropriate by the preparers of financial statements and auditors for use within the country in a given circumstance (Lambert, 2010).

It therefore became necessary that as the preparers of the financial reports of NGOs in Botswana recurrently found the IFRS for instance, to be unfitting for the accounting problems of their respective

NGOs, they mostly opted for the GAAP which generally permitted them to adopt the given policy of financial reporting that they deemed applicable to their accounting problems at the given time (Kiyanga, 2014). The second most used framework of financial reporting by NGOs in Botswana was IFRS and the most probable reason for the use of IFRS by the NGOs that opted for it was because, as stated by Ball (2016), the IFRS financial reporting framework was already internationally recognised and complete hence was easy to apply. The frameworks of financial reporting designed by NGO donors were the least used amongst the NGOs examined in Botswana. Pallas and Ruger (2017) had explained the fact that these frameworks were specifically designed by each donor particularly for the NGOs it donated to. This was therefore the most likely reason for them being the least used as other NGOs were usually not exposed to the existence of such frameworks nor their contents thereof, hence did not apply them.

The results of findings depicted that for the audit of the financial reports of NGOs in Botswana, both the SMPs and their international counterparts were of the general resolve that the use of all three financial reporting frameworks were in almost equal measure by NGOs in Botswana. The exception to this was however the IFRS framework of which the SMPs reported were in more application, than what the international audit firms reported. The possible reason for this exception was that the SMPs were much more familiar to the stipulations of IFRS and had limited knowledge of the other frameworks hence were more biased towards it (Kaawaase et al., 2016). It was also discovered, as stated by Otete (2018), that the expression 'GAAP' was rendered by most audit firms to designate all financial reporting principles they adopted as relevant. The most probable reason for this was that no document gave an official definition of the GAAP in Botswana.

As a result, the Botswana GAAP basically became the amalgamation of the IFRS, IFRS for SMEs, IPSAS and any other accounting practice generally accepted and disseminated in Botswana for the purpose of preparing general-purpose financial statements (Mbekomize and Popo, 2020). On an overall basis, sixteen percent was the average quality score that the international audit firms attributed to the financial reports of NGOs in Botswana whereas fifteen point two percent was the quality score that the SMPs rendered the Botswana NGOs. The low variation difference between the quality scores rendered by the two classes of audit firm indicated that no momentous difference existed between the NGO financial reports audited by international audit firms and those audited by SMPs.

With regards to the quality of financial reporting of the NGOs in Botswana, the FQMT-FR was used for measurement of the quality. The quality indicators of the FQMT were adopted from the International Accounting Standard Board (IASB) quality indicators and the quality scores rendered to the NGOs were in accordance to how much their financial reports complied with these indicators. These quality indicators included relevance, faithful presentation, comparability, timeliness, and understandability (Whittington, 2008). In the comparison of the three frameworks of financial reporting used by the NGOs in Botswana therefore, the GAAP framework was reported to have notched the highest quality score. On an overall basis, the average score of fifteen point five eight percent comprised of sixteen point four three percent that emanated from financial reports designated to GAAP. This was, therefore, the highest average quality score, followed by the international frameworks which scored fifteen point eight three percent. The donor designed frameworks scored the least with quality score percentage that was below eleven percent.

The most possible explanation for these quality scores was that because GAAP was an amalgamation of various standards (Lambert, 2010), the NGOs that adopted it employed all aspects of the GAAP stipulations in their financial reports. Lambert (2010) explained that these included the disclosure of non-financial information, for example, in extension to the financial information. This helped to better the decision-making of the end users of the financials hence were of higher quality as compared to those that were prepared on the basis of the international frameworks or donor designed frameworks.

The financial reports that were prepared on the basis of international frameworks, however, attained higher quality score than the financial report attributed to donor designed frameworks. This was because since the international financial reporting frameworks like IFRS and IPSAS were more common, as revealed by Laswad and Redmayne (2015), they were much easier to understand and follow. Much more education was readily available that explained how to apply the frameworks. This was not true however about the donor designed frameworks as the latter were much less common, hence were less easy to apply correctly (Laswad and Redmayne,2015). The incorrect application thereof by the majority of the NGOs that made use of the donor designed frameworks, therefore, resulted to them having the lowest quality scores.

In terms of the quality of financial reporting for the NGOs individually, both the NGO that got the highest quality score and the NGO with the lowest quality score were prepared on the basis of GAAP as depicted in Appendix 1. Forty eight percent was the highest score recorded thereof, as emanated from the financial report prepared on the basis of GAAP. The highest quality score recorded amongst the NGOs that made use of international financial reporting framework was forty six percent while amongst the NGOs that used donor designed frameworks, the highest score reported was thirty nine percent.

The results, therefore, showed that the highest level of quality in financial reporting was depicted by the NGOs that produced their financial reports on the basis of the financial reporting frameworks of GAAP and international frameworks, with the former taking more pre-eminence than the latter. One of the NGOs that used GAAP however was the one that scored the lowest quality score amongst all the NGOs, and the reason for this difference was discovered to have emanated from the fact that the particular NGO in question had ignored the nonfinancial disclosure aspects of the financial report hence attained the lowest quality score (Appendix 1).

In terms of the general quality of the financial reports of NGOs in Botswana, the results from the research found it to be largely low. This emanated from the fact the highest FQMT-FR quality score reported was only twenty five point two percent. In fact, most of the NGOs investigated got a quality score less than ten percent, with only twelve percent of the NGOs scoring above twenty percent quality score. The reason for these low overall quality scores, as derived from the FQMT-FR, was that most of the information needed by users of the financial reports of the NGOs were not indicated in the financial reports. Indeed, a section of the FQMT-FR had measured the quality of the financial report in terms of the adequacy of information disclosures as in line with the applicable theories of accountability.

This was essential to the areas of disclosure which included environmental disclosures, stakeholder analyses, corporate governance, ethics, staff analyses, and strategy disclosures (Appendix 1). Although it was discovered that most of the financial reports did not comply adequately with these disclosure elements, the financial reports prepared on the premise of GAAP framework were better than the rest with an average quality score of twenty two percent. This further buttressed that the reason for the advancement of the GAAPs in producing quality financial reports, in comparison with the others, emanated from the fact that the preparers of such financial reports made use of some aspects of internationally recognised frameworks such as IFRS in addition to other institutional financial standards relating the GAAPs (Lambert, 2010). The financial reporting quality scores of the NGOs in Botswana were however quite low in general.

In conclusion, the FQMT-FR model for financial reporting quality measurement for NGOs was related to end user needs, as in accordance with the conceptual framework of accountability. The findings from this study, that emanated from the FQMT-FR model, suggested that the quality of the financial reports of NGOs in Botswana was very poor and therefore required crucial attention. The true depiction of this was that not only was the quality of financial reports of NGOs in Botswana generally poor, the level of accountability showed by the NGOs was poor as well. On the basis of accountability theory (evaluated in section 4.4.2 below) for instance, the results depicted that there were very low levels of accountability amongst NGOs in Botswana.

QUALITATIVE EVALUATION

ACCOUNTABILITY CONCEPTUAL FRAMEWORK AND QULITY NGO FINANCIAL REPORTING

The famous scholar by the names James Maitland Stewart was renowned to be one of the very early proponents of the conceptual framework of accountability. Stewart (1984) defined accountability as the act of holding organisations at large, and individuals in particular, responsible for their actions. This was then supported by Fry (1995) who referred to accountability as the characteristic of giving account and taking responsibility for one's action. Isaac (2016) concluded that accountability theory was chiefly built on the premise of the existence of three factors.

The first factor was the stakeholders who had expectations that they anticipated to be met and communicated back to them. The second factor was the information resource itself that ought to be disclosed and the third were the stewards charged with the responsibility to disclose the information. It was on this premise therefore that Tuati, Manuain and Samadara (2019) added, in accordance with the accountability theory, that a financial report was of high quality if it rendered full disclosures of fiscal, fiduciary, strategic and procedural matters.

The result of the findings from this study, as depicted in Appendix C, revealed that in terms of the reporting of matters pertaining to accountability, none of the examined NGOs in Botswana attained a high-quality score. The implication of this was that in Botswana, the accountability of NGOs are merely perceived from the financial side alone, considering that none of the financial reports of the NGOs scored high in terms of the disclosures of nonfinancial information that promoted accountability. These findings were truly in agreement with that of Lai, Melloni and Stacchezzini (2018) who questioned the stipulations of IASB (2010) that the facilitation of financial decision making was the fundamental role of financial reporting. The scholar had argued against the relevance of the same and stipulated that it was a myth. He rather suggested that accountability must be the dominant symbol of financial reporting. The implication of this finding was therefore that fiscal accountability was not to be seen as the solitary significant consideration for the financial reporting of NGOs.

For accountability to be rendered in its completeness, adequate disclosures on the strategic, fiduciary and procedural accountability also ought to have been rendered within the financial reports of the NGOs for them to be of high quality (Lai, Melloni and Stacchezzini, 2018). This, therefore, explained why overall quality score of the financial reports of the NGOs in Botswana were very low at an average score less than twenty percent. Financial accountability, the only aspect of accountability that was chiefly reported by the NGOs only made-up twenty percent of the four aspects of full accountability that ought to have been reported.

AGENCY THEORY AND QULITY NGO FINANCIAL REPORTING

The theory of agency was the phenomenon that assumed that individuals by natures always sought to fulfill their own interests and attain self-gratification but never cared whether such fulfilments were attained at the detriment of others (Bosse and Phillips, 2014). It therefore followed that by nature, the agent and principal relationship as laid down by Emirbayer and Mische (1998) was always most likely to be entangled in mistrusts. This was because uncertainty usually prevails in the perception of the principal, about the possible behaviour of the agent (Johannes, Jan and John, 2015). Accountability within the conceptual framework of agency therefore hinged on the premise of moral hazard as well as adverse selection. The financial information reported within the financial reports of NGOs, like other financial reports, therefore naturally encompassed the performance of the agent in managing the organisation that belonged to the principal (Johannes, Jan and John, 2015).

None of the current frameworks of financial reporting however had mandatory requirements for the disclosure of the performance of the agent in terms of whether the expected and agreed upon targets were met. As a result of this phenomenon therefore, the principal of the NGOs was reckoned to have missed crucial information from the financial reports, more especially those that pertained to governance and control, management performance and concerns about fiduciary matters (Panda and Leepsa, 2017). The implication of this was that the principals of NGOs in Botswana did not have access to the complete performance of the agents they charged with the management of their NGOs, due to inadequate disclosures within the financial reports. This therefore brought an increase to the level of moral hazard within the NGO financial reporting in Botswana where the performance of the agent was in contrary to the agreed terms (Panda and Leepsa, 2017).

STEWARDSHIP THEORY AND QULITY NGO FINANCIAL REPORTING

Pastoriza and Arino (2008) were very instrumental in the championship of stewardship, following its proposition as far back as the 1980s by Gjesdal (1981). The renowned economist proposed stewardship as a support to agency. He suggested a mutual relationship of collaboration between an agent and the principal to alleviate conflict of interests. Pastoriza and Arino (2008) then explained that this agent- principal relationship can only be attained via service collaboration and mutuality. The underlining principle behind stewardship theory therefore connoted an understanding of the manner in which the resources of the principal were utilised by the agent as opposed to a mere measure of the quantity used (Zogning, 2017).

Accountability with regards to the theory of stewardship was, therefore, hinged on the precept of quality service and trust of which were not addressed by any of the NGO financial reports evaluated in the study as this was also not addressed by any of the financial reporting frameworks used by the NGOs, even though quality service and trust were inevitable aspects of NGO existence. The aspects of stewardship theory that were supposed to be reported included service delivery, timeliness and quality assurance. None of these quality aspects of financial reporting were disclosed in any of the NGO financial reports, nonetheless. Hence the principles of the stewardship theory were not adhered to in the financial reporting of the NGO and this contributed to the low quality of it.

RESOURCE DEPENDENCY THEORY AND QULITY NGO FINANCIAL REPORTING

Resource dependency on the other hand was the view that every organisation, in one way or another, was always affected by the syndrome of dependency on external resources (Hessels and Terjesen, 2010). These external resources were very important to the survival of the organisation but were sourced from outside. This dependency was paramount but outside resources therefore forces an organisation to align itself with and comply with the demands and dictates of the external forces that provide the resources (Hessels and Terjesen, 2010). As such, the theory of resource dependency requires that NGOs in Botswana address the needs of the providers of their resources. These resource providers are the same as the funders of the NGOs. Their need was to address the adequate financial and nonfinancial information pertaining to the NGOs that providers of their resources fund. None of the NGOs however provided any information pertaining to fund accounting and the ranking of the providers of resources for recognition, which could had potentially attracted more funding from them.

This may have emanated from the fact that none of the current financial reporting frameworks had any provision for such disclosures. The foremost argument linked with regards to this theory was that NGOs in Botswana ought to offer accountability pertaining to how they relate to the various environmental factors (Knockaert and Ucbasaran, 2013). These environmental factors included donors primarily but also the physical environment, the government, staff, and NGO beneficiaries. Most of the financial reports of the NGOs investigated however rendered no disclosures that pertained to any of the mentioned stakeholders. This was therefore, a further contributing factor to the generally low-quality scores attained by the NGOs.

SUMMARY OF THE SECTION

The purpose of this research was to evaluate and establish the degree to which financial reports of NGOs in Botswana was affected by the current frameworks of financial reporting used by the management of the NGOs. The research findings discussed in this chapter were to enhance the financial reporting framework currently used by NGOs in Botswana, thereby improving the quality of financial reports and accountability of NGOs in the country. Financial reports were to comply with accounting standards appropriately. Financial reports were also to be robust to reduce opportunities for fraud and ensure uniformity in financial reporting. Essentially, the financial reporting framework was to improve accountability in donor funding and facilitate improved service delivery.

As this chapter intended to present the results that emanated from the study, it commenced with discussion of trustworthiness of the data collected for the study. Discussion of the trustworthiness of the data painted efforts and actions taken to ensure the trustworthiness of the data collected and analysed in this study. Trustworthiness of data was to do with the accuracy of the research study, data, and findings. The trustworthiness of research data was essential to enhance the validity of the study's findings. It was, therefore, important to ensure the trustworthiness of the data used before the commencement of the study's data analyses and reporting. Trustworthiness of data has to do with the accuracy of the research study, data, and findings. To ensure the trustworthiness of data used for this study, the four principles of trustworthiness highlighted by and Cope (2014) were engaged. The four principles of trustworthiness included credibility, dependability, transferability, and confirmability, which were vital in establishing trustworthiness in the research.

Drevon, Fursa and Malcolm (2017) established that a measurement could not be valid except it be reliable. This was because data must be both valid and reliable for it to be dependable as accurate representation in research. It was on this basis that this section rendered a clarification on the reliability and validity of data. Validity included both internal validity and external validity. The former referred to the validity of the measurement and test itself, whereas the latter has to do with the ability to generalize the findings to the target population (Ferguson et al., 2015). Both were quite vital in the analyses of the suitability and relevance of the research study. Reliability on the other hand, addressed the general uniformity of the measurement instrument of the research study. As the FQMT-FR questions for quality assessment were instrumental for data collection in this research, the reliability of the same questions for quality assessment were inevitably considered in a test-retest reliability assessment.

With regards to discussion of findings, the presentation of results in chapter four was conducted on the premise of systematic order as in accordance with the research question or hypothesis of the study and structured consistently with that of introduction and methodology chapters. The Data analyses conducted was solemnly on reporting basis as the interpretations and inferences therefore were rendered in the section that followed. The objectives that the results of findings were to address were three-fold. The first was to precisely select a sample of NGOs in Botswana and establish a quality score for each financial report of the same in accordance with the framework employed. The second objective was to use the established mass of quality scores of each framework to evaluate and establish the impact of the frameworks on the quality of financial reports of the NGOs. The third objective was to employ various theories of financial reporting to facilitate, augment and enhance the quality of evaluation in determining the effect of the application of financial reporting frameworks on the quality of the financial reports of the NGOs in Botswana.

For this study, all the information that facilitated the findings were collected from four groups of intentionally designated sources. The first designated source was NGOs. From about one thousand NGOs that were registered with the Botswana Registrar of Societies, a random selection of ninety-five was made and a total of two financial reports were requested from each of the ninety-five. Audited financial reports belonging to various NGOs were also requested from audit firms and this was the second category of requests made. Six international audit firms were known to operate in Botswana and all six were sampled out and NGO audited financial statements requested from them. As for the local audit firms which were known as Small to Medium Practices (SMPs), nineteen of them were sampled out, out of the total of one hundred and ninety-one that were listed with the Botswana Audit Oversight Authority (BAOA). The other two sources from which data was requested were the institutional donors of NGOs and the Office of the Auditor General of Botswana. Fortunately, three out of the ten institutional donors from which information was sourced responded positively and provided a total of ten NGO financial reports, as depicted in Table 1 above, which were remarkably useful.

With regards to assumptions of statistical test and address of violation of assumptions, ANCOVA statistical model was used for data reporting and statistical testing in this study, as shown in Table 2 and subsequent analysis. As Mishra et al. (2019) clarified however, because the ANCOVA was linear by nature as a statistical model, it was naturally prone to bias, more especially upon the violation of its statistical assumptions. Linearity and additivity were some of the statistical assumptions that were peculiar to ANCOVA. On that premise therefore, for the presentation of results for this study as facilitated by ANCOVA, the dependent variable was quality. This covariate was the class of audit firm, while the financial reporting frameworks were the independent variables.

To facilitate the answering of the research questions and hypothesis, for research questions and hypothesis one, the quality scores from the FQMT-FR was obtained for all the financial reports of the NGOs that made use of any of the designated international financial reporting frameworks. As the designated international frameworks of financial reporting were either Full IFRS, IFRS for SMEs or IPSAS, the NGO financial reports were grouped on the same basis using SPSS 25 as shown in Table 3.

With regards to research question and hypothesis two, the quality scores from the FQMT-FR was obtained for all the financial reports of the NGOs that made use of Botswana GAAP. These were categorised into two.

The first category was those that specified the accounting policies that guided the GAAP they used while the other were those that generally used GAAP without any accounting policy specifications. The ANCOVA model was instrumental in the analyses thereof with the two subcategories of GAAP as the independent variables while the average quality scores were the dependent variables as shown in Table 6. With regards to research question and hypothesis two, the quality scores from the FQMT-FR was obtained for all the financial reports of the NGOs that applied the financial reporting frameworks designed by their respective donors. The total number of NGO financial reports that purported to have been prepared based on the financial frameworks designed by their donors were twelve as depicted in Table 9.

With regards to the section on evaluation of findings, the essence of the section was to render a report on what the research findings already reported (under section 4.3) truly depict. The section provided a comprehensive interpretation of the results in light of the conceptual frameworks and theories that were imperative to the study as previously identified and discussed in the previous literature review chapter (chapter 2). Furthermore, interpretations were also rendered in light of the relevant knowledge obtained in the course of the various literature reviewed for the purpose of the study.

The result of the findings from the evaluation of financial reporting frameworks and NGOs financial reporting quality evidently showed that the Botswana GAAP was the framework of financial reporting mostly used by NGOs in Botswana as more of the analysed financial reports were prepared on the premise of it than other frameworks. The reason why the GAAP was most popularly used by NGOs in Botswana was most definitely because of the fact that the GAAP by itself was the rendering used to describes the combination of accounting standards that were not essentially popular nor internationally recognised but were nevertheless deemed appropriate by the preparers of financial statements and auditors for use within the country in a given circumstance (Lambert, 2010).

With regards to the quality of financial reporting of the NGOs in Botswana, the FQMT-FR was used for measurement of the quality. The quality indicators of the FQMT were adopted from the International Accounting Standard Board (IASB) quality indicators and the quality scores rendered to the NGOs were in accordance to how much their financial reports complied with these indicators. These quality indicators included relevance, faithful presentation, comparability, timeliness, and understandability (Whittington, 2008). In the comparison of the three frameworks of financial reporting used by the NGOs in Botswana therefore, the GAAP framework was reported to have notched the highest quality score. The most possible explanation for these quality scores was that because GAAP was an amalgamation of various standards (Lambert, 2010), the NGOs that adopted it employed all aspects of the GAAP stipulations in their financial reports. Lambert (2010) explained that these included the disclosure of non-financial information, for example, in extension to the financial information.

This helped to better the decision-making of the end users of the financials hence were of higher quality as compared to those that were prepared on the basis of the international frameworks or donor designed frameworks. In terms of the general quality of the financial reports of NGOs in Botswana, the results from the research found it to be largely low. This emanated from the fact the highest FQMT-FR quality score reported was only twenty five point two percent. In fact, most of the NGOs investigated got a quality score less than ten percent, with only twelve percent of the NGOs scoring above twenty percent quality score. The reason for these low overall quality scores, as derived from the FQMT-FR, was that most of the information needed by users of the financial reports of the NGOs were not indicated in the financial reports.

With regards to evaluation in light of the conceptual framework and theories, the result of the findings from this study, as depicted in Appendix C, revealed that in terms of the reporting of matters pertaining to accountability, none of the examined NGOs in Botswana attained a high-quality score. The implication of this was that in Botswana, the accountability of NGOs are merely perceived from the financial side alone, considering that none of the financial reports of the NGOs scored high in terms of the disclosures of non-financial information that promoted accountability. As for agency theory, none of the current frameworks of financial reporting had mandatory requirements for the disclosure of the performance of the agent in terms of whether the expected and agreed upon targets were met.

Therefore, the principal of the NGOs was reckoned to have missed crucial information from the financial reports, more especially those that pertained to governance and control, management performance and concerns about fiduciary matters (Panda and Leepsa, 2017). The implication of this was that the principals of NGOs in Botswana did not have access to the complete performance of the agents they charged with the management of their NGOs, due to inadequate disclosures within the financial reports. This therefore brought an increase to the level of moral hazard within the NGO financial reporting in Botswana where the performance of the agent was in contrary to the agreed terms (Panda and Leepsa, 2017).

With regards to the theory of stewardship, the aspects of stewardship theory that were supposed to be reported included service delivery, timeliness and quality assurance. None of these quality aspects of financial reporting were disclosed in any of the NGO financial reports, nonetheless. Hence the principles of the stewardship theory were not adhered to in the financial reporting of the NGO and this contributed to the low quality of it. As for resource dependency, as a theory, their need was to address the adequate financial and non-financial information pertaining to the NGOs the providers of their resources fund. None of the NGOs however provided any information pertaining to fund accounting and the ranking of the providers of resources for recognition, which could had potentially attracted more funding from them. This may have emanated from the fact that none of the current financial reporting frameworks had any provision for such disclosures.

CHAPTER 5

IMPLICATIONS, RECOMMENDATIONS, AND CONCLUSION

INTRODUCTION

As at when this research was conducted, none of the financial reporting frameworks in existence addressed the unique needs of NGOs. This resulted to misreporting of fraudulent and financial matter amongst NGOs in Botswana. This was because the NGOs resorted to the use of frameworks such as IFRSs and GAAP which were irrelevant as they were not designed for none for profit entities such as NGO (Puyvelde et al., 2012). The varied methods used by NGOs in Botswana, thus, necessitated the in-depth examination into the effect of the application of financial reporting frameworks on the quality of financial reports produced by NGOs, to understanding how these frameworks affect the quality of the financial reports of the NGOs. The purpose of this research was consequently, to assess and establish the level to which the quality of financial reports of NGOs in Botswana was affected by the financial reporting frameworks they used.

Secondary quantitative research methodology was predominantly employed for this research with the causal-comparative design. Secondary data was collected, carefully measured, and weighed in accordance with stipulated standards. These were examined together with qualitative data that emanated from the literature on the various financial reporting theories. Various quantitative and statistical techniques were employed to analyse the data. ANCOVA was instrumental in the grouping of raw data into classes of the independent variable, which were the financial reporting frameworks. Quality itself was the dependent variable and audit was the covariant.

This research was not void of limitations. The first limitation was that the sample size predicted to be enough for the research was not enough. One hundred and twenty NGO financial reports were targeted but only seventy-four financial reports were successfully gathered. This resulted to thirty eight percent decrease from the targeted number. This reduction resulted from the general non-responsiveness experienced, which possibly emanated from the restrictions that stemmed from the corona virus pandemic. The fact that all the financial reports evaluated in this research emanated from only the country of Botswana, presented an unavoidable limitation in application. This was because gathering data from Botswana alone meant that the findings and conclusions from the research may not be easily applied elsewhere. With regards to ethical considerations employed in the research, it was vital that the vast benefits of the research were communicated to the representatives of every organisation from which information was sought.

The participants were adequately granted the necessary assurance of privacy and liberty of opting out. Optimal corporation was thus solicited in adequately ethical manner. The research was not absolutely void of ethical challenges however. The maintenance of confidentiality with regards to some sensitive and pertinent information encountered during the course of the research was particularly challenging. Some of the instances of fraud the researcher came across where not within the public domain, but the researcher had to keep them confidential despite the overall anti-fraud requirements to report such cases to the necessary authorities in Botswana (Kang'ethe and Chivanga, 2015).

With regards to an overview of the content of this chapter involving the implications, recommendations, and conclusion, the chapter in general demonstrated and reflected the importance and depth of the research. The chapter referred back to the study problem and significance of the study. The results that originated from the research were placed back into context with a full description of their implication to the study problem. This included an expansion into the limitations of the study while recommendations were equally provided on how the results that emanated from the research may be applied. Recommendations for application that originated from the research and supported with research findings were then delivered. These included recommendations about the quality of financial reports of NGOs in Botswana.

Recommendations for application was also rendered concerning the accountability conceptual framework, agency theory and resource dependency theory. Recommendations were also rendered in this section on the future. This was a clarification about how the results may benefit future studies around the same field. These included recommendations that pertained to the FQMT-FR quality assessment tool, the GAAP framework and audit firms. This chapter ended with a concluding section in which the take-home message for the entire dissertation study was delivered in accordance with the true essence of the study. This included a brief summary that pertained to data trustworthiness, results of the study, response of the results to the significance of study and contribution to the existing literature and practices in the field of study.

IMPLICATIONS

In this section, the findings that stemmed from the study as discussed in section 4.3 of chapter 4 were placed back into context with a detailed description of their implication to the study problem and how they added to the literature. Additionally, a clarification was provided on how the results fitted with the purpose of the study. The implications of the results on the existing literature (as discussed in chapter 2) were clarified in this section, and their significance were demonstrated. Moreover, clarifications were made as to whether, on the premise of the literature, the results were expected or not. Probable justifications for the contradictory or unexpected results were provided.

The manner in which the study built to the body of research that existed previously in relation to the topic of this research was deduced. The level of alignment of the results with the conceptual framework was also demonstrated. The discussion revolved around the research questions and hypotheses as appropriate and logical conclusions were drawn accordingly. Besides, all conclusions coming from outside the scope of study however logical, were avoided. This section then settled with a discussion about the potential limitations of study and the narratives of the manner by which they may have affected the interpretations of the results. It also included a deliberation on the limitations to practice.

FINDINGS OF THE STUDY AND HOW IT HAS ADDED TO THE LITERATURE

RESEARCH OBJECTIVE 1. QUALITY OF FINANCIAL REPORTS OF NGOS IN BOTSWANA

As the first objective of this study was establish quality score for each financial report of the NGOs in accordance to the financial reporting framework applied, this study significantly contributed to the existing body of knowledge on financial reporting quality within non-governmental organizations (NGOs) in Botswana. It introduced a novel quality measurement tool, the FQMT-FR, which assessed the financial reporting quality of NGOs based on criteria established by the International Accounting Standards Board (IASB). These criteria included relevance, faithful representation, comparability, timeliness, and understandability. This tool was a valuable addition to the literature, echoing the findings of Albersmann and Quick (2020) who suggested that adherence to high-quality reporting standards reduced the likelihood of fraudulent financial reports.

The findings revealed a generally low quality of financial reporting among NGOs in Botswana. The highest FQMT-FR quality score noted was a mere 25.2%, with most NGOs scoring below 10%. This poor performance was attributed to the inadequacy of information disclosures, crucial for accountability and transparency. Despite this, reports based on the GAAP framework fared slightly better, with an average quality score of 22%.

The findings of this study added to the literature by showing that the NGO in Botswana that were understudied did not achieve high-quality accountability reporting because the focus of their financial reports were solely on financial accountability, neglecting the broader spectrum of accountability that includes non-financial information. This finding also aligned with the literature of Lai, Melloni, and

Stacchezzini's (2018) (critique of the IASB (2010) framework), in which they argued that financial reports overly emphasizes financial decision-making. They propose that accountability should be a central feature of financial reporting, suggesting that financial accountability alone was insufficient for comprehensive NGO reporting.

Fraudulent financial reporting

As derived from section 1.3 of chapter 1, fraudulent financial reporting had over many years remained the most prominent problem faced by NGOs, as consistent with the Association of Certified Fraud Examiners (Kranacher and Riley, 2019). Kearns (1996) had long established that the lack of confidence amongst donors that had developed, pertaining to the NGOs they donate to, was the inevitable consequence of lack of accountability within the financial reporting of the NGO.

James Maitland Stewart, a notable early advocate of the accountability conceptual framework, defined accountability in 1984 as the responsibility of organizations and individuals for their actions. Fry (1995) expanded on this by describing accountability as the duty to explain and assume responsibility for one's actions. Isaac (2016) identified three key elements in the theory of accountability: stakeholders with specific expectations, the need for information disclosure, and the stewards responsible for this disclosure. Tuati, Manuain, and Samadara (2019) further argued that high-quality financial reports should comprehensively disclose fiscal, fiduciary, strategic, and procedural details.

Kearns (1996), Motsisi and Swami (2015) reported that the greatest contributor to losses amongst NGOs was none other than financial statement fraud which was perpetrated through inappropriate or misreporting of financial matters. Further studies by Polus, (2013) had uncovered that the main reason for the drop of donor funding in Botswana was the fact that the funders, in spite of their desirousness to support the NGOs, generally lack confidence in those charged with the management of the NGOs due to increasing instances of fraud. The scholars went on to uncover that these instances of fraud were mostly perpetrated through fraudulent financial reporting of the financial performance and financial position in the financial statement of the NGOs.

The findings of this study added to literature by revealing that most non-governmental organizations (NGOs) claiming to prepare their financial reports based on the International Financial Reporting Standards (IFRS) did not fully adhere to these standards, which was fraudulent. Notably, some NGOs prepared their financial reports using a cash basis instead of the accrual basis, which is the only method sanctioned by IFRS under IAS 1 (Presentation of Financial Statements). Additionally, there were instances where NGOs omitted crucial elements such as the statement of changes in equity and the cash flow statements from their reports, even though these are mandatory under IAS 1. Other areas of non-compliance included taxation (IAS 12), noncurrent assets (IAS 16), and related party disclosures (IAS 24). Specifically, some NGOs failed to account for deferred tax in taxation, neglected to include depreciation for noncurrent assets, and did not provide the necessary disclosures required by IAS 24. This lack of compliance cast doubt on the NGOs' claims of adhering to IFRS.

The root of these issues was traced back to the absence of a financial reporting framework specifically designed for NGOs. Consequently, this led to the NGOs receiving low scores in the assessment of the quality of their financial reports. This finding contributed to the literature of Motsisi and Swami (2015) who reported that this financial statement fraud mostly emanated from the fact that no set of financial reporting standards or frameworks existed for the reason of compelling the disclosure of valid information that could bring irregularities to the awareness of donors and other NGO stakeholders.

Mpabanga (2015) stated that financial reporting frameworks appeared not to be effective in the prevention of fraud in the reporting of the financial status que of the NGOs in Botswana as they continued to be rampant and therefore detrimental to the funders of the NGOs. The study of Mpabanga (2015), however, was centred on Fraud that pertained to human resource management in Botswana, and not particular to NGOs. Though the scholar suggested the need for future research on the link between fraud and financial reporting framework, he acknowledged that this was not his area of expertise hence could not engage in such study. This findings of this study, therefore, filled in the gaps left by Mpabanga (2015) as it related fraudulent financial reporting to financial reporting frameworks. The study evaluated and established the degree to which the quality of financial reports of NGOs in Botswana were affected by the current frameworks of financial reporting used by the management of the NGOs in financial reporting.

OBJECTIVE 2. IMPACT OF FINANCIAL REPORTING FRAMEWORK APPLICATION ON QUALITY FINANCIAL REPORTING

As the second objective of this study was to establish how the financial reporting frameworks impacted quality financial reporting, the study also shed light on the financial reporting frameworks employed by NGOs in Botswana. It acknowledged the findings of Obassi and Moribame (2005), who noted the lack of NGO-specific standards, leading to the widespread adoption of International Financial Reporting Standards (IFRS) and local Generally Accepted Accounting Principles (GAAP). This research went a step further by demonstrating that Botswana GAAP was the predominant framework used by NGOs in the region, a choice attributed to its suitability for addressing specific accounting challenges within Botswana. This was in line with Lambert's (2010) observations that GAAP comprised of accounting standards which, while not globally recognized, were deemed appropriate by local financial statement preparers and auditors.

This research also delved into how the choice of financial reporting framework impacted the quality of financial reports produced by NGOs in Botswana. It addressed the potential consequences of not conducting such a study, particularly the risk of fraud due to inadequate financial reporting. Mpabanga

(2015) highlighted the possibility that loopholes in financial reporting frameworks could lead to reduced accountability and increased fraudulent activities. This study extended this premise by exploring the influence of these frameworks on the quality of financial reporting within Botswana NGOs.

Interestingly, the study concludes that the poor quality of financial reporting was not inherently due to the frameworks themselves, but rather to the incorrect application of these frameworks. For instance, NGOs claiming to use IFRS often fail to comply with its full requirements, such as the accrual basis of accounting mandated by IAS 1, and the inclusion of statements of changes in equity and cash flows. Non-compliance in areas like taxation, noncurrent assets, and related party disclosures was also noted.

These findings underscored the need for NGO-specific standards and frameworks that considered the unique social, economic, and political factors of Botswana. This study served as an important stepping stone towards developing such tailored frameworks, thereby enhancing the quality and reliability of financial reporting among NGOs in the region.

OBJECTIVE 3. QUALITY FINANCIAL REPORTING AND FINANCIAL REPORTING THEORIES

Agency theory, as elucidated by Bosse and Phillips in 2014, posited that individuals were inherently driven by self-interest, often overlooking the consequences of their actions on others. Person, in 1993, highlighted that this inclination resulted in a trust deficit within the agent-principal relationship, primarily due to uncertainties surrounding the agent's conduct. Johannes, Jan, and John, in their 2015 study, emphasized that within this framework, accountability involved addressing issues such as moral hazard and adverse selection. The findings of this particular study contributed to existing literature by revealing that while NGO financial reports generally reflected the agent's performance, they often failed to include essential disclosures about meeting specific targets. This omission resulted in incomplete information being provided to principals, especially concerning governance, control, and fiduciary responsibilities, as noted by Panda and Leepsa in 2017. Such lack of transparency exacerbates moral hazards in Botswana's NGO sector.

Expanding on Gjesdal's 1981 proposition, Pastoriza and Arino in 2008 argued in favor of stewardship theory as a complement to agency theory. They advocated for a collaborative agent-principal relationship that focuses on service and mutual benefits. Stewardship theory stressed the importance of quality service and trust. The findings from this study contributed further to the literature by indicating that NGO financial reports often inadequately address aspects of quality service and trust. Critical elements such as service delivery, timeliness, and quality assurance were frequently omitted, leading to a disregard for stewardship principles in NGO financial reporting.

Resource dependency theory, discussed by Hessels and Terjesen in 2010, suggested that organizations relied on external resources for their survival. For NGOs in Botswana, addressing the needs of their resource providers by providing comprehensive financial and non-financial information was crucial. The study's findings added to the existing body of knowledge by showing that most NGO financial reports in Botswana failed to disclose information pertinent to various stakeholders, including donors, the environment, government, staff, and beneficiaries. This lack of disclosure was a contributing factor to the low-quality scores observed in the financial reports of NGOs in Botswana.

LIMITATIONS OF STUDY

It was inevitable during the course of this research that it was not void of limitations. The first limitation was encountered in the area of sample size. The sample size predicted to be sufficient for the study was not enough. A sample size of one hundred and twenty financial reports had been targeted for the study but only a total of seventy-four financial reports were received which merely represented sixty two percent of the predicted size that was required. This resulted in a total of thirty eight percent reduction in the predicted sample.

The reason for this reduction in sample size emanated from the generally low level of responsiveness that was experienced, more especially from the international audit firms who were the most hesitant to release their financial reports. The general non-responsiveness experienced was possibly caused by the problems that was largely experienced by the respondents due to the corona virus pandemic, as the research unfortunately took place during the scourge. It was, therefore, necessary that the researcher made do with the reduced sample size he was able to gather and indeed the evaluations and conclusions thereof emanated from them.

Another top limitation that was of utmost importance to acknowledge was the fact that all the financial reports collected for evaluation were within the country of Botswana. Even though the scope of the research was rightly based in Botswana hence necessitated no financial reports of NGOs outside Botswana, limitation of application still existed as the findings and conclusions that emanated from the research may not be easily applicable elsewhere. This notwithstanding, the fact that as at the time of this research, no framework of financial reporting tailor made for NGOs was in existence in any country in the world, the research may however be applicable. Furthermore, the frameworks of financial reporting that were examined for the purpose of this study were designed for the purpose of facilitating the preparation of financial statements.

Subaida, Musyarofah and Prasetyono (2017) had however suggested that due to the high level of accountability that was expected from NGOs both in financial and nonfinancial terms, an accountability report was most suitable instead of financial report. Assuming this assertion rendered by Subaida, Musyarofah and Prasetyono (2017) was true, an unavoidable limitation inevitably existed in this study. This was because the study made no reference to accountability report in totality but to financial reports. The generalizability of the terms of measurement for the quality of the annual reports may have, therefore, been limited as far as accountability was concerned.

In conclusion, the FQMT-FR quality measurement tool employed for this study was based on financial criteria, as derived from the IASB measurement of full IFRS financial quality (prescribed in its conceptual framework), and nonfinancial criteria (theories associated with financial reporting, as deemed beneficial in ascertaining the quality of NGO financial reports). The NGO financial reports were, however, only prepared on the premise of financial criteria (IFRS and GAPP, for example). All the financial statements were, therefore, only based on financial presentation. Evaluating the IFRS financial reports, that were financial criteria based, with the use of both financial and non-financial criteria may have, therefore, been an inherent potential limitation that the study overlooked, which may have affected the connoted interpretations of the results.

RECOMMENDATIONS FOR APPLICATION

OVERVIEW OF RECOMMENDATIONS FOR APPLICATION

In this section, recommendations were provided on how the results that emanated from the research may be applied. All the recommendations were thus, supported with the findings that originated from the research. These recommendations were necessary so as to support the feasibility of the study. This also aided the establishment of whether certain ideas that emanated from the study needed further assessment. Moreover, the literature, as reviewed in chapter 2, was also framed into the recommendations so as to establish their applications. This included an interpretation about the new developments in the field of study. The recommendations provided in this section were truly essential to the idea of the researcher.

These ideologies were indispensable towards the advancement of the field of study. The essentiality of the recommendations towards the work of the researcher necessitated that the section was done with clarity. Besides, the recommendations for application were done in an easy-to-follow manner so that they may be applied correctly without excessive complications. These were the suggestions that the researcher purported may be followed by those who were to potentially benefit from the study. On that note, the possible benefits of applying the recommendations were also identified accordingly.

RECOMMENDATIONS PERTAINING TO QUALITY OF FINANCIAL REPORTS OF NGOS IN BOTSWANA

From the results of findings (Section 4.3.1.1 of chapter 4) that emanated from this research, the highest FQMT-FR quality score for the NGOs was barely twenty-five percent. This depicted that the quality of financial reporting of NGOs in Botswana was generally low. In fact, the quality scores of most of the NGOs examined were less than ten percent. This meant that the quality of financial reports of NGOs in Botswana was poor and required crucial attention. It was further discovered that most of the information that was vital to the needs of the users of the financial report were not present in the reports.

This was the most likely reason for the low overall quality scores reported. One of the key areas that lacked adequate information in the financial reports was the area of disclosures. Disclosures that pertained to stakeholder analyses, corporate governance, ethics, staff analyses, and strategy were very essential. These areas of disclosure were important elements of accountability. Hence, the inadequacy of their disclosures meant not only that the quality of financial reports of NGOs in Botswana was generally poor but that the level of accountability shown by the NGOs was poor as well.

Ultimately, the study uncovered that it was not the financial reporting frameworks used by the NGOs that caused the financial reports of the NGOs to be of poor quality. It was actually the failure to apply the frameworks correctly that resulted to the low quality of financial reports (Chapter 4, section 4.4). It was stated in section 4.4 of chapter 4 that the most possible reason for the failure to apply the frameworks correctly was their irrelevance for NGO financial reporting. For example, most of the NGOs claimed to have prepared their financial reports on the basis of IFRS but did not fully comply with their requirements. Some of the NGOs adopted cash-based accounting as opposed to accrual-based accounting, which was the only basis of accounting permitted by IFRS under IAS 1 Presentation of Financial statements (Amelio, 2016).

The financial reports of some of the NGOs did not even include the cash flow statement and the statement of changes in equity, both of which were also mandatory requirements of IAS 1 (Amelio, 2016). Other areas of noncompliance included noncurrent assets (IAS 16), taxation (IAS 12) and related party disclosures (IAS 24). With regards to taxation, deferred tax was not accounted for by the NGOs. In the area of noncurrent assets, depreciation was not done by some NGOs. The noncompliance that pertained to IAS 24 was the inadequate disclosure of related party transactions (Dennis, 2018).

On the premise of the above, it was concluded that the low quality of financial reporting shown by NGOs in Botswana emanated from the inappropriate application of the financial reporting frameworks by the NGOs. It was also concluded that the inappropriate application of the frameworks was due to their non-compatibility to the unique financial reporting needs of the NGOs. Therefore, it was recommended that the IASB must develop a financial reporting framework to specifically address the unique financial reporting needs of NGOs.

Some of the unique areas of financial reporting that pertained to NGOs were the areas of budgeting, grant accounting, risk analysis, fund accounting, foreign exchange accounting and fundraising costing, to mention a few (Hall and O'Dwyer, 2017). Moreover, NGOs financial reporting framework must be comprehensive, and the focus must be on accountability. Lack of accountability was found to be detrimental to the quality of financial reports of the NGOs hence must be the key aspect of focus for the recommended framework (Chapter 4, section4.4).

RECOMMENDATIONS PERTAINING TO ACCOUNTABILITY CONCEPTUAL FRAMEWORK

As stated in section 2.2.1 of Chapter 2, James Maitland Stewart (1984) was the renowned scholar prominent for being the first proponent of the conceptual framework of accountability. Stewart (1984) defined accountability as the act of holding organisations at large, and individuals in particular, responsible for their actions. This was supported by Fry (1995) who described accountability as the feature of rendering account and accepting responsibility for one’s action. Isaac (2016) determined that the theory of accountability was primarily created on the basis of three factors.

The first factor was the stakeholders who had expectations that they anticipated to be met. The second factor was the information resource that ought to be disclosed to meet the expectations of the stakeholders. Those responsible for the disclosure of the information were the third factor of accountability as proposed by Isaac (2016). It was on this principle, thus, that Tuati, Manuain and Samadara (2019) concluded that the quality of a financial report was in direct correspondence to its level of disclosures of fiscal, fiduciary, strategic and procedural matters.

The result from this study, however, as depicted in Appendix C, revealed that none of the examined NGOs in Botswana attained a high-quality score in terms of the reporting of matters that pertained to accountability. None of the financial reports adequately disclosed the nonfinancial information that promoted accountability, but only disclosed financial information. This implied that the accountability reporting done by NGOs in Botswana was dominantly financial. These findings agreed with that of Lai, Lai, Melloni and Stacchezzini (2018) who interrogated the provisions of IASB (2010). According to IASB (2010), the underlying function of financial reporting was to assist users in financial decision making. Lai, Melloni and Stacchezzini (2018), however, stipulated that this was a myth and suggested that accountability must be the fundamental symbol of financial reporting. It was, therefore, established from this finding that fiscal (financial) accountability was not to be solitarily considered for the financial reporting needs of NGOs. Adequate disclosures on the strategic, fiduciary, and procedural accountability were, thus, to be rendered within the financial reports of the NGOs for them to fully uphold accountability and be of high quality.

It was hence recommended, on the premise of the above, that the annual reports prepared by NGOs should be called ‘Accountability Report’ and not ‘Financial report’. This change must emanate from the framework of financial reporting, as recommended in section 5.2.1 above, tailor made for NGOs. This was necessary to address the comprehensiveness of the report as well as differentiate it from that of profit-making organisations. This was also necessary to enable the integration of the accountability theory into the framework. Hence, it was recommended that the accountability report should comprise of a section for strategic accountability. This section must include the NGO goals, mission, and objectives, as well as output outcomes and their impact on the activities of the NGOs (Yekini, 2020). It was further recommended that the strategic accountability section of the accountability report should contain information about the efficiency and effectiveness of activities in terms of performance achievements. This was necessary to adequately fulfil the needs of various stakeholders such as government, donors, suppliers, and volunteers (Dai and Ngo, 2020).

RECOMMENDATIONS PERTAINING TO AGENCY THEORY

The theory of agency was the phenomenon which assumes that individuals, by natures, are always inclined to their own interests at the expense of the interests of others (Bosse and Phillips, 2014). Thus, the agent and principal relationship always entangles in mistrusts. Agency theory, as within the conceptual framework of Accountability, revolves around the idea of moral hazard and adverse selection. The information reported within financial reports, therefore, embodied the performance of agents in overseeing the organisation of the principal (Johannes, Jan and John, 2015).

The results from the research depicted that none of the NGOs' financial reports that were examined disclosed the performance of the agents (management) of the NGO in terms of whether they met their targets and expectations. Moreover, none of the current frameworks of financial reporting that the NGOs used mandated such disclosures. As a result of this phenomenon, the principals (funders) of the NGOs were deemed to have missed crucial information from the financial reports, more especially those that pertained to governance and control, management performance and fiduciary matters (Roychowdhury, Shrof and Verdi, 2019). This implied that the principals of the NGOs in Botswana were never aware of information pertaining to the complete performance of the agents they charged with the responsibility to manage their NGOs. This was because of the inadequacies of disclosures rendered within the financial reports.

It was on the basis of the inadequacies of disclosures rendered within the financial reports of NGOs in Botswana, as showed from this research, that it was recommended that the comprehensive accountability report, as previously recommended, should comprise of a section about fiduciary accountability. The fiduciary accountability report should be made up of issues that pertain to compliance and governance within the NGO. Information relating to the policies developed during the reporting year, on the manner of appointment of the members of the NGO board, should be disclosed. Moreover, the particulars of the board members must also be disclosed, which must include both their qualifications and professional expertise.

The level of commitment of the NGO board members should be disclosed also, in correspondence with the regularity of their attendance of board meetings. It was also recommended that the fiduciary section of the accountability report should contain information about the evaluation of the performance of the chief executive officer of the NGO. The evaluation should be based on the level of compliance with funder agreements, statutory requirements, and constructive obligations (Cohen, Krishnamoorthy and Wright, 2017). Furthermore, the fiduciary accountability report should provide an information on the recruitment and evaluation of the trustees of the NGOs in line with their level of adherence to the policies of the NGO.

RECOMMENDATIONS PERTAINING TO RESOURCE DEPENDENCY THEORY

The theory of resource dependency was the view that every organisation, in one way or another, was always affected by the 'syndrome' of depending on external resources (Hessels and Terjesen, 2010). Hessels and Terjesen (2010) opined that the resources that an organisation usually depends on are vital, though external to the organisation. This dependency on external resources consequently forced the organisation to align itself with the external forces that provided the resources. The theory of resource dependency, therefore, required that NGOs in Botswana delivered on the needs of the providers of their resources (funders). It was, consequently, paramount that these NGO funders were availed adequate financial and nonfinancial information that pertained to the NGOs they funded (Hessels and Terjesen, 2010).

From the results of this research, however, none of the financial reports of the NGOs examined provided any information that pertained to neither fund accounting nor fund accountability. This may have emanated from the fact that none of the current financial reporting frameworks had any provision for such disclosures (Section 4.3 of chapter 4). It was thus necessary that NGOs in Botswanan rendered fund accountability primarily to their donors, the government, staff, and other NGO stakeholders. Most of the financial reports of the NGOs investigated in this research, however, rendered no disclosures that pertained to fund accountability. Some of the NGOs did not even include the statement of cash flow nor statement of change in equity, at minimum, for fund accountability (Section 4.43 of chapter 4). This was, thus, a further contributing factor to the generally low-quality scores attained by the NGOs.

On the basis of the above, it was recommended that the comprehensive accountability report for NGO financial reporting, as previously recommended in section 5.2.1, was to comprise of a section that reported comprehensively about fiscal accountability. It was discovered from this research that the financial statements of some of the NGOs in Botswana lacked some essential statements paramount for fiscal accountability. Examples to these were the Statement of Cash flow and Statement of Changes in Equity. Therefore, it was recommended that the financial statements of NGOs should contain the Statement of cash flow. The statement of cash flow must be comprehensive enough to include both the restricted cash flows and the unrestricted ones.

The NGO fiscal report must also include a Statement of Changes in Donors' Funding, as opposed to Statement of Changes in Equity because the latter was more inclined towards profit making entities than NGOs (Baret and Helfrich, 2019). With regards to income and expenditure, it was recommended that this must be based on objectives and plans rather than the nature of expenses and income. Basing the statement on objectives and plans was imperative because it necessitated the inclusion of supporting notes and narratives as well as budgetary figures, as opposed to only prior year comparatives (Baret and Helfrich, 2019). Such fiscal reporting was, therefore, to inevitably safeguard the integrity, continuity and resources of the NGOs and improve the quality of financial reporting hence adequately address the needs of the funders and other stakeholders.

CONCLUSION ON RECOMMENDATIONS FOR APPLICATION

In a nutshell, the main recommendation for application that emanated from this research was that a unique NGO tailor made financial reporting framework must be developed by the IASB. The financial reporting framework must comprehensively capture the conceptual framework of accountability as well as the theories of agency and resource dependency. Moreover, after the development of the framework, the IASB was hereby recommended to permit accounting standard boards and overseers from various countries, including BOA in Botswana, to further tailor the framework according to their own social, economic, and political environmental factors. The researcher believes that if these recommendations are applied, the homogeneous quality of accountability reporting amongst NGOs will be enforced. This will inevitably improve the gross quality of the financial reports produced by the NGOs in Botswana.

RECOMMENDATIONS FOR FUTURE RESEARCH AND FUTURE DIRECTION

Often times, in order for a study to progress easily, additional research was necessary (Wang and Shultz, 2010). It was on this premise that recommendations were provided on how the results that came from this research may benefit future studies around the same field. These recommendations for future were, thus, supported with the findings that emanated from the research. The recommendations urged explicit actions pertaining to theory, policy, and subsequent research, that were paramount for future progress in the field of study.

Moreover, the recommendations for future included clarifications on the steps that the researcher stated that the future studies must follow. These included the steps that were needed to implement the particular policies or actions that the researcher proposed should be followed. All resources that were required in the process of implementing the recommendations for the future were, thus, stated as well. Indeed, the researcher was emphatic on what he specifically intended to do so as to ensure that the future research around the same subject matter was more prominent.

The researcher had identified some gaps in literature, as reviewed in chapter 2. Some of these gaps were partly addressed in this study while others were not. Recommendations were therefore, rendered on how future research may contribute towards addressing the research gaps identified. An opinion was given on how future studies to be conducted in the same field will be beneficial. The recommendations were also about how future studies may be used to ensure that the loopholes that emanated from this current study were corrected. The need to fill in the gaps that this current research was not able to fill, was also highlighted. The interests of the researcher in the future to generalise the findings beyond the current parameters of the study was also provided.

THE FQMT-FR QUALITY ASSESSMENT TOOL

The research revolved around the development and application of a novel assessment tool, the Francis' Quality Management Tool - Financial Reporting (FQMT-FR), designed specifically for evaluating the quality of financial reports produced by Non-Governmental Organizations (NGOs) in Botswana. This tool emerged as a response to the absence of existing instruments capable of effectively measuring the financial reporting quality of NGOs, and it represented a significant stride in this domain.

The FQMT-FR integrated principles from two distinct sets of financial reporting indicators. Firstly, it incorporates quality indicators established by the International Accounting Standards Board (IASB), such as relevance, faithful representation, completeness, comparability, and timeliness. These indicators were pivotal in determining the essential quality aspects that financial statements must possess to be considered useful and appropriate. Secondly, the tool included the Non-for-Profit Organization (NFPO) quality assessment indicators from Chartered Accountants Australia and New Zealand (CA ANZ). This set of indicators encompassed aspects like resource dependency, governance, and stakeholder matters, highlighting the importance of incorporating both financial and non-financial information for comprehensive financial reporting quality assessment.

The process of developing FQMT-FR was meticulous and involved several stages, including statistical analysis, pilot testing, inter-item reliability analysis, and factor analysis. This rigorous development process ensures that FQMT-FR not only measures the competencies in financial reports but also identifies areas where NGOs may need further training and support in financial reporting.

Looking towards future research and applications, several recommendations can be made based on the findings and experiences gained from this study:

Future Research on Assessment Tool Development

While FQMT-FR was a breakthrough in assessing NGO financial reporting quality, it was not without limitations. Future research should focus on refining this tool, especially in addressing the equal weighting of different financial reporting elements. The IASB categorized these elements into fundamental and enhancing categories, a distinction not considered in the current version of FQMT-FR. Addressing this could enhance the precision and relevance of the tool.

Broader Application and Adaptation

The FQMT-FR, given its success and reliability, should be considered by other researchers and practitioners working in similar domains. Its application should not be limited to Botswana alone but should be adapted and tested in different geographic and organizational contexts. This would not only validate its versatility but also contribute to its evolution.

Training and Development for NGOs

The tool has potential utility in identifying training needs for NGOs in financial reporting. Future efforts could focus on developing training modules and support systems based on the findings from FQMT-FR assessments. This would ensure that NGOs not only identify gaps in their financial reporting but also receive the necessary guidance to address these gaps.

Regulatory and Governance Implications

Regulatory bodies and governing entities of NGOs globally should consider integrating FQMT-FR or similar tools into their assessment frameworks. This could standardize the quality assessment of financial reports across NGOs, leading to more transparency and reliability in financial reporting practices.

In conclusion, the development of FQMT-FR represented a significant advancement in the field of NGO financial reporting. It provided a solid foundation for future research and practical applications, aiming to enhance the transparency, reliability, and overall quality of financial reporting in the NGO sector.

RECOMMENDATIONS PERTAINING TO THE GAAP FRAMEWORK

The research into the application of the Generally Accepted Accounting Principles (GAAP) in Botswana, particularly among Non-Governmental Organizations (NGOs), revealed a complex landscape where the simplicity and flexibility of the local GAAP framework has led to both widespread adoption and significant challenges. This situation presented several avenues for future research and recommendations to improve financial reporting standards and practices in Botswana.

Evaluation and Redefinition of Botswana GAAP

The current research highlighted that the Botswana GAAP, while popular among NGOs due to its simplicity, lacked a clear and official definition. This ambiguity led to inconsistencies in financial reporting and, as some studies suggested, an increase in fraudulent activities. Future research should focus on a comprehensive evaluation of the Botswana GAAP, aiming to establish a more precise and universally accepted definition. This redefinition would involve a detailed analysis of existing practices, comparison with international standards like IFRS and IPSAS, and a consultation process with key stakeholders, including the Botswana Institute of Chartered Accountants (BICA) and NGOs.

Investigation of GAAP's Impact on Financial Reporting Quality

Given the concerns about the impact of the Botswana GAAP on the quality of financial reporting among NGOs, further research is needed to empirically assess this impact. This research should involve a comparative analysis of financial reports prepared under the Botswana GAAP versus those prepared under other frameworks like IFRS or IPSAS. The goal would be to identify specific areas where GAAP may lead to lower quality reporting and potential vulnerabilities to fraudulent activities.

Development of Tailored Financial Reporting Frameworks for NGOs

Recognizing the absence of an NGO-specific financial reporting framework in Botswana, future studies should explore the development of such a framework. This framework would ideally balance the simplicity and flexibility of the GAAP with the rigour and clarity of international standards. Research in this area could involve cross-country comparisons to identify best practices and consultation with NGOs to understand their specific needs and challenges.

Regulatory Reforms and Oversight Mechanisms

The research suggested a need for regulatory reforms to address the shortcomings of the current GAAP framework. Future research could explore the feasibility and impact of such reforms, including the potential ban on the use of GAAP for financial reporting as suggested. This would involve assessing the implications of such a ban on NGOs and other stakeholders and exploring alternative regulatory mechanisms to ensure compliance and consistency in financial reporting.

Training and Capacity Building for NGOs

Given the diversity in the application of GAAP among NGOs, there is a clear need for targeted training and capacity-building initiatives. Future research could focus on identifying the specific training needs of NGOs in financial reporting and developing tailored training programs. These programs would aim to enhance the understanding and application of financial reporting standards, thereby improving the overall quality and reliability of financial reports.

In conclusion, the widespread use of Botswana GAAP by NGOs, while indicative of its accessibility, raises significant concerns about the quality and reliability of financial reporting. Addressing these concerns requires a multifaceted approach involving redefining GAAP, developing tailored frameworks, regulatory reforms, and targeted training initiatives. This comprehensive approach holds the potential to significantly enhance the financial reporting landscape for NGOs in Botswana.

RECOMMENDATIONS PERTAINING TO AUDIT FIRMS

In this research, audit firms played a crucial role in the evaluation of financial reports from NGOs in Botswana. The study incorporated data from a variety of sources, including NGOs, the Office of the Auditor General in Botswana, institutional donors, and audit firms. Notably, both international and local Small and Medium-sized Practice (SMP) audit firms were included in the sample, with the selection criteria based on factors such as accessibility, prominence, and judgment. The methodological approach, namely the one-way analysis of covariance (ANCOVA), facilitated the examination of the quality of financial reports (dependent variable) in relation to various financial reporting frameworks (independent variables), with the audit firms acting as a covariate.

The key findings from this study indicated that there was no significant collaboration between the chosen frameworks of financial reporting and the audit firms. This outcome was consistent regardless of whether the auditors were from international firms or local SMPs. Interestingly, the quality scores of the audited financial statements from NGOs showed minimal variance between those audited by international firms and those by local SMPs, suggesting a negligible difference in the auditing quality between these two categories of firms.

Given these findings, several recommendations for future research directions can be outlined:

Reassessment of Audit Firm Classification in Research

The assumption that international audit firms inherently provide higher quality auditing than local SMPs was challenged by the findings of this research. Future studies should avoid biases in sampling and consider both international and local audit firms on equal footing. This approach would provide a more balanced and accurate representation of the auditing landscape in Botswana and potentially in other similar contexts.

Comparative Analysis of International and Local Audit Practices

Further research could delve deeper into the comparative analysis of the auditing practices between international and local firms. This would not only validate the findings of this study but also provide insights into the specific strengths and weaknesses of each group, contributing to the enhancement of overall audit quality.

Exploration of Factors Influencing Audit Quality

Beyond the distinction between international and local firms, future research should explore other factors that may influence audit quality. This could include aspects such as the size of the audit firm, the experience and qualifications of the auditors, the complexity of the NGOs' financial structures, and the regulatory environment in which they operate.

Assessment of Audit Firm Impact on NGO Financial Transparency

Given the essential role of audit firms in ensuring financial transparency and accountability, further research is needed to assess how different types of audit firms (international vs. local) impact the transparency and reliability of NGO financial reporting.

Development of Guidelines for Audit Firm Selection by NGOs

The findings suggest a need for developing more nuanced guidelines to assist NGOs in selecting appropriate audit firms. These guidelines could be based on a range of criteria that go beyond the international or local status of the firm, focusing on the specific needs and contexts of the NGOs.

In conclusion, the research underscores the importance of reevaluating the perceived differences in auditing quality between international and local audit firms, suggesting a more nuanced and equitable approach in future studies and practical applications. This direction could significantly contribute to enhancing the reliability and transparency of financial reporting in the NGO sector.

RESEARCH CONCLUSIONS

OVERVIEW OF RESEARCH CONCLUSIONS

In this concluding section, the take-home message for the entire dissertation study was rendered in accordance with the true essence of the study. This included a good interpretation of the nature of study and factors that pertained to data trustworthiness. The area of emphasis, however, that the researcher, in this section, brought to the attention of the user of this dissertation was specifically the area of results of the study. Indeed, the results that emanated from this study were placed into context in this section.

This was done through the description of the manner by which the results responded to the study problem. The response of the results to the significance of study was also explained, as well as the way the researcher contributed to the existing literature and practices in the field of study. This was, therefore, thoroughly explained in the section, with particular attention to the meaning of the results with respect to theory. The meaning of the results that emanated from this research with respect to prior studies and practices previously conducted in the field of study was also clarified.

CONCLUSIONS PERTAINING TO NATURE OF STUDY AND DATA TRUSTWORTHINESS

Secondary quantitative research method was mainly employed in this research, of which the prominent research design used was essentially comparative in nature, as initially introduced by Charles (1998). A good number of quantitative analysis and statistical techniques were employed with regards to data analyses. These included data summary, visual and grouping techniques. The grouping of raw data was done into classes in accordance with quality measures. Quality was therefore, the dependent variable in the causal comparative equation, which depicted the quality of financial report produced on the premise of the frameworks.

The one-way analysis of covariance (ANCOVA), by Mertler and Vannatta (2016), was vital to the simplification of the analyses. Data coding was used and input into excel worksheet to show report framework, report code, audit class and average score for each NGO. It was also necessary that since the independent variables were of various categories, there manner of analysis was in agreement with one covariate which was the audit firms that audited the NGO financial reports. For the variance analyses thereof, SPSS was employed.

The FQMT-FR was the distinctive tool that was peculiar to the research, which was developed to advance the operational construct and attain the optimal instrumental tool for the research. This was necessary after having searched for a validated instrument already in existence, but none was found compatible to the study. Besides, all essential, proven, and reliable instrumental development sources were employed prior to the establishment of the instrument. Sufficient amount of study time was invested prior to the development of the FQMT-FR to learn the degrees of instrument development. The process was a thought-provoking endeavour that necessitated factor analysis, inter-item reliability analysis, statistical analysis, and pilot testing.

The FQMT-FR was developed from the combination of the guidelines of some financial reporting analyses tools that were already in existence. The first was the quality indicators of the IASB, as given in the conceptual framework. comprehensive, relevance, and faithful representation were some of the quality indicators of the IASB that were included within the FQMT-FR, as inspired by the opinion of Jeffrey (2018) on the necessity of these quality aspects. Resource dependency, governance and stakeholder analyses were also important factors to the FQMT-FR, as well as the theories associated with financial reporting. These enabled the analyses of nonfinancial information coupled with financial information for harmonious data analyses.

It was of great importance that following the initiation of data analyses and data reporting for this research, all elements of trustworthiness were taken into consideration and observed. This was done to ensure that the research data was accurate and the research findings ultimately acceptable. The four tenets of trustworthiness as stated by Xerri (2018) were the basis by which the trustworthiness of data was established. The FQMT-FR instrument showed credibility in the employment of a renowned, well established scaling method called the Likert 5-point bipolar scaling. Credibility was also buttressed with the use of the Krippendorff's alpha at the point of data analyses to establish the coefficient of the study.

Reliability was taken into cognisance to enable the research be easily repeated in future.

The use of SPSS Statistics 25 software in the examination of the relationship between the variables established reliability as SPSS was a renowned, dependable instrument. The ability to be transferred and imitated, as stated by Pratt and Yezierski (2018) and Lemon and Hayes (2020) respectively, were the other two features of trustworthiness that were taken into cognisance in the research. To facilitate transferability, the data sample employed in the research was sufficiently detailed and explicit. To establish ample conformity/imitation on the other hand, a well-established audit trial that adequately highlighted every aspect of data analysis was employed.

CONCLUSIONS PERTAINING TO RESPONSE TO STUDY PROBLEM AND SIGNIFICANCE OF STUDY

The impetus of conducting this research was to explore into the application of financial reporting frameworks by NGOs in Botswana and determine the effects the application of the frameworks on the quality of financial reports of NGOs in Botswana. NGOs in Botswana include humanitarian societies, charities, orphanages, and environmentalist organisations (Obassi and Moribame, 2005). These organisations, by their nature, were not aimed at making profit but were not affiliated to the government of Botswana, neither. They existed for the common good of the people. Though these NGOs were not established to make profits, they were accountable to their funders, nonetheless. According to Kranacher and Riley (2019), The Association of Certified Fraud Examiners (ACFE) reported in 2015 that the most prominent problem faced by NGOs globally was fraudulent financial reporting which was committed via inappropriate financial. The devastating consequences of fraudulent financial reporting were highlighted by Gibelman and Gelman (2001). These consequences included the deterioration of funder confidence, as well as bring to jeopardy the reliability and integrity of the financial reporting process.

The events of fraudulent financial reporting amongst NGOs in Botswana were, therefore, what motivated the need for a further investigation into the matter, to understand the effects of the financial reporting frameworks applied by NGO in Botswana, on the quality of financial reports produced by the NGOs. Fraudulent financial reporting amongst NGOs in Botswana continued to be rampant, to the great detriment of the stakeholders of the NGOs. Hence, it seemed as though the frameworks used by the NGOs were not prevalent in averting the fraud. The need for a research that could bring enlightenment to the situation was, therefore, invaluable.

The purpose of this mixed method research was, therefore, to assess and determine the degree to which the financial reporting frameworks used by the management of the NGOs in Botswana affected the quality of financial reports of the NGOs. Since the frameworks used for financial reporting by NGOs in Botswana were diverse (Gibelman and Gelman, 2001), this necessitated the in-depth exploration into how the frameworks affected the financial reports. Not conducting this study could had been detrimental because it was essential that the root cause of the financial reporting challenges that the NGOs experienced in Botswana was investigated. This had resulted to the perpetration of fraud, of which may have emanated from the possible loopholes within the financial reporting frameworks used by the NGOs (Obassi and Moribame, 2005).

With regards to the financial reporting frameworks, none that was specifically made for the NGOs was in existence. Hence, NGOs in Botswana resorted to the use of either the IFRS, IFRS for SMEs or their local accounting GAAP. Other NGOs merely reported their financials on the basis of guidelines presented by their donors (Obassi and Moribame, 2005). The different tactics adopted by the NGOs for their financial reporting needs necessitated, therefore, an in-depth study into the effects of the same frameworks on the quality of the financial reports of the NGOs. This study was, therefore, imperative because the need to comprehend the root cause of the challenges in financial reporting faced by NGOs in Botswana that resulted to fraud was necessary. This study, thus, was a significant towards the advocacy for, and perhaps the establishment of, NGO tailored financial reporting framework. The researcher's ultimate reason was consequently, to deliver a high quality of results that may benefit the platform by which the framework may be supported.

In terms of the response of the results that emanated from this study, to the study problem and significance of study, the FQMT-FR was instrumental in the evaluation of the results in respect to the quality of the financial reports of the NGOs. Because robust quality indicators (see Section 5.4.2 above) were adopted for the FQMT-FR, it was highly unlikely for a financial report to be fraudulent if it highly upheld the same quality indicators. The results, however, generally showed that the quality scores were quite low, on overall basis, for the financial reports produced by the NGOs in Botswana, across all frameworks used.

It therefore became eminent from the results (as rendered in more detail in section 5.43 below), that the low-quality of financial reporting showed by NGOs in Botswana, as depicted from the low-quality scores, was what inevitably resulted to the fraudulent financial reporting that was rampant amongst the NGOs. The detrimental effect that generally emanated from this as previously stated by Gibelman and Gelman (2001), was the fact that fraudulent reporting brought to threat the integrity, reliability, and equity of the financial reporting process, which was the fundamental principles of the conceptual framework of accountability. This also diminished the confidence of the providers of funding for the NGOs.

RESULTS SUMMARY WITH RESPECT TO CONCEPTUAL AND THEORETICAL FRAMEWORK

According to the results that stemmed from this research, the Botswana GAAP was the framework of financial reporting that was mostly used by NGOs in Botswana. This was because the GAAP by itself was the framework used to describe the combination of accounting standards deemed appropriate by the preparers of financial statements in any given circumstance (Lambert, 2010). The GAAP generally allowed the adoption of any given policy of financial reporting that financial reporters deemed applicable to their accounting problems at any given time. Hence, the GAAP was opted for by most of the NGOs in Botswana. In terms of the quality scores of the frameworks used by the NGOs, the GAAP framework was also reported to have score the highest.

This was followed by the IFRS whereas the donor designed frameworks scored the lowest. The most credible reason for GAAP scoring the highest was due to it being a blend of several guidelines (Lambert, 2010). The NGOs that embraced the GAAP, thus, utilized all facets of the provisions of the GAAP in their financial reports. Lambert (2010) clarified that these consisted of the disclosure of nonfinancial information, for example, in support to the financial information. This, therefore, aided to improve the decision-making of the end users of the financial reports which made the financial reports to be of higher quality in comparison to the financial reports that were prepared on the premise of the other frameworks.

With regards to the quality of the financial reports of the NGOs in Botswana in general, the results from this study found this to be extremely poor. This stemmed from the fact that the highest FQMT-FR quality score reported was only 25.2%. As a matter of fact, only twelve percent of the NGOs scored above twenty percent while most of the NGOs scored less than ten percent. The reason for these low overall quality scores, as derived from the FQMT-FR, was that most of the information needed by users of the financial reports of the NGOs were not indicated in the financial reports. Truly, a segment of the FQMT-FR had measured financial report quality in terms of adequacy of information disclosures as in accordance with the relevant accountability theories. For example, disclosures that pertained to environmental issues, corporate governance, strategy, and ethics were measured.

Even though it was uncovered that most of the financial reports did not satisfactorily comply with these aspects of disclosure, the financial reports compiled on the basis of the GAAP framework were better than others. This, thus, further stressed that the reason the GAAP produced better quality of financial reports in comparison with other frameworks, was the fact that the preparers of such financial reports employed some aspects of internationally recognised frameworks such as IFRS in addition to other institutional financial frameworks (Lambert, 2010). The quality scores of the financial reports of the NGOs in Botswana were generally poor, nonetheless and, thus, required crucial attention. On the basis of accountability theory, the results depicted that the standard of accountability portrayed by the NGOs in Botswana was generally poor.

Indeed, the results showed that in Botswana, the accountability of NGOs was chiefly assessed from the financial side alone. This resulted from the fact that, with regards to the disclosures pertaining to nonfinancial information that promoted accountability, none of the NGO financial reports obtained a high-quality score. These results agreed with that of Lai, Melloni and Stacchezzini (2018) who queried the provision of IASB (2010) about the facilitation of financial decision-making being the most central role of financial reporting. The scholars argued that accountability must be the most dominant reason for financial reporting as opposed to financial decision making.

This implied, therefore, that for the financial reporting of NGOs financial accountability was not the ultimate goal but accountability in its totality. For accountability to have been demonstrated in its totality, ample disclosures of other aspects of accountability such as fiduciary, strategic, and procedural accountability were also supposed to be established within the financial reports of the NGOs for the reports to be of high quality (Obassi and Moribame, 2005). This, thus, explained why the general scores of quality for the NGO financial reports were poor. Financial accountability was the only facet of accountability that was largely conveyed by the NGOs.

In terms of the conceptual framework of agency and agency theory thereof, the information that pertained to financial performance and financial position, as incorporated within the financial reports of the NGOs, certainly covered some financial aspects of agent (NGO managements) performance in terms of managing the NGO resources (Obassi and Moribame, 2005). The complete, general, performance of the management of the NGO, as agents charged with the responsibility of managing the NGO funds, were not adequately disclosed within the financial reports, nonetheless. Hence, the NGO principals, who were the funders and donors, did not have access to sufficient information about the performance of the agents in managing the NGO fund.

Moreover, the results from this research discovered that none of the framework of financial reporting used by the NGO mandated them to disclose the performance of the management of the NGOs, as agents, with regards to whether the targets that were agreed upon (budgets), were actually met and the expected outcomes achieved. On account of this differences, it was concluded from the results, that the financial reports of the NGOs in Botswana lacked a lot of crucial information that were beneficial to the principals of the NGOs. Good examples to such information were those that pertained to management performance, control and governance, and fiduciary matters. This, thus, inevitably increased the level of agent-principal moral hazard within the financial reporting of NGOs in Botswana.

In terms of resource dependency, it was important that the financial reports of NGOs in Botswana addressed the needs of the providers of their resources. Resource dependency was the phenomenon that non-for-profit organisations such as NGOs were always affected by the syndrome of dependency on external resources that were crucial to their survival (Hessels and Terjesen, 2010). These resource providers of the NGOs in Botswana mostly equivalent to their funders who were the providers of financial resources. It was therefore imperative that the financial reports of NGOs fulfilled funder needs which was to be provided, the adequate financial and nonfinancial information that pertained to the NGOs they funded.

The results that emanated from this research, however, depicted that none of the NGO financial reports rendered to their funders any information that pertained to fund accounting. Moreover, the financial reports ought to have also ranked the resource providers, within the report, in terms of their level of contribution for recognition purpose (Hessels and Terjesen, 2010) but none did. Examples of other resource providers were the government, the physical environment, the NGO staff, and the NGO beneficiaries who provided resources in terms of license, land, human capital, and purpose of existence respectively.

The research results showed that NGO financial reports investigated rendered no disclosures that pertained to the satisfaction of the needs of any of these stakeholders. This may have resulted from the fact that none of the frameworks of financial reporting used by the NGOs had any provision for such disclosures. This, therefore, was definitely a contributing factor to the generally low-quality scores attained by the NGOs.

SUMMARY OF CONCLUSIONS

As the purpose of this research was to determine the effect of the financial reporting frameworks on the quality of financial reports of NGOs in Botswana, the results that emanated from the study concluded that the financial reporting frameworks used by the NGOs did not affect the quality of financial reports of NGOs in Botswana. No significant relationship was found to exist between the cited frameworks of financial reporting and the poor quality of financial report that, the results depicted, was prominent amongst NGOs in Botswana. It was concluded that the poor-quality scores realized by the financial reports of the NGOs was not because of the financial reporting frameworks themselves that were used. The poor quality of financial reports emanated from the failure by the NGOs to apply the financial frameworks correctly. This failure to apply the frameworks correctly was most probably because of the irrelevance of the framework for NGO financial reporting.

A typical example of the failure to apply the frameworks correctly was the failure depicted by the NGOs that are said to have prepared their financial reports on the basis of IFRS. These NGOs actually did not observe fully the stipulations of IFRS that they intended to use. Typical to this fact was that some of the NGOs prepared their financials on the basis of cash rather than the basis of accrual. Accrual based accounting, however, was the only basis of financial reporting that was permitted by IFRS as under IAS 1 Presentation of Financial statements (Amelio, 2016). Other NGOs that also purported to use IFRS did not even include the statement of changes in equity nor the statement of cash flow in their financial reports. This amounted to gross non-compliance because both of these financial statements were mandatory as in accordance with IAS 1 (Dennis, 2018). Some of the other areas of non-compliance included the area of taxation (IAS 12), noncurrent assets (IAS 16) and related party disclosures (IAS 24). In taxation, some of the NGOs never accounted for deferred tax. For noncurrent assets, the NGOs never accounted for depreciation. Moreover, the required disclosures that were specified in IAS 24, where never made (Dennis, 2018).

As this research aims to be a stepping stone towards the achievement of the development of NGO tailored framework of financial reporting that could take into cognisance the social, economic, and political environmental factors unique to Botswana, the findings that emanated from the research provided vital guidance. Remarkable recommendation therefore, emanated from the research. The principal recommendation for application was that a unique NGO tailor made financial reporting framework must be developed by the IASB. This must comprehensively capture the conceptual framework and theory of accountability. Additionally, the IASB was recommended to allow accountancy boards and overseers such as BOA in Botswana, to further tailor the framework in accordance with their own economic, political, and social factors.

For the future, it was recommended that any researcher who may wish to conduct a similar research should exploit the FQMT-FR and place reliance on it as ample amount of study time and devotion was invested towards its development. It was also recommended that the FQMT-FR must be instrumental to facilitate future training endeavours for NGOs on the preparation of high-quality financial reports. NGO governing bodies and regulators worldwide must also use the FQMT-FR as a robust quality assessment checklist and yardstick for the assessment of the quality of the financial reports of the NGOs they regulate.

In a nutshell, this research was very instrumental towards the advancement of NGO financial reporting, particularly in Botswana. The researcher therefore, foresaw that if the recommendations that emanated from the study were to be genuinely applied, the homogeneous quality of accountability reporting amongst NGOs will be enforced. This will certainly enhance the quality of financial reporting produced by NGOs in Botswana.

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APPENDIXES

APPENDIX 1. OFFICIAL APPROVALS

1.1 EREC APPROVAL

UREC's Decision

Name of Participant: Francis Ogbenna

Title of the Research project: An exploration into the dynamics of financial reporting frameworks on the calibre of financial reports of nongovernmental organizations (NGOs) in Botswana.

Date: 29.08.2019

Comments

☐	**Approved** without revision or comments.
√	**Approved** with comments for **minor revision.**
☐	**Not approved** with guidance comments for moderate revision and resubmission.
☐	**Not approved** with guidance comments for major revision and resubmission.

General comment:

1. The student is advised to link the different aspects of the study with established methodological terminology e.g. calibre of financial reports, define variables.

The student's project proposal is Approved; further comments are provided for minor revision.

APPENDIX 2. SAMPLE OF NON-COMPLETED CONSENT FORMS

3.2. RISK ASSESSMENT FORM FOR ETHICS APPLICATION

1. Introduction

The purpose of this document was to identify the hazards and associated risks related to the research activities which are carried out for the purpose of research project/dissertations and to describe the control measures/procedures which will be adopted to reduce the level of risk by researchers conducting research. It was important that researchers consider what hazards might arise in the course of their research activities both of their own safety and for their safety of their participants and then consider the measures required to reduce the level of risk posed by these hazards to safeguard health and safety.

Any student or faculty who embarks on a research project/dissertation must complete the Risk Assessment Form in consultation with their academic supervisor before starting their dissertation/research project. The Form should be signed by the student and supervisor or by the faculty member who will conduct research. The Risk Assessment Form should be submitted with REAF for approval from UREC.

The Risk Assessment should be revisited if any changes are made to the proposed research or if any circumstances change.

This document covers the following research activities: questionnaires, interviews (including online questionnaires and interviews), focus groups, elicited conversation, observations, recorded listening, videotaped activities and interviews.

2. Definitions

Please read the following definitions while completing this form:

Hazard: The potential of harm

Risk: The probability of that harms occurring within a defined time interval and the severity of its consequences.

Risk Assessment: The process of deciding on actions to be taken to reduce risk to an acceptable level, preferably, “low” or “high” through the implementation of control measures / procedures. Risk Assessment involves consideration of physical and psychological risks along with the protection of privacy. The student / researcher must develop procedures that reduce and minimize any risks to human participants.

Risk Rating: the simplest form of risk assessment was to rate risk as “low” or “high”, depending on how likely the activity was to cause harm and how serious that harm might be.

Low Risk: Harm arises under controlled conditions. Low risk activities show that you had correctly identified a hazard, but that in the particular circumstances, the risk was insignificant. No more than minimal risk was greater than what was typically encountered in everyday life.

Low Risk research activities do not involve:

1. Those who are considered vulnerable (persons who are incapable of protecting their own interests):

- Children under 18.
- Persons who had relative or absolute impairments in decisional capacity, education, resources, strength, or other attributes needed to protect their own interests.
- People who are marginalized, stigmatized, or face social exclusion or prejudice that increases the likelihood that others place their interests at risk, whether intentionally or unintentionally.

- Individuals in hierarchical relationships.
- Institutionalized persons.
- Women under specific circumstances: e.g. studies with female or transsexual sex workers; research on sexual and intimate partner violence; studies with trafficked women, refugees and asylum seekers.
- People living with special needs.
- Homeless persons, nomads, refugees or displaced persons.
- People with incurable or stigmatized conditions or diseases.
- People faced with physical frailty, for example, because of age and co-morbidities.
- Individuals who are politically powerless.
- Members of communities unfamiliar with modern medical concepts.

All research with children and young people under 18 covered by this Risk Assessment was carried out in the presence of a parent, legal guardian or a professional with a duty of care in a professional setting with children and/or young people. Parental/legal guardian or carer consent should be taken prior to undertaking the research.

2. Significant psychological stress or anxiety, or humiliation (make someone feel ashamed and foolish by injuring their dignity and pride) or cause of more than fleeting harm / negative consequences beyond the risks encountered in the normal life of participants.

3. Discussion of a sensitive or controversial topic in an interview that has potential to cause distress to participants because it delves into personal histories or traumatic experiences and provokes strong feelings in respondents.

4. Involve administration of drugs, placebos or other substances as part of this study.

5. Intervention procedures that are used for diagnosis or treatment.

6. Offer any financial inducement to participate in this study.

7. Serving prisoners or serving young offenders.

8. Deception, coercion or manipulation of behavior.

High Risk: More than minimal risk exists when the possibility of physical or psychological harm or harm related to breach of confidentiality or invasion of privacy was greater than what it typically encountered in everyday life.

N.B.: Unicaf University in Malawi follows the international guidelines for research with human participants, as prepared by CIOMS (Council for International Organisations of Medical Sciences) in collaboration with the World Health Organisation (WHO). The document, *International Ethical Guidelines for Health-related Research Involving Humans*, Geneva (2016), indicates how the ethical principles set forth in the Declaration of Helsinki of the World Medical Association could be effectively applied, particularly in low-resource settings:

https://cioms.ch/wp-content/uploads/2017/01/WEB-CIOMS-EthicalGuidelines.pdf

You are strongly advised to read and consult the above document before completing the Risk Assessment Form.

3. Please describe what you perceive to be possible hazards to yourself or to participants that might arise during your research activities and list in the table below the potential

hazards and persons at risk identified.

Name:

Student Number:

E-mail:

Programme of Study:

Partner University:

Title of Research Project:

Brief Description of research activity (mentions the research design you propose to use, details of all research instruments and procedures to be deployed and attach any relevant documents, such as questionnaires):

Secondary quantitative research method with the research design of the causal-comparative will be used for the study. To facilitate the same, secondary data shall be collected, cautiously measured, weighed in accordance to stipulated standards and meticulously analysed hence the research shall be of secondary methodological nature.

As the research was centred on NGOs, these shall include both charitable NGOs and NGOs with non-charitable purposes. An example to the former are orphanage homes while an example to the later are associations, churches and clubs (Mocan and Tekin, 2000). The publicly published financial reports of a sample of NGOs will be retrieved from the Botswana Registrar of societies website and analysed in conjunction with other secondarily available data such as reports from institutional donors of NGOs in Botswana. These will be analysed by way of triangulation with secondary qualitative data from the literature on the several financial reporting theories.

To analyse these data, various quantitative analysis and statistical techniques shall be employed. These include grouping technique, visualisation and data summarisation. Raw data shall be grouped into categories according to classes of reporting standards, for covariates control, under one independent variable being the reporting frameworks. Quality itself shall be the dependent variable, depicting quality of the financial reports produced on the basis of the frameworks. The one-way analyses of covariance

(ANCOVA) by Mertler and Vannatta (2002) shall be employed to facilitate the same. Data coding shall be employed and placed into the worksheet of excel to indicate the report code, report framework, class of audit and an average score awarded to each NGO. The same shall facilitate Data analyses with the use of ANCOVA. It shall also be paramount that because independent variables are of more than one category to be analysed in conjunction with only one dependent variable and covariate, SPSS must be employed to undertake the variance analyses thereof. For the purpose of quality measurement, the research shall make use of the quality assessment tool devised by the Institute of Charted Accountants of Australia (2013) in conjunction with the quality indicators of IASB.

Dates (from/until):

Area/Locations that the research project will take place:

Hazards (e.g. travel risks to location of research project, physical threat or abuse, chemical or biological hazards involved):

Who can be harmed (e.g. disabled persons, people who had pre-existing health condition):

How can someone be harmed (e.g. physical injury, psychological harm)?

Number of people affected:

Consequences (e.g. exposure to risks of everyday life, such as road accidents and infectious illness, psychological harm as a result of violence or of the nature of what was disclosed during the interview):

Existing Control Measures (e.g. researcher to be aware of health and safety policies of research location):

1.

Comments:

The research activities for this project are entirely secondary in nature and therefore do not include nor engage any human subjects. It will not involve any primary data collection that might involve human participation that can pose any risk of harm as only secondary data shall be collected and analysed from secondary sources such as internet. There shall therefore be no hazards nor associated risks relating to the research activities carried out for the purpose of this research project.

Risk Rating (choose one):

1. High

2. Low

Further possible control measures (e.g. Indicate what precautions you will take to minimize the identified risks):

Further actions required (e.g. Mention the person responsible, description of hazard, details of action taken, date completed):

The signatures below confirm that the hazard, risks and appropriate control measures / procedures outlined above had been read and understood.

We the undersigned had assessed the activity and the associated risks and declare that the risks will be controlled by the methods listed.

Researcher's signature:

Supervisor's signature:

Date:

3.3 Debriefing Form Template

Debriefing was an important element of the research process at which the researcher takes the opportunity, once data has been collected, to provide participants any necessary or additional information to understand the nature of the researcher's project / dissertation.

A Debrief Form should include the following:

- The title of the study
- Thank the participant for taking part in the study
- Provide a description on the nature of the investigation. Ensure that the language used to describe the study was appropriate to the participant population i.e., a psychology student will had a much greater understanding of the terminology or jargon than a member of the public. The Form should also include the aim of the research, details of the tasks participants were asked to undertake, how each task was measured and the researcher's hypothesis (if appropriate).
- Provide us assurance that data will be held confidential or anonymous as appropriate and that participants had the right to withdraw their data retrospectively and without explanation.
- Provide contact details of the researcher (and supervisor in the case of dissertation):

TITLE: INVESTIGATION ON THE DYNAMICS OF FINANCIAL REPORTING FRAMEWORKS ON THE QUALITY OF FINANCIAL REPORTS OF NONGOVERNMENT ORGANISATIONS (NGOs) IN BOTSWANA

NATURE OF THE INVESTIGATION: The research was entirely secondary in nature hence uses puplictly published data and therefore does not involve human participation.

Name of researcher	Name of Supervisor
Unicaf contact details	**Unicaf Supervisor Contact details**

3.4 Informed Consent Form / Certificate of Consent for Research Participants

This document consists of two parts: the **Informed Consent Form** (to share information about the research study with you) and the **Certificate of Consent** (for signatures if you choose to participate). You will be given a copy of the full Informed Consent Form.

This Form was for research interventions that cover the following research activities: questionnaires, in-depth interviews, focus groups discussions, elicited conversation, observations, recorded listening, videotaped activities and interviews.

[**NB**: Please use simple language and local and simplified words rather than scientific terms and professional jargon. In your explanation, consider local beliefs and knowledge when deciding how best to provide the information.]

Informed Consent Form for:

Researcher's Name:

E-mail:

Programme of Study:

Partner University:

Project / Dissertation Title:

Supervisor's name:

Supervisor's e-mail:

o.

3.5 Part 1: Informed Consent Form

1. **Introduction**

Human participant will not be engaged for the study

2. The purpose / aims of the research

COMPLETE THIS SECTION BASED ON THE INFORMATION BELOW

3. Participation in the research

4. Participant selection

5. Voluntary participation

6. Risks and benefits to participants

7. Confidentiality

8. Sharing the results

9. Contact details

3.6 Part 2: Certificate of Consent

This section was mandatory and should to be signed by the participant(s)

I had read the foregoing information about this study, or it has been read to me. I had had the opportunity to ask questions and discuss about it. I had received satisfactory answers to all my questions and I had received enough information about this study. I understand that I am free to withdraw from this study at any time without giving a reason for withdrawing and without negative consequences. I consent to the use of multimedia (e.g. audio recordings, video recordings) for the purposes of my participation to this study. I understand that my data will remain anonymous and confidential. I consent voluntarily to be a participant in this study.

Print name of Participant:

Signature of Participant:

Date:

If illiterate:

I had witnessed the accurate reading of the consent form to the potential participant, and the individual has had an opportunity to ask questions. I confirm that the individual has given consent freely.

Print name of witness:

Signature of witness:

Date:

3.7 Unicaf University in Malawi

RESEARCH ETHICS APPLICATION FORM

The Research Ethics Application Form (REAF) should be completed by:

- Bachelor’s students undertaking undergraduate final year projects requiring relevant ethics review and consideration.

- Master’s students in academic programmes with research based dissertation / project modules.

- Doctoral level candidates who are embarking on the first of their Dissertation stages.

- Faculty researchers who are either full time members of Unicaf University in Malawi staff or part time members of staff.

Important Notes:

- For **students** at all levels, an electronic version of the completed form should be uploaded to the relevant submission link in the VLE. Your supervisor will then review this and provide feedback commentary. Once their initial approval was given then the supervisor will forward this on, for final approval by the Unicaf University in Malawi Research Ethics Committee (UREC). See Appendix I and II for guidance.

- Faculty members should submit their applications directly to the UREC secretary.
- Please type your application and **do not** submit paper copy scans. Only *PDF of Word* format documents should be submitted to the committee.
- If you need to supply any supplementary material, not specifically requested by the application form, please do so in a separate file. Any additional document(s) should be clearly labelled and uploaded in the relevant VLE link.
- If you had any queries about the form, please address them to your dissertation or project supervisor.

☐ **Before submitting your application, please tick this box to confirm that all relevant sections had been filled in and that the information contained was accurate to the best of your knowledge.**

UREC USE ONLY:

Application No:

Date Received:

Student ID #:

3.8 Unicaf University in Malawi

RESEARCH ETHICS APPLICATION FORM

Student's Name: ______________________________

E-mail Address: ______________________________

Student ID #: ______________

Partner University: ____________________

Program of Study: ____________________

____

1. Title of Proposed Research Project:

2. Please indicate the category of the proposed Research Project:

(a) UU Faculty research project ☐

(b) UU Doctoral Student dissertation research ☐

(c) UU Master's Student dissertation / research project ☐

(d) UU Bachelor's Student final year research project ☐

(e) Other, please specify: ☐

3. Proposed Research Project Investigator(s):

a) Please fill in below the details of the Principal Investigator(s) as per 2(a).

In the case of student projects (categories 2.b, 2.c and 2.d) fill in the details of the Faculty supervising the project (supervisor).

Please fill in the details of the:

Principal Investigator	
Title:	
First Name:	
Last Name:	
Position:	
School/Department	

Telephone:	
Email address:	

Principal Investigator	
Title:	
First Name:	
Last Name:	
Position:	
School/Department	
Telephone:	
Email address:	

b) Details of co-investigators (category 2.a) or co-supervisors (categories 2.b, 2.c and 2.d) if applicable:

Co-Investigator	
Title:	
First Name:	
Last Name:	
Position:	
Organisation:	
Telephone:	
Email address:	

Co-Investigator	
Title:	
First Name:	
Last Name:	
Position:	
Organisation:	
Telephone:	
Email address:	

c) In the case of student projects (categories 2.b, 2.c and 2.d), please provide details of the student:

Student	

Fist Name::		Student ID:	
Last Name:		Email	
Programme of			
Level of study:			
Supervisor:			
Co-Supervisor:			

4. **Please state the timelines involved in the proposed research project:**

Estimated Start Date:

Estimated End Date:

5. **External Research Funding (if applicable):**

(a) Please list any external (third party) sources of funding you plan to utilise for your project. You need to include full details on the source of funds (e.g. state, private or individual sponsor), any prior / existing or future relationships between the funding body / sponsor and any of the principal investigator(s) or co-investigator(s) or student researcher(s), status and timeline of the application and any conditions attached.

(b) If there are any perceived ethical issues or potential conflicts of interest arising from applying for and receiving external funding for the proposed

research then these need to be fully disclosed below and also further elaborated on, in the relevant sections on ethical considerations later on in this form.

6. **Summary of Project:**

In this section please fully describe the purpose and underlying rationale for the proposed research project. Ensure that you pose the research questions to be examined, state the hypotheses, and discuss the expected results of your research and their potential.
It was important in your description / discussion to use plain language so it can be understood by all members of the UREC, especially those who are not necessarily experts in the particular discipline. To that effect please ensure that you fully explain / define any technical terms or discipline-specific terminology.

Purpose and Underlying Rationale

Research Questions

7. **Project execution:**

Please give a description of the research method(s) that will be used:

8. Does the Project involve the recruitment and participation of additional persons other than the researchers themselves?

Note: The definition of "participation" includes both:

(i) Active participation, such as when participants knowingly take part in an interview or complete a questionnaire.

YES ☐ NO ☐

(i) **If you had answered "NO" to Question 8 please directly proceed to Section 18.**

(ii) **If you had answered "YES" to Question 8 please complete all the following sections.**

9. Relevant Details of the Participants of the Proposed Research

Please state the number of participants you plan to recruit, and describe important characteristics such as: demographics (e.g. age, gender, location, affiliation, level of fitness, intellectual ability etc). It was also important that you specify any inclusion and exclusion criteria that will be applied (e.g. eligibility criteria for participants).

10. Recruitment Process for Human Research Participants:

(i) Please clearly describe how the potential participants will be identified, approached and recruited.

(ii) State any relationship between the principal investigator(s), co-investigators(s), student investigator(s) and participant(s). For example if you are conducting research in a school environment on students in your classroom (e.g. instructor-student).

(iii) If any poster(s), advertisement(s) or letter(s) are to be used for participant recruitment, then please provide a copy of that.

11. Informed Consent of Research Participants:

a) Describe in details the process that the investigator(s) will be using to obtain valid informed consent from study participants.

If the participants are minors or for other reasons are not competent to give written consent, describe the proposed alternate source of seeking consent, including any permission / information letter to be provided to the person(s) providing the consent on their behalf (e.g. parent or guardian).

Also, in such a case please discuss how you plan to obtain verbal assent from the actual study participants, and if this was not warranted please explain why.

(b) You need to provide a copy of these important additional documents:

1. **Informed Consent Form / Certificate of Consent for Research Participants**
2. **The content of any telephone script (if applicable).**
3. **Any other material that will be used in the consent process.**

(c) Will the participants be deceived in any way about the true purpose of the study?

YES ☐ **NO** ☐

(d) If you answered "YES" to the above, please describe the nature and extent of the deception involved. Explain how and when the deception will be revealed, and who will administer this debrief to the participants.

12. Details of Participant Debrief and Further Information:

Please explain and further elaborate on what information will be provided to the participants after participation in the research.

For example, will you be providing a more complete description of the purpose of the research (over and above the information provided in the informed consent form and in the debriefing form, or provide information of future access to the results of the research).

13. **Ensuring the Participants' Right to Withdraw:**

a) Describe how the participants will be informed of their right to withdraw from the project.

b) Explain any consequences for the participant from withdrawing from the study and indicate what will happen to the data of participants who chose to withdraw.

c) Describe how the participant will be informed of their right to access their data.

14. Details of Proposed Compensation Given to Participants (if applicable):

Will participants receive compensation for participation?

(i) Monetary **YES** ☐ **NO** ☐

(ii) Non-Monetary **YES** ☐ **NO** ☐

(iii) No compensation **YES** **NO**

(a) If you answered "**YES"** to **either** (i) or (ii) above, please provide details below:

(b) In the case of participants who exercise their right to withdraw, prior to completion of the proposed study, and you answered "YES" to either (i) or (ii) above, will they still be entitled to compensation and on what terms (e.g. full / partial or no compensation given)?

15. Confidentiality of the Participants' Data:

(i) Will all participants be anonymous? **YES** ☐ **NO** ☐

(ii) Will all data be treated as confidential? **YES** ☐ **NO** ☐

Note: Participants' identity/data will be considered confidential if an assigned ID code or number was used, but it will not be anonymous. Anonymous data are defined as those which cannot be in any way traced back to an individual participant.

(a) Describe the procedures to be used to ensure anonymity of participants and/or confidentiality of the collected data both during the conduct of the research and in the subsequent release of its findings.

(b) If participants' anonymity or confidentiality was not appropriate for this proposed research project, please explain why, providing details of how all participants will be informed of the fact that any data which they will provide will not be anonymous or confidential.

16. Storage, Access and Disposal of Collected Research Data:

Please describe in detail (see appendixes 1):

(i) How the collected research data will be stored,

(ii) What type of data will you be storing,

(iii) Where will they be stored,

(iv) For what period of time,

(v) What are the measures that will be put in place to ensure the security of the data,

(vi) Who will had access to the data, and

(vii) The method and timeline for the disposal of the data.

17. Are there any other approvals required (in addition to ethics clearance from UREC) in order

to carry out the proposed research study?

For example do you need any kind of institutional permission (e.g. school principal or company director) or approval from a local ethics or professional regulatory body?

☐ YES ☐ NO ☐ NOT APPLICABLE

If you answered "YES" to the above then please provide the essential details below.

18. Significance of the Proposed Research Study and Potential Benefits:

Outline the potential significance and/or benefits of the research.

19. Potential Risks of the Proposed Research Study:

(a) Outline any potential **Individual** risks associated with the conduct of the research. This may include potential harm coming to research staff, research participants, other individuals not directly involved in the research. Please also state the measures that will be taken to minimise any such risks and the procedures to be adopted in the event of any misadventure.

Please refer and complete the Risk Assessment Form for Ethics Application (Appendix III) and submit it along with the current document.

(b) Outline any potential **Environmental** or **Societal** risks that may arise from the proposed research. If you perceive any such risks it was important that you state what measures will be taken to minimise these, as well as the procedures to be adopted in the event of any misadventure.

20. Are there any other ethical issues associated with the proposed research study that are not already adequately covered in the preceding sections?

Yes ☐ **No** ☐

(a) If you answered "YES" to the above, please specify these below:

21 Application Checklist

Please mark √ if the study involves any of the following (for additional information, see Appendix III):

- Children and young people under 18 years of age, vulnerable population such as children with special educational needs (SEN), racial or ethnic minorities, socioeconomically disadvantaged, pregnant women, elderly, malnourished people, and ill people. ☐

- Research that foresees risks and disadvantages that would affect any participant of the study such as anxiety, stress, pain or physical discomfort, harm risk (which was more than was expected from everyday life) or any other act that participants might believe was detrimental to their wellbeing and / or has the potential to / will infringe on their human rights / fundamental rights. ☐

- Risk to the well-being and personal safety of the researcher ☐

- Administration of any substance (food / drink / chemicals / pharmaceuticals / supplements / chemical agent or vaccines or other substances (including vitamins or food substances) to human participants. ☐

- Results that may had an adverse impact on the natural or built environment ☐

Please check that the following documents are attached to your application.

	ATTACHED	NOT APPLICABLE
1. Recruitment advertisement	☐	☐
2. Informed Consent Form / Certificate of Consent for Research Participants (Appendix IV)	☐	☐
3. Questionnaire	☐	☐
	☐	☐

4. Interview Schedule

5. Debriefing Form Template (Appendix V) ☐ ☐

☐ ☐

6. The content of any telephone script (if applicable)

7. Risk Assessment Form for Ethics Application (Appendix I) ☐ ☐

22. Final Declaration by Applicants:

(a) I declare that this application was submitted on the basis that the information it contains was confidential and will only be used by Unicaf University in Malawi and Unicaf University in Malawi Research Ethics Committee (UREC) for the explicit purpose of ethical review and monitoring of the conduct of the research proposed project as described in the preceding pages.

(b) I understand that this information will not be used for any other purpose without my prior consent, excluding use intended to satisfy reporting requirements to relevant regulatory bodies.

(c) The information in this form, together with any accompanying information, was complete and correct to the best of my knowledge and belief and I take full responsibility for it.

(d) I undertake to abide by the highest possible international ethical standards governing the Code of Practice for Research Involving Human Participants, as published by the UN WHO Research Ethics Review Committee (ERC) on http://www.who.int/ethics/research/en/ and to which Unicaf University in Malawi aspires to.

(e) In addition to respect any and all relevant professional bodies' codes of conduct and/or ethical guidelines, where applicable, while in pursuit of this research project.

(f) I will report any changes affecting the ethical aspects of the project to the Unicaf University in Malawi Research Ethics Committee (UREC). Note: In the case of student projects the responsibility lies with the Faculty Dissertation / Project Supervisor as per 3 (a).

(g) I will report any adverse or unforeseen events which might occur to the relevant Unicaf University in Malawi Research Ethics Committee (UREC). Note: In the case of student projects the responsibility lies with the Faculty Dissertation/Project Supervisor as per 3 (a).

Print Name of Principal Investigator of the Research Project:

Print Name of Project Supervisor

(in the case of student research projects):

Date of Application:

Important Note:

Please now save your completed form (we suggest you also print a copy for your records) and then submit it to your UU Dissertation/project supervisor (tutor). **In the case of student projects the responsibility lies with the Faculty Dissertation/Project Supervisor as per 3 (a).** If this was a student application then it should be submitted via the relevant link in the VLE. Please submit only electronically filled in copies; **do not** hand fill and submit scanned paper copies of this application. Faculty members should submit this application electronically to the UREC secretary.

2.9 RISK ASSESSMENT FORM FOR ETHICS APPLICATION

1. Introduction

The purpose of this document was to identify the hazards and associated risks related to the research activities which are carried out for the purpose of research project/dissertations and to describe the control measures/procedures which will be adopted to reduce the level of risk by researchers conducting research. It was important that researchers consider what hazards might arise in the course of their research activities both of their own safety and for their safety of their participants and then consider the measures required to reduce the level of risk posed by these hazards to safeguard health and safety.

Any student or faculty who embarks on a research project/dissertation must complete the Risk Assessment Form in consultation with their academic supervisor before starting their dissertation/research project. The Form should be signed by the student and supervisor or by the faculty member who will conduct research. The Risk Assessment Form should be submitted with REAF for approval from UREC.

The Risk Assessment should be revisited if any changes are made to the proposed research or if any circumstances change.

This document covers the following research activities: questionnaires, interviews (including online questionnaires and interviews), focus groups, elicited conversation, observations, recorded listening, videotaped activities and interviews.

2. Definitions

Please read the following definitions while completing this form:

Hazard: The potential of harm

Risk: The probability of that harms occurring within a defined time interval and the severity of its consequences.

Risk Assessment: The process of deciding on actions to be taken to reduce risk to an acceptable level, preferably, “low” or “high” through the implementation of control measures / procedures. Risk Assessment involves consideration of physical and psychological risks along with the protection of privacy. The student / researcher must develop procedures that reduce and minimize any risks to human participants.

Risk Rating: the simplest form of risk assessment was to rate risk as “low” or “high”, depending on how likely the activity was to cause harm and how serious that harm might be.

Low Risk: Harm arises under controlled conditions. Low risk activities show that you had correctly identified a hazard, but that in the particular circumstances, the risk was insignificant. No more than minimal risk was greater than what was typically encountered in everyday life.

Low Risk research activities do not involve:

1. Those who are considered vulnerable (persons who are incapable of protecting their own interests):

- Children under 18.
- Persons who had relative or absolute impairments in decisional capacity, education, resources, strength, or other attributes needed to protect their own interests.
- People who are marginalized, stigmatized, or face social exclusion or prejudice that increases the likelihood that others place their interests at risk, whether intentionally or unintentionally.
- Individuals in hierarchical relationships.
- Institutionalized persons.
- Women under specific circumstances: e.g. studies with female or transsexual sex workers; research on sexual and intimate partner violence; studies with trafficked women, refugees and asylum seekers.
- People living with special needs.
- Homeless persons, nomads, refugees or displaced persons.

- People with incurable or stigmatized conditions or diseases.
- People faced with physical frailty, for example, because of age and co-morbidities.
- Individuals who are politically powerless.
- Members of communities unfamiliar with modern medical concepts.

All research with children and young people under 18 covered by this Risk Assessment was carried out in the presence of a parent, legal guardian or a professional with a duty of care in a professional setting with children and/or young people. Parental/legal guardian or carer consent should be taken prior to undertaking the research.

2. Significant psychological stress or anxiety, or humiliation (make someone feel ashamed and foolish by injuring their dignity and pride) or cause of more than fleeting harm / negative consequences beyond the risks encountered in the normal life of participants.

3. Discussion of a sensitive or controversial topic in an interview that has potential to cause distress to participants because it delves into personal histories or traumatic experiences and provokes strong feelings in respondents.

4. Involve administration of drugs, placebos or other substances as part of this study.

5. Intervention procedures that are used for diagnosis or treatment.

6. Offer any financial inducement to participate in this study.

7. Serving prisoners or serving young offenders.

8. Deception, coercion or manipulation of behavior.

High Risk: More than minimal risk exists when the possibility of physical or psychological harm or harm related to breach of confidentiality or invasion of privacy was greater than what it typically encountered in everyday life.

N.B.: Unicaf University in Malawi follows the international guidelines for research with human participants, as prepared by CIOMS (Council for International Organisations of Medical Sciences) in collaboration with the World Health Organisation (WHO). The document, *International Ethical Guidelines for Health-related Research Involving Humans*, Geneva (2016), indicates how the ethical principles set forth in the Declaration of Helsinki of the World Medical Association could be effectively applied, particularly in low-resource settings:

https://cioms.ch/wp-content/uploads/2017/01/WEB-CIOMS-EthicalGuidelines.pdf

You are strongly advised to read and consult the above document before completing the Risk Assessment Form.

3. Please describe what you perceive to be possible hazards to yourself or to participants that might arise during your research activities and list in the table below the potential hazards and persons at risk identified.

Name:

Student Number:

E-mail:

Programme of Study:

Partner University:

Title of Research Project:

Brief Description of research activity (mentions the research design you propose to use, details of all research instruments and procedures to be deployed and attach any relevant documents, such as questionnaires):

Dates (from/until):

Area/Locations that the research project will take place:

Hazards (e.g. travel risks to location of research project, physical threat or abuse, chemical or biological hazards involved):

Who can be harmed (e.g. disabled persons, people who had pre-existing health condition):

How can someone be harmed (e.g. physical injury, psychological harm)?

Number of people affected:

Consequences (e.g. exposure to risks of everyday life, such as road accidents and infectious illness, psychological harm as a result of violence or of the nature of what was disclosed during the interview):

Existing Control Measures (e.g. researcher to be aware of health and safety policies of research location):

Comments:

Risk Rating (choose one):

1. High

2. Low

Further possible control measures (e.g. Indicate what precautions you will take to minimize the identified risks):

Further actions required (e.g. Mention the person responsible, description of hazard, details of action taken, date completed):

The signatures below confirm that the hazard, risks and appropriate control measures / procedures outlined above had been read and understood.

We the undersigned had assessed the activity and the associated risks and declare that the risks will be controlled by the methods listed.

Researcher's signature:

Supervisor's signature:

Date:

UNICAF UNIVERSITY

2.10 Gatekeeper Letter Template

Address:

Date:

Subject: [insert the subject of this letter]

Dear XXX,

I am an [undergraduate, postgraduate, doctoral] student at Unicaf University in Malawi [insert the name of the University, e.g. Malawi, Zambia]. As part of my degree I am carrying out a study on [insert project / research topic and area]. I am writing to enquire whether you would be interested in/willing to [insert request for assistance, participation, permission to recruit etc.] in this research.

Subject to approval by Unicaf Research Ethics Committee (UREC) this study will be using [mention the research activity / activities].

[Describe the project briefly and state its title and the name of your supervisor.]

[Describe what would be required of the person, for example, sending an e-mail on your behalf, allowing you to recruit on their premises, giving you access to personal data after participants had consented, allow children to complete experiments during school hours etc.

Include the estimated time for the engagement of this person.]

Thank you in advance for your time and for your consideration of this project. Kindly please let me know if you require any further information or need any further clarifications.

Yours Sincerely,

XXX

Student Name:	Supervisor's title and name:
Position:	Position:
Address:	Address:
Telephone Number:	E-mail:
E-mail:	

APPENDIX 3. COPIES OF THE TOOLS DEVELOPED.

3.1 FQMT-FR QUALITY EVALUATION TOOL: IASB QUALITY INDICATOR BASES

Question Code	Research Question	Score Details	0	1	2	3
RV1	To what level was fair value used by the NGO compared to historical cost?	0= Only historical cost 1= Mostly Historical cost 2= historical cost and fair value balance 3= Mostly fair value 4= Only fair value				
RV2	To what level do nonfinancial information supplement financial information in the financial report?	0= None 1= Limited 2=Sufficient 3= Relatively more 4= Very wide-ranging				
RV3	To what degree was good quality awareness into the risk profile of the NGO provided by the risk section of the report?	0= No awareness 1= Limited awareness 2= Sufficient awareness 3= Relatively much awareness 4= Very extensive awareness				
RV4	To what degree are forward looking information contained in the financial	0=None 1= Limited 2= Sufficient				

	report?	3= Relatively more 4= Very extensive					
RV5	To what level are the extraordinary gains and losses properly disclosed in the financial reports?	0=None 1= Limited 2= Sufficient 3= Relatively more 4= Very extensive					
RV6	To what level was information pertaining to personnel policies contained in the report?	0=None 1= Limited 2= Sufficient 3= Relatively more 4= Very extensive					
RV7	To what level are information pertaining to divisions contained In the report?	0=None 1= Limited 2= Sufficient 3= Relatively more 4= Very extensive					
RV8	To what level are analysis pertaining to cash flows contain In the annual report?	0=None 1= Limited 2= Sufficient 3= Relatively more					

		4= Very extensive				
RV9	To what level does the report disclose intangible assets?	0=None 1= Limited 2= Sufficient 3= Relatively more 4= Very extensive				
RV10	To what level does the report disclose “off balance”?	0=None 1= Limited 2= Sufficient 3= Relatively more 4= Very extensive				
RV 11	To what level are information pertaining to going Concern contained in the financial report?	0=None 1= Limited 2= Sufficient 3= Relatively more 4= Very extensive				

FAITHFUL REPRESENTATION

Question Code	Research Question	Score Details	0	1	2	3	4
FR1	To what level are estimates and assumptions supported with valid arguments in the financial report?	0=None 1= Limited 2= Sufficient 3= Relatively more 4= Very extensive					
FR2	To what level are the bases used for estimates and assumptions presented in the report?	0=None 1= Limited 2= Sufficient 3= Relatively more 4= Very extensive					
FR3	Which type of auditors' opinion was given for the	1= Adverse 2=Disclaimer					

	report?	3= Unqualified 4= Qualified misstatement basis only 5=Qualified on misstatement and internal control basis.				
FR4	To what level are information on corporate Governance provided within the report?	0=None 1= Limited 2= Sufficient 3= Relatively more 4= Very extensive				
FR5	To what level are disclosures pertaining to compliance provided within the report?	0=None 1= Limited 2= Sufficient 3= Relatively more 4= Very extensive				
FR6	To what level are disclosures pertaining to contingencies, both positive and negative, provided within the report?	0=None 1= Limited 2= Sufficient 3= Relatively more 4= Very extensive				

UNDERSTANDABILITY

Question Code	Research Question	Grading Details	0	1	2	3
UD1	To what level of organisation was the presentation of the report?	0= Very bad 1= Bad 2= Poor 3= Good 4= Very good				
UD2	To what level were tables and graphs used within the report?	0=None 1= Limited 2= Sufficient 3= Relatively more 4= Very extensive				
UD3	To what level were technical jargon included within the report?	0= Very extensive 1= Relatively more 2= Sufficient 3= Limited 4= None				
UD4	What extent was the glossary in teri of size?	0= None 1= Less than a page 2= Roughly one page				

		3= one to two pages 4= More than two pag				
UD5	To what level were information pertaining to the NGO mission and strategy contained within the report?	0=None 1= Limited 2= Sufficient 3= Relatively more 4= Very extensive				
UD6	To what level was the report understandable on an overall perspective?	0= Very badly 1= Badly 2=Poor 3= Good 4= Very good				

COMPARABILITY

Question Code	**Research Question**	**Grading Details**	**0**	**1**	**2**	**3**
CM1	To what level were disclosures made pertaining to changes in accounting	0=None 1= Limited 2= Sufficient				

	policies?	3= Relatively more 4= Very extensive					
CM2	To what level were disclosure made pertaining to changes in accounting estimates?	0=None 1= Limited 2= Sufficient 3= Relatively more 4= Very extensive					
CM3	To what level were information pertaining to changes in accounting policies in terms of effects and comparison included within the report?	0= None 1= One year 2= Two years 3= Three years 4= Four years or more					
CM4	To what level were financial ratios and index presented within the reports?	0=None 1= Limited 2= Sufficient 3= Relatively more 4= Very extensive					
CM5	To what level were information pertaining to donor contributions included within the report?	0=None 1= Limited 2= Sufficient 3= Relatively more 4= Very extensive					

CM6	To what level were information pertaining to competitors included within the report for benchmarking?	0=None 1= Limited 2= Sufficient 3= Relatively more 4= Very extensive					

TIMELINESS

Question Code	**Research Question**	**Grading Details**	**0**	**1**	**2**	**3**	
TM1	How long after the end of period did before audited annual report was issued?	0= Over 5 months 1= 4 to 5 months 2= 3 to 4 months 3= 2 to 3 months 4= 1 to 2 months					

3.2 FQMT-FR QUALITY EVALUATION TOOL: BASED ON NFPO QUALITY ASSESSMENT TOOL OF CA ANZ

STRATAGIC MATTERS

Question Code	Research Item	Grading Details				
	Mathers that pertained to NGO Mission and Objectives	**0 = No disclosur**	**1 = Vaguely disclosed**	**2 = Fairl disclosed**	**3 =Fully disclosed**	**4 = Exte disclose**
SM1	Disclosure of the NGO mission statement					
SM2	Disclosure of information pertaining to the broader sector or environment of operation.					
SM3	Disclosure of information pertaining to Objectives in general.					
SM4	Disclosure of information pertaining to specific objectives for the current reporting period					
SM5	Disclosure of information pertaining to strategic planning.					

SM6	Disclosure of information pertaining to vision and goals.					
SM7	Disclosure of information pertaining to engagement with stakeholders in strategy development.					
SM 8	Where measurable strategic targets included in the report, and progress pertaining to the targets?					
SM 9	Where links between current strategy and long-term strategy included?					
SM10	Disclosure of information pertaining to future specific plans and revisions to existing plans.					
SM11	Were the strategic plan goals propagated via internet?					
SM12	Were the significant activities done to achieve objectives well explained?					

SM13	Were the outcomes expected from the activities well explained?					
SM14	Disclosure of information pertaining to reflections about performance during the period.					
SM15	Were future plans, long-term aims and objectives well explained?					
SM16	Were the processes used in the identification and management of major risks well explained?					
SM17	Were the major identified risks and the management of the risks disclosed?					

Codes	Research Questions and Items	Grading Details			
		0 = No disclosur	1 = Vaguel disclosed	2 = Fairl disclosed	3 =Fully disclose
IG1	Was the name of the organisation, including trading names well disclosed?				
IG2	Was the registration number of the organisation well disclosed?				
IG3	Were other registrations essentials in line with legislation well disclosed?				
IG4	Were the legislative and regulatory environment of the NGO well explained?				
IG5	Was the physical address of operation of the organisation well disclosed?				
IG6	Was the constitution of the NGO well				

	explained?					
IG7	Was there adequate explanation about the relationship with current international funding bodies?					
IG8	Was there adequate explanation, in narratives and diagram about the corporate structure of the NGO?					
IG9	Was there adequate explanation about any strategic such as affiliations and joint ventures?					
	Board memberships					
IG10	Were the names of board members well disclos					
IG11	Were the qualifications and experience of board the members well disclosed?					
IG12	Was the length of time of service of board the members in the NGO well disclosed?					
IG13	Were the responsibilities of board members well disclosed?					

	Senior management				
IG14	Were the names of the senior management team members well disclosed?				
IG15	Were the qualifications and experience of the senior management team members well disclosed?				
IG16	Were the length of service of the senior management team members with the NGO well disclosed?				
IG17	Was the remuneration and incentives of the senior management team members well disclosed?				
IG18	Was the performance of the senior managemer team members against KPIs well disclosed?				
IG19	Was the performance assessment process for tł senior management team members well disclosed?				
IG20	Was the Succession planning for the top senioı management well disclosed?				
	Other Stakeholders				

IG21	Were the names of other stakeholders such as Bankers, Solicitors and Auditors involved with the NGO well disclosed?				
	Governance Efficiency				
IG22	Was the role of the Board well explained?				
IG23	Were the structure and processes of the Board well explained?				
IG24	Was there adequate disclosure on how the board members are educated both on induction and ongoing basis?				
IG25	Was there adequate disclosure on the composition of our Board?				
IG26	Was there adequate disclosure about the Board committees and functions?				
IG27	Was there adequate disclosure on how we the performance of the Board assessed and how the frequency?				

IG28	Was there adequate disclosure about the ethica Standards of the NGO?					
IG29	Was there adequate disclosure about how the NGO deals with conflicts of interest?					
IG30	Was there adequate disclosure about the codes of conduct that the NGO subscribes to?					
IG31	Was there adequate disclosure on how the NGO ensures compliance with the applicable regulation and legislation?					
IG32	Was there adequate disclosure on information pertaining to provisions for compensation for the governing body?					

Question Code	Research Question	Grading Details				
		0 = No disclosure	1 = Vaguely disclosed	2 = Fairly disclosed	3 =Fully disclosed	4 = Ext disclos
SI 1	Was there adequate disclosure pertaining to donors?					
SI 2	Was there adequate disclosure pertaining to volunteers?					
SI 3	Was there adequate disclosure pertaining to employees?					
SI 4	Was there adequate disclosure pertaining to the beneficiaries?					
SI 5	Was there adequate disclosure pertaining to the business community?					
SI 6	Was there adequate disclosure pertaining to the broader community?					
SI 7	Was there adequate disclosure pertaining to the regulator?					

SI 8	State and federal governments as regulators?					
SI 9	Partners including strategic partne					
SI 10	Was there adequate disclosure pertaining to suppliers?					
SI 11	Was there adequate disclosure pertaining to the media?					

STAKEHOLDER ENGAGEMENT

Question Code	**Research Question**	**Grading Details**				
		0 = No disclosure	**1 = Vaguely disclosed**	**2 = Fairly disclosed**	**3 =Fully disclosed**	**4 = Extensively disclosed**
SE1	Was the approach to stakeholder engagement well explained?					
SE 2	Was the process of donor contacting well explained?					

SE 3	Were the policies pertaining to donor acceptance well explained?					
SE 4	Was there adequate disclosure pertaining to how many donors were contacted?					
SE 5	Was there adequate disclosure pertaining to the frequency of contacting donors?					
SE 6	Was there adequate disclosure pertaining to number of inquiries received from potential donors?					
SE 7	Was there adequate disclosure pertaining to communication with donors about expenditures on projects					

	and results thereof?					
SE 8	Was there adequate disclosure pertaining to donor complaints are dealt with?					
SE 9	Was there adequate disclosure pertaining to how feedbacks are received and dealt with?					
SE 10	Was there adequate disclosure pertaining to community survey and focus groups engagement?					
SE 11	Was there adequate disclosure pertaining to corporate donors and interaction with the business community?					
SE 12	Was there adequate					

	disclosure pertaining to the processes for securing government funding?					
SE 13	Was there adequate disclosure pertaining to economic dependency on government funding?					
SE 14	Was there adequate disclosure pertaining to the level of meeting conditions stated in government funding agreements?					
SE 15	Was there adequate disclosure pertaining to advocacy and lobbying activities.					
SE 16	Was there adequate disclosure pertaining					

	to engagement with our suppliers.					

SOCIAL MEDIA

Question Code	Research Question	Grading Details				
		0 = No disclosure	**1 = Vaguel disclosed**	**2 = Fairly disclosed**	**3 =Fully disclosed**	**4 = Extensively disclosed**
SM 1	Was there adequate disclosur pertaining to communication with stake holders via social media?					
SM 2	Was there adequate disclosur pertaining to the general impact of social media on the NGO?					

EMPLOYMENT POLICIES

Question Code	Research Question	Grading Details

		0 = No disclosure	1 = Vaguely disclosed	2 = Fairly disclosed	3 =Fully disclosed	4 = Extensively disclosed
EP 1	Was there adequate disclosure pertaining to the NGO's employment policies?					
EP 2	Was there adequate disclosure pertaining to Flexibility of worki arrangements?					
EP 3	Was there adequate disclosure pertaining to employee benefits?					
EP 4	Was there adequate disclosure pertaining To employee training and development.					

EP 5	Was there adequate disclosure pertaining to Occupational healtl and safety policies?					

EMPLOYMENT DATA

Question Code	**Research Question**	**Grading Details**				
		0 = No disclosur	**1 = Vaguely disclosed**	**2 = Fairly disclosed**	**3 =Fully disclosed**	**4 = Extensivel disclosed**
ED1	Was there adequate disclosure pertaining to the number of employees.					
ED 2	Was there adequate disclosure pertaining to the rate of employee turnover?					
ED 3	Was there adequate disclosure pertaining to measures of employee satisfaction ?					

ED 4	Was there adequate disclosure pertaining to employee retention?					
ED 5	Was there adequate disclosure pertaining to work related fatalities?					
ED 6	Was there adequate disclosure pertaining to unplanned absenteeism?					

EMPLOYMEE RECOGNITION

Question Code	**Research Question**	**Grading Details**				
		0 = No disclosure	**1 = Vaguely disclosed**	**2 = Fairly disclosed**	**3 =Fully disclosed**	**4 = Extensively disclosed**
ER1	Was there adequate disclosure pertaining to employee length of service?					
ER 2	Was there adequate					

	disclosure pertaining to employee training and professional development?					
ER 4	Was there adequate disclosure pertaining to employees' external activities such as publications and conference presentations?					
ER 5	Was there adequate disclosure pertaining to recognition of employees' achievements and contributions.					

POLICIES PERTAINING TO VOLUNTEER

Question Code	Research Question	Grading Details				
		0 = No disclosure	**1 = Vaguely disclosed**	**2 = Fairly disclosed**	**3 =Fully disclosed**	**4 = Extensively disclosed**
VP1	Was there adequate disclosure pertaining to volunteers screening policies and processes?					
VP 2	Was there adequate disclosure pertaining to volunteer activities?					
VP 3	Was there adequate disclosure pertaining to the process for volunteer induction and training?					
VP 4	Was there adequate disclosure pertaining to national standards with regards to using volunteers					

	for NGO activities?					
VP 5	Was there adequate disclosure pertaining to occupational health and safety policies for volunteers					

DATA PERTAINING TO VOLUNTEER

Question Code	**Research Question**	**Grading Details**				
		0 = No disclosure	**1 = Vaguely disclosed**	**2 = Fairly disclosed**	**3 =Fully disclosed**	**4 = Extensively disclosed**
VD1	Was there adequate disclosure pertaining to the number of					

	volunteers across the NGO?					
VD 2	Was there adequate disclosure pertaining to volunteer contributions?					
VD 3	Was there adequate disclosure pertaining to volunteer satisfaction?					

RECOGNITION OF VOLUNTEERS

Question Code	**Research Question**	**Grading Details**				
		0 = No disclosure	**1 = Vaguely disclosed**	**2 = Fairly disclosed**	**3 =Fully disclosed**	**4 = Extensively disclosed**
RV 1	Was there adequate disclosure pertaining to length of service of volunteers?					
RV 2	Was there adequate disclosure pertaining to outstanding					

	services performed by volunteers?					
RV 3	Was there adequate disclosure pertaining to volunteer publications?					
RV 4	Was there adequate disclosure pertaining to internal and external awards received by volunteers?					

NGO PERFORMANCE AND ACHIEVMENTS

ACHIVEMENT OF OBJECTIVES

Question Code	**Research Question**	**Grading Details**				
		0 = No disclosure	**1 = Vaguely disclosed**	**2 = Fairly disclosed**	**3 =Fully disclosed**	**4 = Extensively disclosed**
OB1	Was there adequate disclosure pertaining to the output indicators used to					

	measure performances?					
OB 2	Was there adequate disclosure pertaining to the outcome indicators used to measure performances, including explanations of variance between planned and actual?					
OB 3	Was there adequate disclosure pertaining to cases and testimonials to illustrate outcomes and impact?					
OB4	Was there adequate disclosure pertaining to tables, graphs and photographs to highlight performance and achievements?					

OB5	Was there adequate disclosure pertaining to matters of performance both within and outside the control of the NGO?					
OB6	Was there adequate disclosure pertaining to challenges faced, their identification process and how they were addressed?					

FUNDRAISING ACTIVITIES

Question Code	**Research Question**	**Grading Details**				
		0 = No disclosure	**1 = Vaguely disclosed**	**2 = Fairly disclosed**	**3 =Fully disclosed**	**4 = Extensively disclosed**

FD1	Was there adequate disclosure pertaining to revenue model and approach to fundraising?					
FD 2	Was there adequate disclosure pertaining to the level of reliance on specific sources of fundraising to meet objectives?					
FD 3	Was there adequate disclosure pertaining to actual fundraising against targets?					
FD 4	Was there adequate disclosure pertaining to policy for the management and protection of funds					

	raised?					
FD 5	Was there adequate disclosure pertaining to costs of fundraising activities?					
FD 6	Was there adequate disclosure pertaining to fundraising investments?					
FD 7	Was there adequate disclosure pertaining to accounting treatment for in-kind donations.					

EFFECTIVE USE OF RESOURCES AND INVESTMENTS?

Code	**Research**

	Question	Grading Details				
		0 = No disclosure	**1 = Vaguely disclosed**	**2 = Fairly disclosed**	**3 =Fully disclosed**	**4 = Extensively disclosed**
RI 1	Was there adequate disclosure pertaining to ratio of primary purpose expenditure to total expenditure?					
RI 2	Was there adequate disclosure pertaining to ratio of primary purpose expenditure to total annual fund received?					
RI 3	Was there adequate disclosure pertaining to description of the NGO's investment policy?					

RI 4	Was there adequate disclosure pertaining to third parties involvement such as investment advisors?					
RI 5	Was there adequate disclosure pertaining to performance of the investments against targets?					
	Service Delivery					
RI 6	Was there adequate disclosure pertaining to delivered outputs?					
RI 7	Was there adequate disclosure pertaining to outputs delivered per employee or					

	volunteer?					
RI 8	Was there adequate disclosure pertaining to cost per unit of output?					
RI 9	Was there adequate disclosure pertaining to Gross profit margin?					

FINANCIAL PERFORMANCE AND POSITION?

Question Code	**Research Question**	**Grading Details**				
		0 = No disclosure	**1 = Vaguely disclosed**	**2 = Fairly disclosed**	**3 =Fully disclosed**	**4 = Extensively disclosed**
FPP 1	Was there adequate disclosure pertainin					

	to trends in revenue?					
FPP 2	Was there adequate disclosure pertaining to shortfalls in revenue in the current period as compared to prior period and budget?					
FPP 3	Was there adequate disclosure pertaining To effects of significant economic or other events on operations?					
FPP 4	Was there adequate disclosure pertaining to financial impact of asset					

	revaluation and impairment?					
FPP 5	Was there adequate disclosure pertaining to major influences on costs of operations?					
FPP 6	Was there adequate disclosure pertaining to financial performance measures?					
FPP 7	Was there adequate disclosure pertaining to changes in assets composition?					
FPP 8	Was there adequate disclosure pertaining to movements in					

	assets and liabilities?					
FPP 9	Was there adequate disclosure pertaining to cash flow changes?					
FPP 10	Was there adequate disclosure pertaining to capital expenditure financing?					
FPP 11	Was there adequate disclosure pertaining to assets use restrictions?					
FPP 12	Was there adequate disclosure pertaining to deficiency in the NGO's current position.					
FPP 13	Was there adequate					

	disclosure pertaining to anticipated operational changes?					
FPP 14	Was there adequate disclosure pertaining To long term financial and nonfinancial performance analysis?					
FPP 15	Was there adequate disclosure pertaining to overall performance of the NGO against prior periods or budgets?					
FPP 16	Was there adequate disclosure pertaining to the					

	sustainability of current funding levels?					

MATTERS OF ENVIRONMENTAND SUSTAUNABILITY

Code	**Research Question**	**Grading Details**				
		0 = No disclosure	**1 = Vaguely disclosed**	**2 = Fairly disclosed**	**3 =Fully disclosed**	**4 = Extensively disclosed**
ES 1	Was there adequate disclosure pertaining to initiatives to mitigate any environmental impacts of operational activities					
ES 2	Was there adequate disclosure pertaining to reduction in the					

	usage environmental degradation resources?					
ES 3	Was there adequate disclosure pertaining to approaches to ensure all activities are sustainable?					

COMMUNICATION OF REPORT

Code	**Research Question**	**Grading Details**				
		0 = None	**1 = Limited**	**2 = Sufficient**	**3 = Relatively more**	**4 = Very wide-ranging**
CR 1	Was there considerations about electronic propagation of reports as					

	against hard copy?					
CR 2	What impression does the report give in terms of good stewardship and accountability?					
CR 3	Were there adequate narratives in th report?					
CR 4	Did the report l adequate sequencing and focus?					

CR 5	Does the report contain provision for had room to comment?					

2.8 OTHER ACCOUNTABILITY CONSIDERATIONS

Question Code	**Research Question**	**Grading Details**				
		0 = None	**1 = Limited**	**2 = Sufficient**	**3 = Relatively more**	**4 = Very wide-ranging**
PF 1	Was the industry profile of the NGO disclosed in the report?					
PF 2	Did the annual report refer to the internal					

	control report or had it attached?					
PF 3	Was there adequate disclosure pertaining to the list of funders in accordance with their funding?					
PF 4	Was there adequate disclosure pertaining to the categorizing of funds into restricted or unrestricted?					
PF 5	Was there adequate					

	disclosure pertaining to the segmentation of donor fund according to budget and balances (Fund Accounting)?					

APPENDIX 4. FINANCIAL REPORT QUALITY SCORES

Ref	Framework of Financial Reporting	Audit Firm	Quality Score (%)
1	IFRS	Local	8.5
2	IFRS	Local	8.3
3	IFRS	Local	8.7
4	IFRS	Local	9.1

5	IFRS	Local	10.5
6	IFRS	Local	10.5
7	IFRS	Local	11.9
8	IFRS	Local	12.5
9	IFRS	Local	14.1
10	IFRS	Local	14.4
11	IFRS	Local	15.6
12	IFRS	Local	15.7
13	IFRS	Local	16.1
14	IFRS	Local	16.8
15	IFRS	Local	18.1
16	IFRS	Local	17.3
17	IFRS	Local	19.5
18	IFRS	Local	23.5
19	IFRS	Local	24.1
20	IFRS	Local	18.3
21	IFRS	International	11.7
22	IFRS	International	12.9
23	IFRS	International	16.3
24	IPSAS	Office of auditor General	18.3
25	IPSAS	Office of auditor General	18.9
	Average International Frameworks		**14.86**

26	GAAP	Local	7.4
27	GAAP	Local	7.8
28	GAAP	International	8.3
29	GAAP	Local	9.8
30	GAAP	Local	9.7
31	GAAP	Office of auditor General	10.1
32	GAAP	International	13.3
33	GAAP	International	13.8
34	GAAP	International	13.7
35	GAAP	International	14.2
36	GAAP	International	14.5
37	GAAP	International	14.4
38	GAAP	Local	14.4
39	GAAP	Local	14.8
40	GAAP	Local	14.9
41	GAAP	Local	14.7
42	GAAP	Local	14.9
43	GAAP	Local	14.4
44	GAAP	Local	16.3
45	GAAP	Local	16.8
46	GAAP	International	16.9
47	GAAP	International	17.1
48	GAAP	International	17.3
49	GAAP	International	17.9

50	GAAP	Local	18.4
51	GAAP	International	19.7
52	GAAP	International	19.8
53	GAAP	Local	21.3
54	GAAP	Local	21.9
55	GAAP	Local	23.1
56	GAAP	Local	23.8
57	GAAP	Local	24.7
58	GAAP	Local	25.2
59	GAAP	Local	25.1
60	**Average GAAP**		**16.2**
61	Donor Framework	International	10.8
62	Donor Framework	Local	11.5
63	Donor Framework	Local	11.7
64	Donor Framework	International	12.8
65	Donor Framework	International	13.2
66	Donor Framework	International	13.1

67	Donor Framework	International	13.8
68	Donor Framework	International	14.1
69	Donor Framework	Local	14.1
70	Donor Framework	Local	13.9
71	Donor Framework	Office of auditor General	14.2
72	Donor Framework	Office of auditor General	17.5
73	Donor Framework	International	17.4
74	Donor Framework	International	18.3
77	**Average Donor Frameworks**		**14.0**
	Overall Average		**15.3**