Evaluating NGO Accounting and Reporting Practices in a Developing Economy: A Case for Reforms

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Abstract

Purpose – This study investigates non-government organisations' (NGO) current accounting and reporting practices in a developing economy context (Mauritius) and argues the case for reforms to enhance their transparency and accountability.

Design/methodology/approach – A content analysis of a sample of NGO annual returns was carried out followed by interviews with NGO officers and actors on the state of accounting and reporting practices in Mauritius. We analyse the data from a public accountability perspective.

Findings – The content analysis revealed poor accounting and reporting practices by Mauritian NGOs. Based on interview insights, we find that these poor practices arise due a lack of (1) NGO-specific accounting standards, (2) engagement with narrative reporting, (3) properly trained NGO officers, and (4) proper monitoring and control. Some of the interviewees expressed their support for introducing online filing systems and accounting requirements that are commensurate with NGO size, improving regulatory oversight, while ensuring that NGO accounts are made available to the public.

Originality/value – While there are many calls for better NGO accountability and transparency in developing economies, little is known about the state of accounting and reporting mechanisms (and regulatory framework thereof) that could provide the basis for relevant reforms towards enhancing accountability. Considering the opacity of NGO information in Mauritius and recent concerns about money laundering practices and the perceived ineffectiveness of regulatory oversight, this first national assessment of accounting and reporting practices sheds light on current challenges and formulates locally appropriate recommendations for the sector.

Keywords: Non-governmental organisation (NGO); accounting; accountability; reporting; developing economy.

1. Introduction

How do non-government organisations (NGOs[1]) manage their financial resources and account for their activities/performance are key considerations given the widespread public concerns about their organisational accountability and transparency (CIPFA, 2021). Earlier work and recent regulatory developments in developed country contexts (notably UK, Australia, and New Zealand) focused on improving financial accounting and reporting practices (e.g., Yasmin and Ghafran, 2021) for the benefit of external users. These developments later extended to the measurement and communication of social performance such as reporting on outcomes, evaluation of impact, effectiveness/efficiency of programs/activities and governance (e.g., Dhanani and Connolly, 2012; McConville, 2017; Hyndman and McConville, 2018; McDonnell and Rutherford, 2019; Costa and Andreaus, 2020) with a view to assist stakeholders in seeking accountability from NGO managers.

Contrastingly, in developing economy contexts, there has been an established, and largely field-based literature on the diverse roles that accountability systems may play in framing relationships between the NGO and its key actors, such as donors, funders, beneficiaries, staff, volunteers, and communities (Goddard and Assad, 2006; Dewi *et al.*, 2019; Agyemang *et al.*, 2019; Goddard, 2021; Clerkin and Quinn, 2021; Yates et al., 2021). While there has arguably been less research on NGO financial accounting and reporting practices in such countries, there has been a recent interest due to concerns about the effective use of relatively significant amounts of financial resources (especially when sourced from donations, public funds, and international donors) and a lack of transparency, which seem to have enabled unethical practices and even the abuse of funds (Agyemang *et al.*, 2019). There is also strong suspicion as to the flow of illegal funds involving money laundering (Bajada, 2017) and the funding of terrorist activities (Yasmin and Ghafran, 2019) in many developing economies, with the NGO being seen as a convenient vehicle for financial transfers that is less susceptible to regulatory attention compared to traditional corporate/financial institutions.

[1] For consistency, we use the term NGO as a generic term for all third-sector organisations pursuing a social mission and which do not distribute profits or surpluses for the benefit of individual members, shareholders, or other financial motivated stakeholders. Admittedly, there are different NGO terminologies with some peculiar features arising from historical, legal and/or fiscal implications (e.g., charities, non-profit organisations, not-for-profit entities, social enterprises, and associations). We only refer to these terms if their peculiarities are relevant to the discussion.

Accounting and reporting practices are thus seen as part of the mechanisms to strengthen NGO governance, accountability, and efficiency, whilst ensuring the national and international credibility of the sector (De França *et al.*, 2019) vis-à-vis stakeholders. Recent efforts to develop an international financial reporting framework for NGOs (IFR4NPO[2]) can be seen in this light, although one may question how such 'high-level' developments could contribute to the case of the many smaller NGOs operating in developing economies.

We focus our attention on the case of Mauritius, an African developing economy, that has generally been seen to perform well on various economic, financial and governance indicators (Mo Ibrahim Foundation, 2020). While the country adopted private-sector international financial reporting standards (IFRS) and a corporate governance code almost two decades ago and has been seeking to embed public sector accounting reforms and standards, the regulation and oversight of its NGO sector is contrastingly embryonic. In fact, the activities of local NGOs have been vigorously questioned by the International Monetary Fund (IMF, 2008) and the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG, 2018). The IMF (2008) stated that the laws and regulations relating to NGOs were inadequate. Puzzlingly as well, NGO accounts submitted to the local regulator are not available for public inspection. A decade later, the ESAAMLG (2018) evaluation report reiterated these issues and the lack of progress on reforms.

In parallel, and as a result of a local corporate social responsibility scheme (e.g. CSR levy), many NGOs received grants to implement social projects but there are recurring questions as to the effectiveness and impact of these societal projects. Overall, the above paints a somewhat bleak picture of NGO accountability and transparency in Mauritius albeit that there is little evidence about actual accounting and reporting practices. There is, at the same time, little understanding of the enabling (or disabling) factors underlying the development of appropriate accounting and reporting reforms in developing economies such as Mauritius. In this light, we raise the following questions:

1. *What is the state of NGO accounting and reporting practices in Mauritius? Why is this the case?*

[2] International financial reporting for non-profit organisations (IFR4NPO) - Refer to developments on this webpage: https://www.ifr4npo.org/

2. *What appropriate reforms could be considered to improve NGO accounting and reporting practices in Mauritius?*

Our study thus aims to (i) explore current accounting and reporting practices through a content analysis of a sample of NGO annual returns, whose access was exceptionally made possible for this research, (ii) analyse the case for reforms for NGO accounting and reporting from the perspective of different stakeholders through interviews. Our findings, from a public accountability perspective, reveal that very limited information is provided by NGOs in their annual accounts and returns, while many NGO interviewees express concerns about the current situation and are motivated to improve their accounting and reporting practices. We contribute to the literature (e.g., Yasmin and Ghafran, 2019; Clerkin and Quinn, 2021) by providing evidence of NGO accounting practices in a developing economy context. By contrasting the situation of Mauritius to other countries and drawing from stakeholder inputs, the study provides recommendations on how NGO transparency could be improved in Mauritius, thereby enhancing accountability.

The remaining sections are organized as follows. Section 2 reviews the relevant NGO accounting and reporting studies focusing on key countries and their own experiences. Section 3 describes the research context. Section 4 sets out the methodology used to address the research questions and relevant findings and analysis are provided in section 5. Section 6 provides the conclusions and implications of the study.

2. Literature Review

2.1. NGO Accounting and Reporting practices: Evidence

Given their not-for-profit motive, the multiple 'societal' objectives they seek to achieve, and the existence of complex relationships between their different stakeholders (e.g., funders, beneficiaries, managers, founders, staff, and volunteers), research on NGO accounting, reporting and accountability has inevitably been multi-faceted and has been examined from the perspective of a variety of disciplines. Even definitions, features and terminologies differ internationally, for example ranging from the term 'non-profit' organisations (NPOs), charities, voluntary organisations to 'third sector' organisations, often arising due to different legal, taxation and governance rules. Overlaps also exist with private sector organisations, with the advent of social enterprises or community interest companies. Observably, concerns about *accounting* (and by extension, *reporting*) are linked to early research work carried out in the UK (e.g., Connolly and Hyndman, 2004) and later internationally, which highlighted the very poor accounting practices and the need for sectoral accounting regulation e.g., Statement of Recommended Practice (SORP) to instil public confidence with the use of better accounting and reporting techniques. This research dovetails studies on the growing use of private-sector practices in NGOs (e.g., Myers and Sacks, 2003), which is predicated on the need for NGOs to be seen to be operating professionally and gaining legitimacy (Goddard and Assad, 2006). Within the developed countries context, this work has more recently expanded to consider non-financial reporting practices relating for instance to the disclosure of societal impact and efficiency metrics (McConville, 2017; Hyndman and McConville, 2018). In contrast, concerns about *accountability* in the literature have taken a far more conceptual perspective as to whom (and how) is an NGO accountable to, how could it remain 'true' to its values and mission, and how could it navigate in a difficult terrain (e.g., development NGOs and local politics) and/or mitigate financial constraints. These concerns stem, at least partially, from the view that NGO managers may be keener to respond to their provider(s) of resources and other powerful enablers (upwards accountability) than the beneficiaries they serve (downward accountability) (Agyemang et al. 2019); thereby potentially losing sight of their social mandate.

Furthermore, the influence of neo-liberal thinking in NGO activity has been noted, with an emphasis on developing quantitative evaluations of performance at the expense of qualitative ones. Such issues have given rise to a relatively extensive research agenda (Yuesti et al., 2016; Cordery et al., 2019; Agyemang *et al.*, 2019). While we agree that such an emphasis on NGO accountability is crucial, we also contend that the debate has somewhat over-shadowed the lack of evidence on the relevance of appropriate accounting and reporting mechanisms to meet functional as well as legitimating needs (Goddard and Assad, 2006). These mechanisms serve as a basis for accountability conversations and provide a transparency foundation to exercise monitoring and oversight. To inform our analysis, it is therefore apt to appreciate how other countries conceive of the role of NGO accounting and reporting frameworks. We focus on five countries (Australia; India: New Zealand; South Africa; UK) given the similar common law frameworks to the case of Mauritius and a reliance on an NGO regulator, rather than those countries adopting tax-related regulatory frameworks (e.g., the United States and continental European countries). In this section only, we rely on each country's own terminologies for referring to an NGO to ensure the explanation remains consistent to their national context.

2.1 NGO Accounting and Reporting Regulation and Evidence by Country

The regulatory frameworks and reporting requirements of Australia, India, New Zealand (NZ), South Africa (SA) and the United Kingdom (UK), along with the latest studies on NGO reporting in those countries are reviewed to assess the current state of NGO reporting.

2.1.1 Australia

The Australian Charities and Not-for-Profits Commission (ACNC) is the national regulator of charities, where to date, more than 48,000 charities are registered and regulated (ACNC, 2019). It was established in December 2012, and as the main regulator, the ACNC guides charity managers towards managing their own organisations and fulfilling their obligations through information and advice. Additionally, the public at large can access information on the charity and not-for-profit sector through an online database that is available freely on the ACNC website.

With the presence of multiple regulators, there are different reporting requirements for charities because the reporting depends on the state/territory of the charity's operations and its legal structure (AASB, 2017). Hence, there is not a single organisation to which all types of charities submit their financial statements to. As for the national regulator, the ACNC regulates organisations which are officially listed as charities, requiring them to submit their general-purpose financial statements (GPFS). A charity may be small, medium, or large, depending on its total annual revenue for the reporting period. Based on the size of the charity, the reporting is different. A small charity can choose to use either cash or accrual accounting and submit a financial report which is not reviewed or audited; a medium charity needs to submit a financial report which is either reviewed or audited; while a large charity must submit an audited financial report (ACNC, 2019). On the other hand, NFPs not registered with the ACNC can submit their financial reports with the state or territory regulator.

Mack *et al.* (2017) noted that charities in Australia follow IFRS based standards because the ACNC has yet to develop and prescribe an alternative reporting standard compared to regulators in other countries such as Ireland and New Zealand. This issue is also reported by Breen *et al.* (2018).

According to these authors, there is no consideration for NGO-specific reporting in Australia whereby NGOs are instead required to follow IFRS, except for the Australian Accounting Standards Board (AASB) 1058 dealing with income recognition for non-for-profit entities. Respondents in the study by Cordery *et al.* (2019) noted that the current international standards lack detail and are unsuitable for NGOs if the aim is to satisfy the user's requirements. Furthermore, not only are related parties and reporting entity poorly defined by the Australian jurisdiction, but there is as well a lack of narrative reporting by Australian NGOs (Crawford *et al.*, 2014).

2.1.2 India

The reporting of NGOs in India varies due the different laws relating to the NGO sector. There is no uniform reporting framework and the Institute of Chartered Accountants of India (ICAI, 2011[3]) has previously reported that there is no standard basis of accounting which NGOs can follow. Financial statements are thus presented by NGOs in their own way using diverse accounting policies. While there may be a case for NGOs to prepare their accounts on an accrual basis with records such as receipt books, voucher files, cash books or bank books, and ledgers are generally available, prevailing accounting standards do not apply to this sector due to the absence of any enabling legislation (ICAI, 2011). Given this regulatory and professional void, there appears to be little impetus for NGO accounting and reporting to be reformed.

According to Ebrahim (2001), relationships between Indian NGOs and foreign funders has resulted in a professionalization of the former, incentivizing NGO staff to be better trained in several aspects including reporting. Lloyd (2005) also reports on self-regulation initiatives adopted by some Indian NGOs. For instance, the Credibility Alliance in India has developed norms and good practices for NGOs, including the timely provision of audited financial statements and other documents. The author also recognizes that while the availability of such accounting statements to stakeholders is important, the transparency reforms should also focus on the NGO's decision-making and governance process so that stakeholders are aware of how the organisation develops

[3] https://www.icai.org/category/archives-announcements-2011

and implements strategies. In effect, the above studies emphasize the role of foreign interaction/influence and self-regulation to improve NGO accounting and reporting.

2.1.3 New Zealand

The New Zealand (NZ) third sector is regulated by the Charities Services (CPA Australia, 2014) which maintains the Charities Register; approximately 27,000 charities are registered (Charities Services, 2022[4]). Established in 2005 by the Charities Act, the Charities Services promotes public confidence and trust in the charities by providing an online database with the details of all registered charities outlining their purposes, activities, sector, and annual returns (Charities Services Information Sheet, 2019). All charities registered under the Charities Act 2005 are required to submit annual reports to the Charities Services (AASB, 2017). Financial and non-financial performance statements are required by the Charities Service and these statements are based on the concept of public accountability.

Using the International Accounting Standards Board (IASB)'s definition of public accountability, the reporting requirements for public benefit entities (PBE) have 4 thresholds. Tier 1 PBE have expenses over $30 million and are required to use full PBE standards. Tier 2 PBE have expenses between $2 million and $30 million and are required to use PBE standards reduced disclosure regime. Tier 3 PBE have expenses less than or equal to $2 million and are required to use the Simple Format Reporting (based on accruals). Tier 4 PBE have operating payments less than $125,000 and are only required to use the Simple Format Reporting (Cash basis).

Sinclair *et al.* (2013) identify accountability issues in the NZ charity sector. Stewards in the charity sector found financial-led accountability to be an unnecessary distraction. According to some of the interviewees, stakeholders do not have a significant interest in the financial information of charities and efforts to improve transparency often go unnoticed. The study also highlights how different regional units of an organisation acted like self-governing entities and did not consolidate their accounts. One charity manager specified that there has been a deliberate attempt to keep accounts unconsolidated to look selectively poor and receive grants. Like Sinclair *et al.* (2013),

[4] https://community.net.nz/resources/charities-services/

Mack *et al.* (2017) also reports on how NZ charities that have subsidiaries do not consolidate their accounts even in cases where these subsidiaries are fully (100%) owned.

Mack *et al.* (2017) also found that the lack of narrative disclosure previously noted in the case of Australia also applies to NZ. The study by Yang *et al.* (2017) pointed out that funders find non-financial accountability by charities in NZ to be particularly weak even though they consider the provision of such information as crucial. The authors concluded that the need for the development of international financial reporting standards stressed by Crawford *et al.* (2014) could in fact be a need for the development of both financial and non-financial reporting standards at the international level.

2.1.4 South Africa

The relevant organisations in South Africa (SA) are diversely termed non-profit organisations (NPOs), non-governmental organisations (NGOs), non-profit institutions (NPIs) and Public Benefit Organisations (PBOs). NPOs can choose whether to be registered or not, and registered NPOs report to the Directorate for Non-profit Organisations which falls under the South African Department of Social Development (DSD). The Directorate maintains a voluntary registration facility, known as the Register of Non-profit Organisations, which is widely accepted as the public record for NGOs (NGO Commons, 2019[5]).

NPOs are required to submit annual reports to the Directorate for Non-profit Organisations. The reports include a narrative report, financial statements and a report prepared by an accounting officer. In addition, a Public Benefit Organisations (PBO) needs to submit an annual income tax return to the South African Revenue Service (SARS) Commissioner (NGO Commons, 2019). The financial statements submitted by a PBO need to comply with the requirements of the Companies Act (SARS, 2017).

The reporting requirements are based on the public interest score (PI Score), which is calculated at the end of each year and determines: (a) Which financial reporting standards (FRSs) apply – IFRS, IFRS for SMEs or SA GAAP?; (b) Whether in the public interest, it needs to be audited or independently reviewed (IR)?; (c) Whether it must file a copy of its annual financial statements

[5] https://dgmt-commons.co.za/

with the Companies and Intellectual Property Commission?; (d) Whether it requires a Social and Ethics Committee and (e) Its size for the purpose of appointing a Business Rescue Practitioner (to facilitate the efficient rescue and recovery in the event the company is financially distressed) (South African Institute of Chartered Accountants [SAICA], 2022).

Beyond these extensive regulatory reporting requirements, Mueller-Hirth (2012) emphasizes how grant makers may demand extensive provisions of information through reports, budgets and audited financial statements which can be costly to South African NGOs. The author states that it is mainly the well-resourced organisations that can employ more innovative monitoring and evaluation methodologies - including accounting and reporting practices. While the interviewees in the study expressed concerns about the increased workload and costs associated with NGO reporting, they nonetheless recognise that the enhanced accountability stemming from such reporting can create a virtuous circle.

2.1.5 United Kingdom

The term charity applies to the UK sector and a charity's main purpose is for the public benefit, which all organisations must express as part of a 'public benefit' statement (Charity Commission, 2017). The Charity Commission (2017) defines a charity as an institution which (a) is subject to the control of the High Court and (b) is established for charitable purposes only. In contrast to other countries, organisations in the UK only obtain charitable status if they can demonstrate that they meet the above criteria. Hence, the legal form of an NGO can vary (e.g., company limited by guarantee, trust, community interest company or unincorporated association) (Bellante *et al.*, 2018). The main regulator of charities registers and regulates charities in England and Wales (Charity Commission, 2020) with separate arrangements for Scotland and Northern Ireland. The number of registered charities stands at 168,891 as of June 2022[6]. Being an independent agency, the Charity Commission acts as the registrar of the UK charity sector and reports to Parliament (Charity Commission, 2019). The reporting requirements for charities are dependent on their gross income and whether the charity is an unincorporated charity, a charitable incorporated organisation, or a charitable company. The aforementioned factors determine the type of accounts

[6] https://register-of-charities.charitycommission.gov.uk/sector-data/sector-overview

the charities need to report (accruals or cash), the audit requirement and whether it needs to lodge its annual report with Companies House or the Charity Commission.

Public trust and confidence in charities has been a key risk in the UK due to the increased scrutiny faced by these organisations (McDonnell and Rutherford, 2019). Although major developments in accounting and reporting have occurred, the UK still faces several challenges with regards to a lack of accountability. Kemp and Morgan (2019) find that charities, particularly smaller ones, lack training with regards to accounting. Most charity staff struggle to understand and apply key accounting and reporting requirements. Many UK charity managers interviewed in Hyndman and McConville (2018) nonetheless agree on the importance of accountability for their organisations; with some accentuating the effect that accountability has on trust and in turn, on fundraising performance. To enhance transparency and accountability, the authors add that UK charities often provided incremental information through voluntary disclosures (e.g., on websites and in annual reviews), albeit not in a very coherent or standardised way.

Based on the above, and a review of local arrangements, a summary of the NGO reporting requirements in Australia, India, NZ, SA, UK vs the Mauritius case is provided in Table 1.

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The review of the different arrangements together with studies in these jurisdictions reveal very varied approaches to accounting and reporting models, with some countries seemingly more concerned about an NGO's (non-financial) performance and delivery; and a corresponding de-emphasis about what is a routine provision of financial information. There is a general reliance on a uniform reporting model, except for South Africa which allows NGOs to select a reporting standard, presumably to facilitate the filing of NGO accounts while enabling comparability and monitoring. Furthermore, issues of legitimacy in the Indian context appear to drive the need for better accounting and reporting practices from a private regulation perspective (e.g., Credibility Alliance) and in the absence of detailed government-led requirements or guidance. However, more broadly, there is limited empirical findings on NGO accounting and reporting practices in developing countries, hence leading to our research questions focusing on the context of Mauritius.

3. Research Context

The NGO sector in Mauritius is made up of several associations, trusts, foundations, and other types of organisations with a charitable purpose. Over the years, the government of Mauritius has progressively established a policy framework for the development of NGOs due to the lack of a clear strategy on the functioning and role of the sector (Costantini and Gill, 2013). The Registration of Associations Act (1978) is the legal framework for non-governmental associations in Mauritius. According to the Act, an association is an organisation having a formal structure with a minimum of 7 persons. The number of NGOs has grown over the years with 10,850 associations being registered with the Registrar of Associations as of August 2021[7]. The Office of the Registrar of Associations (referred to as the Registry of Associations) is the main regulatory body for NGOs in Mauritius.

According to the Registration of Associations Act, there exists small associations and large associations, with a large association being one satisfying the following conditions: (a) The membership as at the date of the last accounting period exceeds 200 ;(b) The value of assets as at the date of the last accounting period exceeds one hundred thousand MUR[8] and (c) The annual revenue during the two consecutive years immediately preceding the last accounting period needs to exceed eight thousand MUR. Once registered at the Office of the Registrar of Associations, the associations are further categorized into nine distinct groups, namely, (i) Social; (ii) Cultural; (iii) Parent Teachers Associations; (iv) Sports; (v) Women; (vi) Senior Citizens; (vii) Professional Associations; (viii) Business and (ix) Forces Vives.

The Registrar ensures that the registered associations have a legal framework to run their operations. It can also deregister an association if it is deemed to have been operating fraudulently. A registered association can also be deregistered if the latter engages or is likely to engage in activities causing public disorder or threat to members of the public, or if in any way, is related to crime and terrorism. Keeping records of accounts is stipulated in the Registration of Associations Act. Any officer who maintains the accounts of a registered association must keep a record of all the money that he [sic] receives or pays on behalf of the organisation and must provide a true

[7] https://labour.govmu.org/Pages/stats-Registry-of-associations.aspx
[8] MUR: Mauritian Rupee. Currently, 1 USD = 45 MUR

account of the transactions. The Act, under Section 20, further states that *"The treasurer of every registered association shall, once a year, not later than one month after the accounting date, prepare and submit to the committee a statement of all receipts and payments of the association in respect of the accounting period and of the assets and liabilities of the association existing on the accounting date."*

Consequently, an annual return containing (1) the statement prepared under Section 20 together with a declaration stating that the statement has been approved at the annual general meeting; (2) a statement of the list of office bearers with their postal addresses; (3) a return of the membership of the association as at 31 December of the preceding year and (4) a copy of amended rules (if the association had modified its rules) has to be submitted to the Registrar after the accounting date in each year (Registration of Associations Act, 1978).

In collaboration with the United Nations Development Programme (UNDP), extensive consultation was carried out in 2008 with relevant NGO stakeholders in the context of a national project aimed at "*Strengthening the NGO Sector in Mauritius*". Several legislative proposals to improve the NGO law been recommended and compiled in a report prepared by the Law Reform Commission (LRC) of Mauritius (LRC, 2008). The report indicated that a proper definition of NGO is inexistent in Mauritius with the term being instead used as a popular catch-all phrase for all types of organisational forms, whether registered or not: not-for-profit and non-governmental organisations, including associations and non-profit companies.

The report additionally highlights that an implementation of the proposed changes would be done only after consulting with the Office of the Registrar of Associations and the Mauritius Revenue Authority (MRA). Unfortunately, to date, there is no concrete evidence whether the recommendations made by the LRC have been implemented. The most prevalent definitions and rules followed by NGOs remain the ones guided by the Registration of Associations Act 35 of 1978, the Income Tax Act of 1995 and the Government Notice No. 50 of 1999. For several decades, the above-named acts have ensured the existence and operation of NGOs and their respective regulators in Mauritius.

A report published by the International Monetary Fund (IMF) in 2008 stated that the laws and regulations relating to NGOs were inadequate. The collection of information given by the NGOs was not considered to be systematic enough (IMF, 2008) and cannot be used to gauge whether funds could have been used for illicit purposes. The report further highlighted that there is no systematic outreach on behalf of the Registrar of Associations for the promotion of transparency, integrity, accountability, or public confidence in the NGO sector (IMF, 2008). A decade later, an evaluation report about the current preparedness of Mauritian NGOs relating to anti-money laundering acts was prepared by the ESAAMLG (2018). This report brought to light the many loopholes and the apparent inability of the authorities to adequately monitor the NGO sector in Mauritius. This is a crucial point given the country's active offshore financial sector serving the African, Asian, and European continent, thereby enabling extensive movements of financial flows with relatively little scrutiny. The assessors of ESAAMLG consider the transparency gap to be a critical issue due to various local shortcomings. Although the Registrar of Associations maintains the registry, it has little ability in terms of determining which NGOs are most vulnerable to terrorist financing and money laundering (ESAAMLG, 2018) because of a lack of transparency and monitoring. Despite having the oversight power to demand greater accountability and transparency from NGOs, the supervisory authorities do not adequately make proper use of it and the sector remains lightly regulated insofar as NGO fundraising is concerned (ESAAMLG, 2018). Once an NGO submits its annual returns to the Registrar, they are appended to the NGO's file merely for recording purposes. The financial information is not analysed and verified, for example to detect irregular transactions or suspicious donations (ESAAMLG, 2018).

The only legal provisions on accounting and reporting are described in Sections 19 to 24 of the Registration of Associations Act, but these do not really address the calls for better accountability and transparency. As emphasized by ESAAMLG (2018), there are no "*specific policies which can promote transparency, integrity and public confidence in the administration and management of NGOs"*[9]. This context sets the scene for our study of extant practices and perceptions of NGO actors with regards to accounting and reporting.

4. Data and Methods

[9] While a recent report (2021) by the ESAAMLG has acknowledged that Mauritius has made significant progress on these matters, the case of NGO reporting and accountability has not yet been resolved.

We rely on two phases to address our research questions. The first phase involves a content analysis of the annual reports of NGOs to evaluate the level of reporting compared to what is technically required of NGOs by the Registrar of Associations. In the second phase, interviews are carried out with the different members of the NGO sector, including representatives from the Registrar of Associations, the National Social Inclusion Foundation and NGOs of different sizes and field of activities.

4.1 Phase One: Review of annual reports

4.1.1 Access to and sampling of NGO annual reports

Since NGO annual reports are technically not available to the public, a research access request was made to the Registrar, who provided qualified and time-limited support to the project. As a result, a rigorous sampling technique could not be used since the Registrar of Associations did not allow the research team to access the annual returns of specific NGOs. Instead, officers of the Registrar of Associations pre-selected which annual returns to provide for the study and the content analysis was carried out, under the supervision of an officer of the Registrar of Associations always. While this somewhat impedes on one's ability to generalise our results, such restrictions are reflective of the lack of transparency. Based on this limited collaboration, the sample consisted of the latest annual returns for 88 NGOs.

4.1.2 Content analysis

A content analysis was used to codify the extent of NGO reporting in line with previous studies in the accounting literature (e.g., Haniffa and Cooke, 2002; Ghazali, 2008). Such a technique has been widely employed to investigate disclosure practices in the NGO field (e.g., Gordon *et al.*, 2010; Gandia, 2011; Zainon *et al.*, 2014). Content analysis is particularly useful when there is a need to quantify qualitative content in an objective and systematic manner (Hall *et al.*, 2003). The checklist was adapted from the disclosure grids devised by Zainon *et al.* (2014) and Gandia (2011). The checklist by Zainon *et al.* (2014) was initially designed for an NGO reporting index in the Malaysian context and includes five sections, namely, basic background information, financial information, non-financial information, governance information and future information. A disclosure index with four sections, namely, general information, governance and financial information, navigation and presentation, and relational web was used by Gandia (2011) to analyse the information from Spanish NGO web sites. Initially, all the items were considered from these checklists as part of a pilot phase. We then identified and thereafter excluded the items that were not consistent with the annual report template of the Registry of Associations (*i.e.*, these items would score zero every time since they are not within the scope of reporting requirements in Mauritius). A final list of 31 items was categorized in terms of basic information (5 items), financial information (14 items) and non-financial information (12 items). The resulting disclosure checklist is presented in Table 2.

INSERT TABLE 2 ABOUT HERE

A dichotomous scoring technique was adopted where a score of one was given to an item if it was disclosed in the annual return of the NGO and zero otherwise. Binary scoring is appropriate in the current study's context given the small disclosure volume observed (Vourvachis and Woodward, 2015). To overcome the subjectivity that is associated with content analysis, a test-retest approach was employed to assess the consistency of the judgments used in scoring the associations (Michael *et al.*, 2004). The final NGO disclosure measure is the score obtained by a given association divided by the maximum allowable score (31) and relevant findings discussion in Section 5.

4.2 Phase Two: Interviews

The aim of the interview phase is to obtain a better understanding of the accounting and reporting practices of NGOs in Mauritius through semi-structured interviews. Interviewers can probe deeper into the matter by asking follow-up questions and the interviewees tend to elaborate their answers and express themselves better with semi-structured interviews (Vinson *et al.*, 2020). This qualitative phase is crucial since it allows an exploration of the motives towards accounting and reporting practices by NGOs in ways that are not accessible through the quantitative phase (de Villiers *et al.*, 2019). More specifically, while the content analysis seeks to highlight actual practices by NGOs, the interview phase provides the reasons underlying the state of such practices.

4.2.1 Interviewees

Interview invitations were sent by email to NGOs whose email addresses are publicly. Interviews were then scheduled for NGOs that expressed their interest in participating in the research. No further interview invitations were sent once data saturation was achieved, that is, when additional interviews did not provide any new insights (de Villiers *et al.*, 2019). We secured 25 interviews with relevant informants. Information on the profile of interviewees is provided in Table 3.

INSERT TABLE 3 ABOUT HERE

4.2.2 Interview procedures and themes

The interviews were carried out by video call due to the ongoing COVID-19 pandemic restrictions and rules relating to face-to-face interactions. We ensured that the interviewees were made as comfortable as possible by first communicating with them by email to establish a relationship (Vinson *et al.*, 2020). They were given a brief of the research project and were informed that any information obtained during the interviews would remain anonymous. From the start of the interview, we made it clear to the interviewees that the aim of the research is not about highlighting individual or organisational failings but rather to understand the context and reasons underlying the prevailing NGO accounting and reporting practices. In line with similar qualitative studies, we relied on qualitative content analysis (QCA) (Schreier, 2012), which is "*a research method for the subjective interpretation of the content of text data through the systematic classification process of coding and identifying themes or patterns"* (Hsieh and Shannon, 2005 p. 1278). QCA helps researchers making sense of narrative data with a focus on "non-frequency indicators" (Schreier, 2012, p. 14). We are also guided by Braun and Clarke's (2006) approach to thematic analysis involving the identification, analysis, and extraction of themes from the interview transcripts, specifically (i) familiarisation with the data, (ii) generation of initial codes, (iii) identification of themes, (iv) review of themes, (v) defining the themes, and (vi) reporting on those themes. The recurrent themes about the lack of detailed accounting and reporting practices form the basis of the presentation and discussion of findings in Section 6.

5. Findings: Annual Reports

The annual report data collection process revealed that not much has changed in terms of NGO accounting and reporting practice since the reports issued by the IMF and ESAAMLG in 2008 and 2018 respectively. Firstly, as highlighted earlier, the annual returns were not openly accessible to the public. Instead, a formal request had to be made to the Registrar of associations to access the annual returns. The ‘Services Provided and Activities’ section of the Registrar of Associations stipulates that information about associations and trade unions (copies of rules and returns accounts, committee members) can only be considered upon specific request. Such a restriction on the access to annual returns already impedes upon the transparency and accountability of NGOs, particularly from the perspective of those who are meant to benefit from donations and grants and the financial providers (public, government, and other private donors).

Even among the annual returns the registrar of associations chose to provide for this study, several sections (including receipts and payments account) of these annual returns were left blank by the NGOs. This implies that the Registrar of Associations does not seem to maintain proper monitoring over the submitted annual returns; despite the requirement set out in 20(2) of the Registration of Associations Act 1978.

Furthermore, the descriptive statistics of the content analysis scores are presented in Table 4. It can be seen, on average, that less than a quarter of the total items in the checklist are disclosed by the NGOs. With a mean of 0.347, financial disclosures are the most prevalent type of disclosure. The minimum of zero for the total score infers that some of the NGOs did not report a single item from the checklist. The maximum of 0.581 for the total score shows that even the NGO that made the most disclosures did not disclose more than 60% of the items. While at least one NGO reported all basic information, it was noteworthy that the maximum score obtained by any NGO for non-financial disclosures was only 0.250 i.e., only a quarter of all the items in this disclosure sub-component.

INSERT TABLE 4 ABOUT HERE

For basic information, the most reported items were “Name of association” and “Nature of programs and/or services” while the least disclosed item in that category was “Description of affiliations”. With regards to financial disclosures, the most reported items were “Sources of income” and “List of expenses” while the least disclosed item was “Classification of income”. For non-financial disclosures, the most disclosed item was “Information on staff and volunteers” and the least disclosed items were “List of programs and services”, “Objectives of programs and/or services”, “Program and service efforts and accomplishments”, “Issues faced and remedial actions", "Plan of action", "Development of new programs and services", "Information on targeted population" and "Investment in technology". The lack of information on these aspects is in sharp contrast with research indicating that aspects such as reporting on outcomes, impact, effectiveness/efficiency of programs/activities and governance (e.g., Dhanani and Connolly, 2012; McConville, 2017; Hyndman and McConville, 2018) are crucial from a public accountability perspective.

Table 5 displays the statistics for the different categories of NGOs in the sample. Charities and mutual aid organisations disclosed on average more basic information than the other categories while women associations generally disclosed the least amount of basic information. For financial disclosures, charities once again disclosed the most on average and the NGOs that disclosed the least financial disclosures generally belonged to 'retailers' and 'women associations' categories. On average, federations disclosed the most non-financial disclosures while parent and teacher associations disclosed the least non-financial disclosures. Overall, the NGOs classified locally as 'charities' are found to disclose the most items while those in the 'women associations' category disclosed the least. With regards to the former, we surmise that their financial dependence on overseas grants/donors may explain a higher level of disclosure.

INSERT TABLE 5 ABOUT HERE

Our analysis of the annual report disclosures thus revealed very limited engagement by local NGOs on accounting and reporting aspects, whether from a financial or non-financial perspective, even if a handful of NGOs displayed fairly high levels of accountability in the annual reports. We consider the circumstances and reasons underlying this relatively poor level of public accountability and monitoring thereof in the sector from the interviews.

6. Interview findings and discussion

We approached our informants with a brief presentation of the annual report findings with a view to explore their views and reactions to this current state of NGO accounting and reporting. Their responses are considered against the following themes.

6.1. Absence of NGO specific accounting and reporting standards

Like the case of India, there are no NGO specific accounting standards in Mauritius. A relatively basic set of accounting standards aimed at NGOs would allow the information needs of the users of NGO reports to be met (Cordery *et al.*, 2019). Meeting the needs of NGO reporting users such as the public, donors and the government would ensure that the ability to assess the performance of the NGOs is enhanced. According to Gandia (2011), such performance assessments can support future donations and legitimise NGO activities (Pärl *et al.*, 2020). This is supported by Interviewee 5 who stated that: *"we need an updated reporting framework that can generate information that is usable for filing with not only the Registrar, but also our other stakeholders"*. In the NGO sector, accounting information remains quite important as donors want to know how their contributions are spent (Costa and Andreaus, 2020).

6.2. Staff training

The content analysis of the reports also potentially highlights the concern that many NGO officers are not properly trained to engage with the annual accounting and reporting process. Interviewee 5 stated that *"the reporting was challenging for us, so we had to recruit someone for that specific purpose"*. The call by Sinclair *et al.* (2013) to educate officers in such sectors on how to appropriately deliver on public transparency can thus be extended to the Mauritian context. The focus should be on the smaller NGOs since their officers tend to be the ones that lack adequate accounting training (Kemp and Morgan, 2019). One officer of a smaller NGO (Interviewee 1) stated that *"the reporting cannot be done without accounting knowledge…an accountant has agreed to help us with the reporting voluntarily, but this might not be the case for other small NGOs"*.

A recommendation by Interviewee 3 is that "*umbrella organisations for NGOs such as the Mauritius Council of Social Service (MACOSS) in Mauritius can propose training sessions/workshops to NGO officers"*. This lack of staff with appropriate accounting knowledge has also led to some NGOs outsourcing their accounting and reporting requirements. For example, Interviewee 8 stated, *"due to the different types of reporting that we are required to do, we were forced to seek the services of an accounting firm"*. Outsourcing to accounting firms might be a solution for smaller NGOs who cannot afford in-house accounting staff. In addition, having an external accounting firm do the reporting can bring greater transparency and credibility (Interviewee 8).

6.3. Accounting requirements that are commensurate with NGO size

The reporting requirements for the NGOs in Mauritius were found to be uniform across organisations of all sizes. The Registrar is yet to implement different reporting requirements based on the size of organisations. Countries such as Australia, New Zealand and the UK employ such a reporting system. Alternatively, a more complex scoring to determine the reporting requirements (like the Public Interest Score in South Africa) could be implemented. Interviewee 1 highlighted the need for greater accountability of larger NGOs by stating *"when an NGO manages larger sums of money, their reporting needs to be done by a professional and at each level of the organisation"*.

Imposing reporting requirements that are commensurate with size ensures that smaller NGOs are not overburdened by costly reporting requirements and that larger NGOs provide more information on the substantial amount of funds they handle (Cordery *et al.*, 2019). Larger NGOs also have more resources to improve their accountability as reported by Interviewee 2 *"we have a finance department with about five people and our whole accounting system is computerized"*. These resources can allow them to provide more detailed reports as according to Interviewee 10 *"being that we are a large organisation, the current reporting requirements are quite basic and could be made more demanding in terms of details to better reflect our activities"*. Beyond resources, larger NGOs tend to have been in existence for longer and hence have more experience in reporting. For example, Interviewee 4 stated *"understanding the reporting requirements is easier for us since we have been doing it for a long time now"*. However, as things stand, even NGOs with major financial flows are still providing very little information.

6.4. Narrative (non-financial/performance) reporting

The lack of narrative reporting identified by Crawford *et al.* (2014) and Mack *et al.* (2017) in Australia and New Zealand is also prevalent in Mauritius. Funders find non-financial information to be crucial (Yang *et al.*, 2017) but the provision of such information is non-existent in the NGO sector of Mauritius. Interviewee 5 stated *"there is demand for more detailed impact reports, but* *the associated costs are a major hurdle"*. The content analysis highlights this as one NGO that obtained the maximum non-financial disclosure score yet still disclosed only a quarter of the total items in that disclosure category.

Interviewee 8 stated *"…it is true that our reporting is currently mainly quantitative, but we agree that the qualitative dimension is important as well"*. Considering that financial results do not tell the whole story about an NGO's performance, narrative reporting and the provision of non-financial performance data can enhance NGO transparency (Gordon *et al.*, 2010; Costa and Andreaus, 2021). According to Feng *et al.* (2019), information requirements have over time shifted towards the more programmatic (i.e., governance) aspects of NGO reporting. The trust that NGOs can gain from enhanced accounting and reporting can help them improve their fundraising performance (McConville, 2017). This is supported by Interviewee 3's statement *"… the quality of our reporting has helped us build up a relationship of trust with funders"*.

6.5. Proper monitoring and control of NGOs

Interviewee 6 stated *"there are so many NGOs registered with the registrar that it is hard for them to have proper control and carry out inspections regularly"*. In Australia and New Zealand, regulators and the public can have access to the annual returns and other details of the charities on the website of the ACNC and Charities Services respectively. The implementation of a digital repository system by the local regulators could ensure better control and monitoring of the increasing number of NGOs in Mauritius.

Interviewee 10 also expressed a similar thought by stating *"we know some organisations that have not filed their annual returns for up to five years and nothing has been done by the Registrar. The Registrar said that there is a possibility to be de-registered if an organisation that does not file its annual returns but this* [deregistration] *has rarely occurred"*. The above supports the adoption of digital technologies to increase the monitoring and control of the Mauritian NGO sector by the registrar. This line of thought is shared by Interviewee 7 according to whom *"we cannot expect the few officers at the registrar to have control over thousands of NGOs but with time, if they improved their system through computerization, it would be a step in the right direction"*. Such control and monitoring are particularly important as Interviewee 10 stated *"it is mainly when frauds or poor management have already occurred that the Registrar steps in"*, indicating that there is a need to improve mechanisms to early detect possible instances of fraud and mismanagement.

Shifting from a paper-based system to an online system for the annual returns would also increase the public's accessibility to information about registered NGOs. Such a system already exists in countries such as Australia and New Zealand where the public can have access to NGO annual returns and other details on the website of the ACNC and Charities Services respectively. While the implementation of a digital system by the registrar of associations would involve upfront costs, it would ensure that NGO transparency to the public remains even when the number of NGOs increases in the future. Interviewee 5 stated, *"…at the level of the registrar there is already a lack of capacity to properly monitor all NGOs"*. This is further supported by Interviewee 6 according to whom, *"there are so many NGOs registered with the registrar that it is hard for them to have proper control and carry our inspections regularly"*. Enabling the public to access the NGO accounts and returns contributes to public transparency, which may lead to interested parties (members of the public, beneficiaries, donors) to identify (and report) on areas of contradiction and concerns.

With regards to digitalization, it became clear that some of the larger NGOs have already surpassed the registrar. For example, Interviewee 2 stated *"Previously, our accounting practices were paper based but as we grew, we found that digitalization was necessary. We have been using an accounting software for 15 years and have faced no issues so far. We can now easily generate reports with a single click, obtain information on transactions without having to go through different file cabinets and all our documents are better organized"*. The above statement sheds light on the benefits that the Mauritian NGO sector can reap from digitalization. With the ongoing COVID-19 pandemic, some NGOs have also been unable to manually file their annual returns with the Registrar. One example is Interviewee 9 who stated: *"we were supposed to submit our annual return early this year, but we were unable to do so because of the lockdown"*. With an online platform, such issues would not have arisen, and NGOs would have been able to file their annual returns on time.

7. Discussion and Conclusion

The study sought to investigate the state of NGO accounting and reporting in Mauritius. Through a mixed-method approach, the findings suggest a poor standard of accounting and reporting practice within Mauritian NGOs. Drawing on from the prior limited studies (IMF, 2008; ESAAMLG, 2018) and acknowledging that our research was not able to rely on content analysis evaluations over time, we contend there is little indication that practices have improved locally. According to Gordon *et al.* (2010) and Mack et al. (2017), when annual returns are not complete, accessible and do not provide full disclosure, there is a threat in terms of a lack of public trust and confidence in the NGO sector. Our efforts at collating annual reports and the content analysis thereof revealed that the annual returns submitted by Mauritian NGOs are neither complete, not accessible to the public, and nor do they provide full disclosure about their activities and transactions. This puts into question the efficacy of the regulator and the government in overseeing the sector and whether oversight institutions have adequate information on the nature and scale of the financial transactions.

This lack of progress towards addressing the transparency of Mauritian NGOs can be viewed as perplexing given the country's extensive efforts towards improving financial reporting and governance in both the private and public sectors. Of particular concern is that the institutional setting (legislation and regulations) appears to be (still) defending a culture of opacity around the financing and operations of local NGOs. This, according to the Financial Action Task Force (FATF), makes them susceptible to misuse. The lack of (1) NGO specific accounting standards, (2) properly trained NGO officers, (3) accounting requirements commensurate with NGO size and (4) proper monitoring and control by the registrar are thus major factors contributing to the lack of transparency of the Mauritian NGO sector. In turn, this jeopardies opportunities for some NGOs to demonstrate their relatively novel form of accountability to a wider audience.

After having assessed the prevailing situation, the study addresses its second research question which relates to reforms that could be considered to improve NGO accounting and reporting practices in Mauritius. Firstly, a system of differential reporting requirements based on the amount of resources managed by an NGO could be introduced to ensure that larger NGOs are held accountable for their sizeable financial flows while the activities of smaller NGOs are not hampered by costly accounting requirements (Cordery *et al.*, 2019). Secondly, there is a need for accounting standards and principles that better match the requirements of NGOs. This would allow stakeholders to make more informed funding decisions and potentially increase the amount of funds NGOs can attract (Gandia, 2011). These NGO specific accounting practices should also extend to the non-financial dimension which will greatly enhance the accountability of NGOs (Gordon *et al.*, 2010).

Thirdly, the study identifies the need for the local regulatory body (Registrar of Associations) to update its monitoring system to ensure it can scrutinise not only the increasing number of NGOs but also meet the expectations for public transparency and accountability. Presently, the paper-based system of the registrar is already overwhelmed by the thousands of NGOs. As a result, there is little to no control and monitoring over the activities of the NGOs. The content analysis illustrates this clearly as numerous NGOs appear to be filing their annual returns without inputting basic information and with little evidence that the Registrar's office can detect these issues. A recommendation would be to digitalize the registrar's system as this would enhance its monitoring capabilities and allow for better (automated) control and scrutiny over a relatively large number of NGOs. An online system would also help increase public accessibility to information about NGOs while minimising the cost of providing this information.

Fourthly, several of the interviewees highlighted how the lack of NGO officers with proper accounting training has affected them. In line with Kemp and Morgan (2019), this issue was found to be particularly relevant for smaller NGOs as larger NGOs are resourceful enough to either employ accounting staff or outsource their reporting responsibilities to an accounting firm. The need to train NGO officers on how to appropriately deliver on the accountability that is owed to the public (Sinclair *et al.*, 2013) can be met through umbrella organisations such as MACOSS; which already provides accounting training sessions/workshops to NGO officers. All too often, it appears that NGO accounting and reporting is viewed as a minor issue even although this can reflect significant amounts of financial resources devoted to NGO activities. Table 6 summarises the issues and proposed reforms for the Mauritian NGO sector.

INSERT TABLE 6 ABOUT HERE

The current study sheds light on the accounting practices of Mauritian NGOs mainly from the perspective of the NGOs themselves. At a time when there are many global exhortations towards better governance and accountability, inclusive of the IFR4NPO initiative, it is crucial that locally appropriate solutions can be deployed to provide locally relevant accounting and reporting information. Furthermore, while the views obtained from the interviews support the content analysis findings, it would be useful for future studies to explore the usefulness of NGO accounting and reporting from the perspective of funders, donors, and other stakeholders. This would shed light on the accounting expectations of these stakeholders and help to better shape novel reporting requirements that are tailor-made for Mauritian NGOs.

In terms of limitations, access to pre-selected annual returns at the Registrar of Associations invariably limits the generalisability of the study. Further work could be based on data that researchers can randomly collect from the Registrar. Additionally, we acknowledge the risk of self-selection bias with respect to the interviewees we encountered during the research since NGO officers who face financial, or accountability issues may not be willing to participate. Notwithstanding, the depth and breadth of the data does sufficiently allow for an informed appreciation of the state of accounting and reporting practices in Mauritius. Finally, the disclosure checklist could also form the basis for assessing accounting and reporting practices in other developing economies.

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Table 1: Summary of NGO Accounting & Reporting requirements in selected jurisdictions

	Key Regulatory Body	Reporting Requirements
Mauritius	Office of the Registrar of Associations	An annual return containing (1) a statement of all receipts and payments of the association in respect of the accounting period and of the assets and liabilities of the association existing on the accounting date; (2) a statement of the list of office bearers with their postal addresses; (3) a return of the membership of the association as at 31 December of the preceding year and (4) a copy of amended rules (if the association had modified its rules) has to be submitted to the Registrar.
Australia	Australian Charities and Not-for-Profits Commission	NPOs are required to follow IFRS. A small charity can choose to use either cash or accrual accounting, and submit a financial report which is not reviewed or audited; a medium charity needs to submit a financial report which is either reviewed or audited; while a large charity has to submit an audited financial report. There is a sector specific Australian standard on the treatment of not-for-profit income (AASB 1058).
India	No distinct regulatory agency	There is no uniform reporting framework, with the reporting by NGOs based on different laws and regulations governing the sector.
New Zealand	Charities Services	Charities are required to submit annual reports containing general information of the charity, its purpose along with financial and non-financial performance statements. The reporting standards applicable is dependent on the amount of expenses of the charities and include full PBE standards, PBE standards reduced disclosure regime, Simple Format Reporting (Accrual) and Simple Format Reporting (Cash).
South Africa	Directorate for Non-Profit Organisations (NPOs can voluntarily choose whether to be registered or not)	Registered NPOs are required to submit annual reports which include a narrative report, financial statements and a report prepared by an accounting officer. The general reporting requirements are based on the Public Interest (PI) Score which is calculated at the end of each year and determines applicable financial reporting standards and whether reports need to be audited or independently reviewed.
UK	Charity Commission	The reporting requirements for charities are dependent on their gross income and whether the charity is an unincorporated charity, a charitable incorporated organization or a charitable company. The aforementioned determines the type of accounts the charities need to report (accruals or cash), the audit requirement and whether it needs to lodge its annual report with the Companies House or the Charity Commission

Table 2: Content Analysis Checklist

1	**Basic Information**	**2**	**Financial Disclosure**
1.1	Name of association	2.1	Sources of income
1.2	Seat/address	2.2	Classfication of income
1.3	Registered number	2.3	List of expenses
1.4	Nature of programs and/or services	2.4	Classification of expenses
1.5	Description of affiliations	2.5	Surplus or deficit
3	**Non-Financial Disclosure**	2.6	List of assets
3.1	List of programs and services	2.7	Classification of assets (e.g. Non-current/Current)
3.2	Objectives of programs and/or services	2.8	List of liabilities
3.3	Program and service efforts and accomplishments	2.9	Classification of liabilities (e.g. Non-Current/Current)
3.4	Issues faced and remedial actions	2.10	Financial resources (e.g. Cash at bank)
3.5	Plan of action	2.11	Changes in financial resources
3.6	Budget information on programs and services	2.12	Description of source of support (Local/Foreign)
3.7	Development of new programs and services	2.13	Disclosure of accounting policies
3.8	Information on targeted population	2.14	Auditor details
3.9	Investment in technology		
3.10	Information on staff and volunteers		
3.11	List of executive committee members		
3.12	Additional details on governance (meetings, election etc)		

Table 3: Interviewee details

	Size	Objective
Interviewee 1	Small	Education
Interviewee 2	Large	Religious
Interviewee 3	Small	Education
Interviewee 4	Large	Women empowerment
Interviewee 5	Small	Education
Interviewee 6	Large	Charity
Interviewee 7	Large	Sports
Interviewee 8	Small	Education
Interviewee 9	Small	Poverty alleviation
Interviewee 10	Large	Religious
Interviewee 11	Large	Charity
Interviewee 12	Large	Health
Interviewee 13	Small	Rehabilitation
Interviewee 14	Large	Education
Interviewee 15	Small	Health
Interviewee 16	Large	Human rights
Interviewee 17	Small	Education
Interviewee 18	Large	Health
Interviewee 19	Small	Health
Interviewee 20	Large	Health
Interviewee 21	Small	Sports
Interviewee 22	Small	Education
Interviewee 23	Large	Environment
Interviewee 24	N/A	Registrar of Associations
Interviewee 25	N/A	Foundation(NSIF)

Table 4: Descriptive Statistics

	Basic Information	Financial Disclosures	Non-Financial Disclosures	Total Score
Average	0.223	0.347	0.141	0.247
Median	0.000	0.357	0.167	0.258
Standard Deviation	0.319	0.185	0.054	0.130
Minimum	0.000	0.000	0.000	0.000
Maximum	1.000	0.786	0.250	0.581
First Quartile	0.000	0.143	0.083	0.097
Third Quartile	0.600	0.429	0.167	0.331

Table 5: NGO Category Statistics

	No.	Mean BI	Mean FD	Mean NFD	Mean Total Score
Charity	2	0.600	0.679	0.125	0.452
Cultural	10	0.320	0.321	0.142	0.252
Federation	2	0.500	0.571	0.167	0.403
Neighborhood associations	11	0.127	0.292	0.136	0.205
Mutual Aid	2	0.600	0.571	0.125	0.403
Professional	6	0.150	0.330	0.125	0.222
Parent Teachers' Association	5	0.280	0.229	0.083	0.181
Religious	23	0.191	0.394	0.163	0.272
Retailers	2	0.100	0.179	0.125	0.145
Senior Citizen	12	0.117	0.333	0.139	0.223
Sports	9	0.333	0.317	0.157	0.258
Women	4	0.050	0.179	0.104	0.129

Table 6: Summary of Issues and Proposed Reforms

Issues	Proposed Reforms
(1) Lack of NGO specific accounting standards	Introduction of accounting standards that better match the requirements of NGOs to allow stakeholders to make more informed funding decisions and potentially increasing the amount of funds NGOs can attract (Gandia, 2011).
(2) Lack of properly trained NGO officers	Umbrella organizations such as the MACOSS can provide accounting training sessions/workshops to NGO officers to educate them on how to appropriately deliver on the accountability they owe to the public (Sinclair *et al.*, 2013).
(3) Lack of accounting requirements commensurate with NGO size	A system of differential reporting requirements based on the amount of resources managed by an NGO should be introduced to ensure that larger NGOs are held accountable for their sizeable resources while the activities of smaller NGOs are not hampered by excessive accounting costs (Cordery et al., 2019)
(4) Lack of narrative (non-financial/performance) reporting	The NGO specific accounting practices to be introduced to remedy issue (1) should also extend to the non-financial dimension to enhance the accountability of NGOs (Gordon *et al.*, 2010).
(5) Lack of proper monitoring and control by the registrar	Digitalization of the registrar's system would enhance its monitoring capabilities and allow for better control over large numbers of NGOs. An online system would also increase public accessibility to information about NGOs.