

# Internal Control Systems and Financial Sustainability of the Catholic Relief Services, Rwanda

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**Abstract:** This study assessed the role of internal control systems in enhancing the financial sustainability of NGO projects in Rwanda, using Catholic Relief Services (CRS) as a case study. The specific objectives were to examine the effects of administrative controls, quality-control activities, control and heritage management, and control accounting on the financial sustainability of NGO projects. The study was motivated by the challenges NGOs face in maintaining financial stability after donor support ends, despite the existence of internal control mechanisms. A mixed-methods research approach was employed, combining quantitative and qualitative data collection techniques. The target population comprised 161 CRS employees, from which a sample of 115 respondents was selected using Slovin's formula at a 95% confidence level and a 5% margin of error. Data were collected through surveys and financial records and analyzed using descriptive statistics, correlation analysis, and multiple regression techniques to determine the relationship between internal control system components and financial sustainability. The findings revealed that administrative controls have a positive and statistically significant effect on financial sustainability ( $B = 0.516$ ,  $p = 0.015$ ), indicating that stronger administrative procedures contribute substantially to sustainable financial performance. Similarly, control accounting demonstrated a positive and highly significant influence ( $B = 0.381$ ,  $p = 0.003$ ), highlighting the importance of accountability, transparency, and sound financial management practices in ensuring organizational sustainability. Quality-control activities showed a positive but statistically insignificant effect ( $B = 0.197$ ,  $p = 0.295$ ), suggesting that while they support sustainability, their impact is limited unless reinforced by effective administrative and accounting controls. The study concludes that robust internal control systems are critical for enhancing the financial sustainability of NGO projects. It recommends strengthening and standardizing administrative controls, positioning control accounting as a strategic management function, integrating quality-control and heritage management activities into financial planning processes, reassessing audit practices, and adopting a comprehensive systems-based approach to financial management and sustainability. These measures can help NGOs improve accountability, optimize resource utilization, and maintain long-term financial viability beyond donor funding.

**Keywords:** Internal Control Systems, Financial Sustainability, Catholic Relief Services, Rwanda.

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## 1. INTRODUCTION

Non-Governmental Organizations (NGOs) have played a big role in tackling global challenges like healthcare, education, poverty, and environmental protection. They rely on different funding sources, including government grants, private donations, and international aids. Managing their finances well is key to keeping their projects running and making a real impact. While strong internal controls are important everywhere, NGOs in East Africa face unique challenges that make them even more crucial. Good internal controls help keep finances transparent, reduce risks, and ensure accountability (Gul & Morande, 2023).

Having solid financial controls not only protects donor funds but also helps NGOs make a bigger impact. Experts have studied how these systems improve financial performance by making reporting more reliable and strengthening administrative processes. But just having control systems in place doesn't always mean an NGO's finances will be in perfect shape especially when dealing with donor-funded projects (Muhunyo & Jagongo, 2018).

Non-Governmental Organizations (NGOs) play a big role in global development, working in different areas to tackle tough challenges. But to keep their projects running, they need strong financial management. A key part of this is having solid internal control systems in place. These systems help NGOs manage their money well, avoid financial risks, and stay accountable. This review looks at how internal controls support financial sustainability, with a focus on global insights and East Africa's experience (Odhiambo & Maende, 2023).

For NGO projects to last, funds must be used wisely. Internal control systems help by setting clear policies and processes to protect assets, follow regulations, and keep financial records accurate. These controls reduce fraud, ensure transparency, and improve financial reporting. All of this builds trust with donors and communities, which is essential for keeping projects going (Saber & Sassine, 2022).

Globally, the need for strong internal controls in NGOs is well recognized. Groups like the United Nations (UN) and international financial institutions stress their importance in making sure resources are used properly for development goals (UN, 2020). Professional bodies such as the Chartered Institute of Management Accountants (CIMA) highlight how internal controls prevent fraud and financial mismanagement (CIMA, 2018). When NGOs follow these best practices, they strengthen their financial health and increase their impact.

In Lesotho, non-profits play a key role in the country's development, but they struggle financially. Malebo (2019) highlights that these organizations rely heavily on donor funding, and local NPOs have harder time securing funds than foreign ones. Political instability has only made things worse, disrupting external funding and threatening their survival.

In Ghana, NGOs are essential to national development, but their financial health is a big concern. The country depends heavily on foreign aid, and there aren't many ways for NGOs to generate income locally. This makes their financial stability a pressing issue (Ebenezer, Musah & Ahmed, 2020).

In East Africa, strong financial management is crucial for NGOs. The region has many organizations working on poverty reduction, healthcare, and other social programs, often in tough conditions. The East African Association of Grantmakers (EAAG) stresses the need for solid internal controls to keep donor trust and ensure long-term impact (EAAG, 2019). NGOs in East Africa also face unique hurdles—unstable donor funding, limited financial access, and political challenges. Without strong internal systems, they risk financial instability and project failure.

In Rwanda, NGOs are vital partners in social progress. The government supports them through various initiatives to improve public services and uplift communities. But despite these efforts, many NGOs struggle or shut down due to poor management, lack of funds, and financial misconduct (Niyibizi & Semana, 2021). The global financial crisis has prompted heightened scrutiny by the donor community over the activities of NGOs operating worldwide. Recent operational and financial scandals involving Africa-based NGOs have raised concerns among financiers of faith-based NGOs in sub-Saharan Africa. These NGOs' management teams are driven to prevent operational inefficiencies that hinder their intended objectives.

## **2. METHODOLOGY**

### **2.1 Research Design**

This study used a mixed-methods approach, integrating both quantitative and qualitative data.

### **2.2 Target population**

The study focuses on Catholic Relief Service an CSR operating within Rwanda. The target Population includes the Management staff, finance officers, and internal auditors of selected CSRs, as well as donors and community stakeholders.

### **2.3 Sample Size**

The sample size for this study was determined from a target population of 161 employees of Catholic Relief Services. To ensure that the sample adequately represented the population while maintaining a 95% confidence level and a 5% margin of error, Slovin's Formula was used to calculate the required sample size.

The formula is expressed as:

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

Where:

- $n$ = required sample size
- $N$ = total population size (161 employees)
- $e$ = margin of error (0.05)

Substituting the values into the formula:

$$n = \frac{161}{1 + 161(0.05)^2}$$

$$n = \frac{161}{1 + 161(0.0025)}$$

$$n = \frac{161}{1 + 0.4025}$$

$$n = \frac{161}{1.4025}$$

$$n = 114.8$$

The calculated sample size was approximately **115 respondents** after rounding to the nearest whole number. Therefore, a total of **115 employees** were selected to participate in the study. This sample size was considered sufficient to provide reliable and representative findings regarding the role of internal control systems in the financial sustainability of NGO projects in Rwanda

## 2.4 Sampling Techniques

The study used stratified sample method to collect data. Stratus were categorized according to the departments.

## 2.5 Data Collection Instruments

Structured questionnaires were given to Catholic Relief Service staff to collect numerical data on financial practices and sustainability. Semi-structured interviews with senior staff, internal auditors, and donors provided detailed, qualitative insights.

# 3. RESULTS AND DISCUSSIONS

## 3.1 Demographic Characteristics of Respondents

Data analysis commenced with the general demographic information of respondents to provide context for interpreting the findings.

**Table 1: Gender of the Respondents**

	Frequency	Percent
Male	42	45.7
Female	50	54.3
Total	92	100.0

(Source: Primary Data, 2026)

The gender distribution of respondents shows a fairly balanced representation, with a slight dominance of female participants. Out of the total 92 respondents, 50 (54.3%) were female, while 42 (45.7%) were male.

This pattern suggests that women form a slightly larger share of the workforce or participation base within the NGO projects covered in this study. In the Rwandan context, this is not surprising. Over the years, Rwanda has placed strong emphasis

on gender inclusion across sectors, including development work and community-based projects. As a result, many NGOs have actively promoted women’s involvement, especially in roles linked to project coordination, finance, and community engagement.

The near balance between male and female respondents is important for the quality of the study. It means that the findings are not heavily shaped by one gender perspective. Instead, they reflect a mix of views, which gives a more complete picture of how internal control systems operate in NGO settings.

From an analytical point of view, the slightly higher number of female respondents may also suggest that women are increasingly taking up responsibilities that require accountability and structured management, such as financial oversight and reporting. This aligns with broader national efforts to strengthen women’s role in leadership and decision-making.

### 3.2 Effectiveness of administrative controls in financial management in NGO projects

One of the first variables of this study was to assess the effects administrative controls on financial management of NGOs projects in Rwanda in order to ascertain how it can lead to financial sustainability of these projects. A questionnaire with various variables were presented to the respondents to rate their level of agreement using a Likert scale ranging from 1 for those who strongly disagree and 5 for those who strongly agreed and the descriptive results are indicated in the table below:

**Table 2: Effectiveness of administrative controls in financial management (N=92)**

	Mean	Std. Deviation
The administrative controls implemented in our NGO project are effective in ensuring proper financial management.	4.4022	.63001
The financial controls implemented have improved the financial sustainability of our NGO project.	4.2717	.82679
Administrative controls have significantly reduced financial risks and mismanagement in our NGO project.	4.0109	.79136
Our NGO project conducts financial audits frequently to ensure compliance with control policies.	4.1522	.92505
Administrative controls have improved our ability to secure external funding and donations.	4.2935	.90830
Valid N (listwise)		

(Source: Primary Data, 2026)

The results on the effectiveness of administrative controls show a clear and consistent pattern of agreement among respondents. All the mean scores are above **4.0**, which falls between *Agree (4)* and *Strongly Agree (5)* on the Likert scale. This indicates that respondents generally hold a positive view of administrative controls in their NGO projects.

The statement that administrative controls ensure proper financial management has the highest mean (**4.4022**) with a relatively low standard deviation (**0.63001**). This suggests strong agreement with little variation in responses. In practical terms, most respondents share a common view that these controls are working well. This reflects a stable system where procedures such as approvals, reporting, and supervision are clearly understood and applied.

The perception that administrative controls improve financial sustainability also shows strong agreement, with a mean of **4.2717**. However, the standard deviation (**0.82679**) is slightly higher, which indicates some variation in opinions. While many respondents agree, a few may feel that the impact is not equally strong across all projects. This may reflect differences in how controls are implemented in different NGOs.

The statement on reduction of financial risks and mismanagement has the lowest mean (**4.0109**), though it still falls within the “agree” range. The standard deviation (**0.79136**) shows moderate spread. This suggests that while respondents generally believe controls reduce risks, the effect may not be uniform. Some NGOs may still face challenges in fully preventing mismanagement, possibly due to weak enforcement or limited capacity.

The issue of frequent financial audits has a mean of **4.1522** with a higher standard deviation (**0.92505**). This indicates agreement, but with noticeable variation among respondents. It suggests that while audits are conducted in many NGOs,

the frequency and consistency may differ. Some organizations may have strong audit practices, while others conduct them less regularly.

Finally, the role of administrative controls in securing external funding shows a high mean (**4.2935**) and a relatively higher standard deviation (**0.90830**). This implies that most respondents agree that strong controls attract donors, but experiences vary. In some NGOs, controls may directly influence funding, while in others, additional factors such as project focus or donor priorities may also play a role.

Overall, the low to moderate standard deviations across all items indicate that responses are not highly scattered. This means there is general agreement among respondents, even though some differences exist. The findings suggest that administrative controls are widely recognized as effective tools for financial management in NGO projects.

From an inference point of view, it can be concluded that administrative controls play a central role in promoting financial discipline, reducing risks, and enhancing sustainability. However, the variation in responses points to the need for more consistent application of these controls across NGOs. Strengthening audit practices and ensuring uniform implementation may help achieve even better outcomes.

### 3.3 The role of quality-control activities on financial sustainability in NGO projects

**Table 3: The role of quality-control activities on financial sustainability (N=92)**

	Mean	Std. Deviation
Quality-control activities have significantly impacted the financial sustainability of our NGO project.	4.2283	.89077
Quality-control measures have helped reduce project costs and resource wastage.	4.3370	.82910
Quality-control activities are well integrated into budgeting and financial planning processes.	4.1739	.68914
Our NGO project consistently tracks and measures the financial impact of quality-control activities.	4.3261	.90309
Donors have expressed confidence in our project's financial sustainability due to our commitment to quality control.	4.4674	.76246
Valid N (listwise)		

(Source: Primary Data, 2026)

The results on the role of quality-control activities show a strong level of agreement among respondents, with all mean scores above **4.0**. This places the responses between *Agree* and *Strongly Agree*, indicating that quality-control practices are widely seen as important for financial sustainability in NGO projects. The statement that donors have expressed confidence due to commitment to quality control has the highest mean (**4.4674**) and a relatively low standard deviation (**0.76246**). This suggests strong and fairly consistent agreement among respondents. In practice, this means that quality control is not only an internal tool but also a signal to donors. NGOs that maintain clear standards and monitor their work are more likely to gain trust and continued support. The finding that quality-control measures reduce project costs and resource wastage also shows a high mean (**4.3370**) with moderate variation (**0.82910**). This indicates that most respondents agree that quality control helps avoid unnecessary expenses. In the Rwandan NGO setting, where resources are often limited, reducing waste is critical for sustaining projects over time.

Similarly, the statement on tracking and measuring the financial impact of quality-control activities has a mean of **4.3261**, though with a slightly higher standard deviation (**0.90309**). This suggests that while many NGOs actively monitor the financial outcomes of quality practices, there are differences in how consistently this is done. Some organizations may have strong monitoring systems, while others may still be developing them. The overall impact of quality-control activities on financial sustainability is also rated highly, with a mean of **4.2283** and a standard deviation of **0.89077**. This shows general agreement, though with some variation in perception. It implies that while the link between quality control and sustainability is recognized, its strength may differ depending on the nature and scale of the project.

The integration of quality control into budgeting and financial planning has the lowest standard deviation (**0.68914**) and a mean of **4.1739**. The low variation suggests that respondents share a common view on this aspect. Most agree that quality control is part of planning processes, though the slightly lower mean indicates that integration may not yet be fully developed

in all NGOs. Overall, the standard deviations range from low to moderate, which shows that responses are fairly consistent but not identical. This reflects a general shared understanding, with some differences based on organizational practices.

From these findings, it can be inferred that quality-control activities play a key role in strengthening financial sustainability. They help reduce waste, improve efficiency, and build donor confidence. However, the variation in responses points to gaps in implementation, especially in tracking financial impact and full integration into planning systems. Strengthening these areas would help NGOs achieve more consistent and long-term financial stability.

### 3.4 Effects of control and heritage management on financial sustainability of NGO projects

**Table 4: Effects of control and heritage management on financial sustainability (N=92)**

	Mean	Std. Deviation
Control and heritage management practices contribute significantly to the financial sustainability of our NGO project.	4.3043	.73737
Our NGO project allocates part of the budget specifically for heritage preservation and management.	4.3478	.80431
Heritage-related activities have enhanced public and donor support for our NGO project.	4.5761	.89238
Control and heritage management measures are integrated into the financial planning and reporting of our project.	3.9674	.87015
These strategies have effectively reduced the risk of financial loss or misuse in our NGO project.	4.2826	.91779
Valid N (listwise)		

(Source: Primary Data, 2026)

The findings on control and heritage management show a strong level of agreement among respondents, with most mean scores above 4.0, which falls between *Agree* and *Strongly Agree*. This indicates that these practices are generally viewed as important for financial sustainability in NGO projects.

The statement that heritage-related activities enhance public and donor support has the highest mean (4.5761) and a moderate standard deviation (0.89238). This suggests that many respondents strongly agree on this point, although there is some variation in experience. In the Rwandan context, this makes sense. Projects linked to culture, environment, and community values often attract attention and support from both local communities and international donors. Heritage activities seem to act as a bridge between NGOs and their stakeholders.

The allocation of budget for heritage preservation also shows a high mean (4.3478) with moderate variation (0.80431). This indicates that many NGOs are making deliberate efforts to fund such activities. It reflects a level of commitment, though the variation suggests that the extent of allocation may differ across organizations. The overall contribution of control and heritage management to financial sustainability has a mean of 4.3043 and a relatively low standard deviation (0.73737). This shows strong and consistent agreement among respondents. It suggests that these practices are not seen as optional, but as part of the core systems that support financial stability. The statement on reduction of financial risk and misuse also records a high mean (4.2826) but with a higher standard deviation (0.91779). This indicates that while many respondents agree that these strategies reduce risk, their effectiveness may vary. Some NGOs may have well-developed systems, while others may still face gaps in implementation.

The integration of control and heritage management into financial planning and reporting has the lowest mean (3.9674) and a relatively high standard deviation (0.87015). This is the only item that falls just below the “agree” level. It suggests that integration is not yet fully achieved in many NGOs. While organizations value heritage activities, they may not always link them clearly to financial systems such as budgeting and reporting. Overall, the standard deviations across the items are moderate, showing that responses are somewhat spread but still centered around agreement. This reflects shared understanding, with some differences based on organizational practice.

From these findings, it can be inferred that control and heritage management play a meaningful role in improving financial sustainability, mainly by increasing public trust and donor support. However, the weaker integration into financial systems points to a gap. NGOs may need to better align heritage-related activities with their financial planning and reporting processes. Doing so would help them move from general support to more structured and sustainable financial outcomes.

3.5 Contributions of control accounting on financial sustainability of NGO

Table 5: Contributions of control accounting on financial sustainability (N=92)

	Mean	Std. Deviation
Control accounting practices are effective in managing financial resources in our NGO project.	4.1848	.86354
Control accounting has positively influenced the financial sustainability of our NGO project.	4.1630	.82910
Control accounting has helped identify and mitigate financial risks in a timely manner.	4.5435	.76191
These practices have improved resource allocation in our NGO project.	4.2391	.81698
Control accounting has enhanced transparency and accountability in financial management within our NGO project.	4.5000	.71867
Valid N (listwise)		

(Source: Primary Data, 2026)

The findings on control accounting show a clear pattern of agreement among respondents, with all mean scores above 4.0, which falls between *Agree* and *Strongly Agree*. This indicates that control accounting is widely viewed as an important tool in supporting financial sustainability within NGO projects. The statement that control accounting helps identify and reduce financial risks has the highest mean (4.5435) and a relatively low standard deviation (0.76191). This suggests strong and consistent agreement among respondents. It shows that accounting systems are not only used for record keeping but also for early detection of financial problems. In practice, this allows NGOs to act in time and avoid losses. Closely related to this is the finding on transparency and accountability, which also has a high mean (4.5000) and the lowest standard deviation (0.71867). The low variation indicates that respondents share a common view on this issue. It reflects the importance of clear financial reporting in building trust, especially in the Rwandan context where NGOs must account to donors, government, and beneficiaries.

The improvement of resource allocation has a mean of 4.2391 with moderate variation (0.81698). This suggests that most respondents agree that control accounting helps ensure that funds are directed to the right activities. However, the variation shows that the level of effectiveness may differ across organizations, depending on how well these systems are applied. The overall effectiveness of control accounting in managing financial resources has a mean of 4.1848 and a standard deviation of 0.86354. This indicates general agreement, though with some differences in experience. Some NGOs may have more advanced systems, while others may still be improving their practices.

The statement that control accounting influences financial sustainability has the lowest mean (4.1630) and moderate variation (0.82910). While still within the “agree” range, this suggests that respondents may see its impact as indirect. Control accounting supports sustainability through better management, rather than acting as a direct source of funding. Overall, the standard deviations are moderate, showing that responses are fairly consistent but not identical. This reflects differences in how control accounting systems are implemented across NGOs.

From these findings, it can be inferred that control accounting plays a key role in strengthening financial sustainability. It improves risk management, enhances transparency, and supports better use of resources. These functions are critical for NGOs that rely on trust and accountability to maintain funding. However, the variation in responses suggests that some organizations may need to strengthen their accounting systems to achieve more consistent results.

Table 6: Coefficients Statistics

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.041	.651		.063	.950
1	Administrative controls have significantly reduced financial risks and mismanagement in our NGO project.				
	.516	.207	.494	2.492	.015
	Our NGO project conducts financial audits frequently to ensure compliance with control policies.				
	-.336	.193	-.376	-1.744	.085

Quality-control measures have helped reduce project costs and resource wastage.	.072	.185	.072	.391	.697
Quality-control activities are well integrated into budgeting and financial planning processes.	.197	.187	.164	1.053	.295
Heritage-related activities have enhanced public and donor support for our NGO project.	.154	.128	.166	1.199	.234
Control accounting has enhanced transparency and accountability in financial management within our NGO project.	.381	.126	.331	3.029	.003

a. Dependent Variable: The financial controls implemented have improved the financial sustainability of our NGO project.

(Source: Primary Data, 2026)

The coefficients table provides a deeper understanding of how each independent variable contributes to financial sustainability when all factors are considered together. It shows both the direction and strength of the relationship, as well as whether each variable has a statistically significant effect.

Starting with the constant ( $B = 0.041$ ,  $p = 0.950$ ), the result is not significant. This means the intercept has no meaningful contribution to the model. The focus, therefore, should be on the independent variables.

Administrative controls show a positive and significant effect on financial sustainability ( $B = 0.516$ ,  $p = 0.015$ ). This means that an increase in effective administrative controls leads to an increase in financial sustainability. The standardized coefficient (Beta = 0.494) is also the highest among all variables, which shows that this is the strongest predictor in the model. In practical terms, reducing financial risks and mismanagement through proper controls plays a central role in strengthening NGO finances.

Control accounting also shows a positive and highly significant effect ( $B = 0.381$ ,  $p = 0.003$ ). The Beta value (0.331) indicates a strong contribution, though slightly lower than administrative controls. This confirms that transparency and accountability in financial management are key drivers of sustainability. NGOs that maintain clear records and reporting systems are more stable and more trusted by donors. In contrast, financial audits show a negative coefficient ( $B = -0.336$ ) and are not statistically significant ( $p = 0.085$ ). While the result is not strong enough to draw firm conclusions, the negative direction is worth noting. It may suggest that simply conducting audits does not automatically improve financial sustainability. In some cases, audits may occur after problems have already arisen, rather than preventing them. This points to the importance of continuous control rather than relying only on periodic checks.

Quality-control measures aimed at reducing costs show a very weak and non-significant effect ( $B = 0.072$ ,  $p = 0.697$ ). This indicates that, when other variables are included in the model, cost reduction alone does not have a strong direct impact on financial sustainability. Its role may be indirect or dependent on other factors. Similarly, the integration of quality-control activities into budgeting and planning shows a positive but non-significant effect ( $B = 0.197$ ,  $p = 0.295$ ). This suggests that while integration is important, it may not independently drive financial sustainability unless supported by stronger systems such as administrative controls and accounting practices.

Heritage-related activities also show a positive but non-significant relationship ( $B = 0.154$ ,  $p = 0.234$ ). This means that while such activities may enhance donor and public support, their direct impact on financial sustainability is not strong when other variables are considered. Their contribution may be more indirect, possibly through improved reputation and community trust.

Overall, the results show that not all components of internal control systems have the same level of influence. Administrative controls and control accounting stand out as the most critical factors, both statistically significant and practically important. The other variables, while positively related, do not show strong independent effects in this model.

From an inference point of view, it can be concluded that financial sustainability in NGO projects is mainly driven by strong internal systems that focus on risk control, accountability, and proper financial management. Other practices such as audits, quality control, and heritage activities still matter, but their impact may depend on how well they are linked to these core systems.

Based on the regression coefficients provided, the linear regression equation can be expressed as follows:

$$Y = 0.041 + 0.516 X_1 - 0.336X_2 + 0.072X_3 + 0.197X_4 + 0.154X_5 + 0.381X_6 + \varepsilon$$

Where:

- Y = Financial sustainability of NGO projects
- $X_1$  = Administrative controls (reduction of risks and mismanagement)
- $X_2$  = Financial audits
- $X_3$  = Quality-control measures (cost reduction)
- $X_4$  = Integration of quality control into planning
- $X_5$  = Heritage-related activities
- $X_6$  = Control accounting (transparency and accountability)
- $\varepsilon$  = Error term

The equation shows how each factor contributes to financial sustainability when all variables are considered together. The constant (0.041) is very small and not significant. This means that without the influence of internal control factors, financial sustainability would remain very low or unchanged. The coefficient for administrative controls (0.516) is positive and the largest. This means that improving administrative controls by one unit leads to an increase of 0.516 units in financial sustainability, holding other factors constant. This confirms that reducing risks and mismanagement is the most important driver of sustainability in NGO projects. Control accounting (0.381) also shows a strong positive effect. This means that improving transparency and accountability leads to a significant increase in financial sustainability. In practice, NGOs that maintain clear financial records and reporting systems are more stable and more likely to sustain their operations.

Financial audits have a negative coefficient (-0.336). This suggests that an increase in audit activities is associated with a decrease in financial sustainability, although the effect is not statistically strong. This may reflect situations where audits are reactive rather than preventive, or where they expose existing financial weaknesses. Quality-control measures aimed at reducing costs (0.072) have a very small positive effect. This indicates that cost reduction alone does not strongly influence sustainability when other factors are present.

The integration of quality control into planning (0.197) shows a moderate positive effect. This suggests that embedding quality practices into budgeting and planning can improve sustainability, though its impact is not as strong as core control systems. Heritage-related activities (0.154) also have a positive effect, meaning that increased support from donors and the public can improve sustainability. However, this effect is relatively small and not strong on its own.

The equation shows that financial sustainability is mainly driven by administrative controls and control accounting. These are the core elements that have the strongest and most reliable impact. Other factors such as audits, quality control, and heritage activities contribute positively, but their effects are weaker and less direct. They support the system but do not drive it on their own. In the Rwandan NGO context, this means that organizations should focus more on strengthening internal systems that ensure accountability, reduce risks, and improve financial management. When these core systems are in place, other practices can then add value and strengthen overall sustainability.

#### **4. CONCLUSION**

This study concludes that internal control systems play a fundamental role in enhancing the financial sustainability of NGO projects in Rwanda. The findings demonstrate that the effectiveness of financial sustainability depends not on a single control mechanism but on the combined functioning of administrative controls, quality-control activities, heritage management practices, and control accounting systems. Among these components, administrative controls and control accounting emerged as the most influential determinants, highlighting the importance of strong governance structures, adherence to policies and procedures, financial discipline, transparency, and accountability in ensuring the long-term viability of NGO projects. Organizations that consistently implement these controls are better positioned to manage financial resources efficiently, minimize risks, and maintain donor confidence.

The study further reveals that quality-control activities and heritage management practices contribute positively to financial sustainability, although their effects are largely indirect. Quality-control activities enhance operational efficiency, improve service delivery, and strengthen stakeholder confidence, while heritage management fosters trust, organizational reputation, and community support. However, these practices alone are insufficient to guarantee sustainable financial performance unless they are effectively integrated with robust administrative and accounting controls. Their value is maximized when they complement broader financial management systems that support strategic planning, resource utilization, monitoring, and reporting.

The findings affirm that financial sustainability in NGO projects is achieved through a comprehensive and integrated internal control framework. Effective administrative oversight, reliable accounting systems, consistent quality assurance mechanisms, and responsible stewardship of organizational assets collectively create an environment that promotes transparency, accountability, and prudent financial management. Consequently, NGOs seeking long-term financial stability should prioritize the strengthening of internal control systems as a strategic tool for improving operational performance, sustaining donor trust, and ensuring the continued achievement of their development objectives.

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