

The Impact of Accounting Practices on the Performance of Not-For-Profit Organisations in Mezam Division.

¹Ndze Jude Kedze, ²Noumigue Guy Roland Kenmegni,

*Student, Faculty of Economics and Management Sciences, University of Bamenda, Cameroon
Senior Lecturer, Higher Institute of Commerce and Management Sciences, University of Bamenda, Cameroon.*

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ABSTRACT: This research work is about to examines the impact of accounting practices (accounting recordings, accounting reporting, internal audit and external audit) on the social performance of NFPO in Mezam division, Northwest, Cameroon. The study adopted a descriptive survey research design with the aid of Partial Least Square Structural Equation Modelling (PLS-SEM) technique. A sample size of 219 questionnaires were received and analysed The finding shows that changes in accounting recording, accounting reporting, internal and external audit are responsible for 93.9% of changes in the social performance of NFPO in Mezam division with $r^2 = 0.939$. Accounting recording have a negatively related with social performance while accounting reporting, internal and external audit are a significantly positive relationship with social performance. This study recommends that government should set up a commission or board to better regulate the activities of NFPO in Mezam. Seminars and workshop should be organised to educate the owners, managers and accountant of NFPO of the importance of accounting practices and improving the performance of accountants of NFPO in Mezam. NFPO should also hire qualify chartered accountant and external auditors to better help them organize and manage their accounting system.

KEYWORDS: Accounting Recording, Accounting Reporting, Internal Audit, External Audit, Not for Profit Organisation, Social Performance.

I. INTRODUCTION

Poor quality financial reporting by not-for-profits organisations has long been recognised as a major regulatory issue, since it not only jeopardizes the financial health of not-for-profits but poses a high risk to the public's trust in the

sector. This has been more appealing to the Charities organisation which are becoming more highly regulated worldwide and yet they are subject to diverse, country-specific, financial reporting standards. New Zealand is a jurisdiction that has treated all sectors alike in its approach to the financial regulation of charities, while the UK has, for some time, separated the regulation of charities from other entities (Cordery& Baskerville, 2007).

There's lack of academic literature in contemporary African civil society particularly in East and Sub-Sahara Africa (O'Driscoll, 2018). It has been notice that the African Civil Society Organisations (CSOs) is dorninated by Western type Non-governmental organisations (NGOs) and Churches while Professional and traditional forms of African Society are ignored (Kleibl&Munck, 2017). As major challenges the CSOs sector in Africa has increasingly face barriers in opposing cyber security laws, increased threads and arbitrary arrest, unlawful searches and funding restrictions (Cooper, 2018). The Cameroonian CSOs sector environment has not been different from the rest of Africa except for the fact that; the role of the CSO has been clearly defined into four categories in the national strategic document titled 'Vision 2035' in the section of national integration. (i) provision of social services for the fight against poverty and social advancement, including for marginalized groups; (ii) moral authority to safeguard and promote the national cultural heritage, the promotion of common values, fight against the centrifugal forces; (iii) participation and social mobilization crucible for the integration of the productive forces and democratization in the context of decentralization; (iv) monitoring activity in defense of human rights in general, including those of workers, women, children and minorities (GESP, 2010). Even though in Cameroon, NGO

have taken the Centre stage in the fight against poverty, social injustice and human rights most are considered weak due to their dependence on funding from government and international aid bodies. Due to the pressures of obtaining and maintaining funding, less effort is placed on management leading to a lack of accountability and inefficiency in services offered to the public. The absence of a common platform for NGO makes coordination of their activities unrealistic.

If an organization has a good system of financial accountability, its ability to sustain financial shocks will be readily foreseeable and measureable. From an internal perspective, accountability systems can be linked to appropriate internal monitoring of financial affairs which ensures the provision of reliable accounting information necessary for responsible financial management (Sopher, 1998). It is generally agreed that the requirements for good internal management control include competent personnel, assignment of responsibility, division of work, separation of accountability from custodianship, adequate records and equipment, rotation of personnel, internal auditing and physical protection of assets (Anthony & Young, 1984). However, accountability expectations extend management control into areas of planning and budgeting, raising funds, allocating resources, record keeping, monitoring and evaluating, reporting and auditing (Elkin & Cook, 1985).

Such controls are essential for NFPOs because they "provide current data on where your organization is and projected data on where you want to be. These benchmarks are essential in evaluating results and mapping out plans (Sopher, 1998). Furthermore, although "most nonprofit leaders trust that people will 'do the right thing, errors and fraud do occur if proper controls aren't put in place" (Lambert, 2002).

One component of a regulatory framework operating effectively is knowledgeable people. The lack of knowledgeable people within the sector can be a problem as charities can often be let down by the very people who mean well but do not have the particular skills, such as financial management, that the charity is looking for (Siveter, 2004). In the United Kingdom specific reference was made to the calibre of the people preparing the financial accounts. Williams and Palmer (1998) felt that this was not of sufficient level to produce appropriate financial statements, particularly with small medium sized charities. In Canada, Price water house in 2009 has tried to alleviate this by providing grants of up to CAD5,000 for charities to spend on professional development.

One problem with charities is how to distinguish between monies used for charitable purpose and monies used to fund illicit activities such as terrorism. The European Parliament in 2005 has since given special consideration, as it is concerned that massive flows of „dirty money“ can not only damage the conduit, such as charities, through which the money is filtered, but also the stability and reputation of the financial sector. The importance of this issue was recently seen in New Zealand in February 2010 with the publication of a fact sheet which seeks to raise the awareness of the issue and ways in which charities can act to ensure no money from terrorist activities is „laundered“ through their charity (Charities Commission, 2010).

II. METHODOLOGY

Research Questions

Main Research Question

The main research question in this work is what is the impact of Accounting Practices on the performance of Not for Profit organisations in Mezam division?

Specific Research Question

The specific research questions in this work include:

- 1) Does accounting recording have an impact on the performance of Not for profit organisations in Mezam division?
- 2) Does accounting reporting have an impact on the performance of Not for profit organisations in Mezam division?
- 3) Does internal auditing have an impact on the performance of Not for profit organisations in Mezam division?
- 4) Does external auditing have an impact on the performance of Not for profit organisations in Mezam division?

Objective of the Study

Main Objectives

The main objective of this study is to examine the impact of accounting Practices in the performance of not for profit organizations in Mezam Division.

Specific Objectives

To attain the main object above we will have to first critically examine the following specific objectives which include:

- 1) Analyze the impact of accounting recordings on the performance of not for profit making organizations in Mezam division.
- 2) Determining the impact of accounting reporting on the performance of not for profit making organizations in Mezam division.

- 3) Estimate the impact of internal auditing on the performance of not for profit making organizations in Mezam division.
- 4) Estimating the impact of external auditing on the performance of not for profit making organizations in Mezam division.

Hypothesis

For us to critically examine the impact of accounting practice four assumptions which are stated in the null (H_0) form have been taken into consideration as stated below.

H_{01} : Accounting recordings has no impact on the performance of not for profit making organizations in Mezam division.

H_{02} : Accounting reporting has no impact on the performance of not for profit making organizations in Mezam division.

H_{03} : Internal auditing has no impact on the performance of not for profit making organizations.

H_{04} : External auditing has no impact on the performance of not for profit making organizations.

Conceptual Literature

The conceptual literature of our work helps us to understand the key terms very relevant in the operationalization of our main topic. In this regard we will be looking at key terms such as accounting practice, accounting recording, accounting reporting, internal auditing, external auditing and performance.

Accounting Practice

Accounting practice is a routine manner in which the day-to-day financial activities of a business entity are gathered and recorded (Amoako, 2013). Thus, a firm's accounting practice refers to the method by which its accounting policies are implemented and adhered to on a routine basis, typically by an accountant, auditor, or a team of accounting professionals. Ebrahim et al. (2014) sees accounting practice as a practice which is intended to enforce a firm's accounting guidelines and policies. It exists as the daily recording of financial data that is important to the evaluation and monitoring of the firm's economic activities. Accounting practice refers to the normal, practical application of accounting or auditing policies that occurs within a business.

Accounting Recording

Accounting recording which also known as book keeping is the recording of business transaction in a systematic and orderly manner, while accounting is the classification, analysis and interpretation of the business record for decision

making (Abayomi&Adegoke, 2016). Book keeping is the “science and art of correctly recording in books of accounts all those business transactions that result in the transfer of money or money's worth” (Thurakam, 2005). As such Good record keeping enables business firms to plan properly which reduces the misappropriations of resources (Mwebesa et al., 2018). Donald (2001), Suh&Dinga (2019) have proposed different systems of accounting recordings which are adopted depending on the various accounting organizational environment. Examples of such systems in the context of Cameroon include the classical, Books of Subsidiary entry system, the minimum cash system and the classical system.

Accounting Reporting

Financial reporting is a process of reporting financial activities of business on a formal way which has been considered as an essential resource for any market participant. Financial report helps to reduce the mystery and the conflict in opinion between all interested users such as managers, investors, regulatory agencies, society and other stakeholders (Dmour et al., 2018). Financial reports expected at the end of each reports include a balance sheet, income statement, cash flow statement, statement of change in equity.

Internal Audit and performance

Internal audit is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It is also an independent, material and consultancy activity, which adds value and improves the functioning of an organisation. It aids the organisation to achieve its aims by means of a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and the management process (Mohammad, 2017).

External Audit and Performance

External audit is a periodic examination of books of account and records of an entity conducted by an independent third party (auditor) to ensure that they have been properly maintained, are accurate and comply with principles and accounting standards, and give a true and fair view of the financial state of the organization. The external audit plays a vital role for better performance of public institutions by advising the management and internal control about their weaknesses. The independence of external auditors is crucial for effective auditing of public entity's financial controls and statements. Any relationship

between the external auditors and the entity, other than retention for the audit itself, must be disclosed in the external Auditor's reports (Koo & Sim, 1999).

Not for Profit Organization

A nonprofit organization (NFPO) is an organization that provides assistance to individuals, groups or causes, rather than generating profits for itself. They can include: Charities, churches, hospitals, schools, as well as associations with purposes of science, literature, arts, sports, wildlife protection, and other non-governmental organisations (NGO) etc. (Zi, 2010), NFPO are also defined as "organisations that commit themselves to applying their assets only to their chosen purposes, and not to distribute their assets to their owners" (Dunn & Riley's, 2004). The United Nations commissioned the Johns Hopkins Comparative Nonprofit Sector Project (JHCNSP) to define and measure the size of NFP organisations. The JHCNSP proposed a definition with only five, rather than nine, criteria (2003), namely the entity: (1) has an organisational structure; (2) is NFPO; (3) is institutionally separate from government; (4) is self-governing; and (5) is non-compulsory.

Performance

Performance is a subjective perception of reality which must be analysed and defined closely to target objectives confounded on the notion of productivity, efficiency, effectiveness, economy, economic capacity, profitability, competitiveness (Iuliana & Mariana, 2016). Performance is also the existence of the relationship between objectives, means, and results. Thus, performance is simultaneously the exercise of efficiency, effectiveness and adequate budgetary process (Profirou, 2001). Also performance is seen as something that exist in itself but is a vary representation of the success of a business (Annick, 1997). Globally, performance can be seen as a combination of economic, social and environmental performance (Reynau, 2003).

Financial performance is the achievement of the company's financial resources for a certain period covering the collection and allocation of finance measured by capital adequacy, liquidity, solvency, efficiency, leverage and profitability. It is also the company's ability to manage and control its own resources. Cash flow, balance sheet, profit-loss, capital change can be the basis of information for corporate managers to make decisions (Didin et al., 2018). Financial performance is the evaluation of the company criteria determined on the basis of information contained in financial statements, as well as other relevant accounting information.

Financial performance is evaluated using various profitability indicators, liquidity, solvency, and activity. The main indicators of financial performance include; ROI, ROA, ROE, EBIT, EBIDTA, working capital, current ratio, Debt/equity ratio, Leverage ratio, equity ratio, debt serving ratio, Gross margin, contribution margin, net profit margin (Chiarello et al., 2014).

Social Performance refers to the accountability assessment of an organizations to understand whether their activities are indeed aligned with mission, and the extent to which it is so. In other words, social performance is how well that mission is becoming a reality thanks to the actions of the organization which includes internal factors, taking into account how the organization is run. In this way, stakeholders get a holistic view of the "social" in social enterprise organizations (Alan, 2018). Social performance is the ability of the enterprise to ensure the equal treatment within and among stakeholders in order to ensure good working conditions and the proper observance of human rights (Reynau, 2003). A number of Social performance indicators (SPI) tools have been developed internationally and nationally by various reputed research organisations like CERISE, Consultative Group to Assist the Poor (CGAP), The Small Enterprise Education and Promotion Network (SEEP), United States Agency for International Development (USAID), Social Performance Task Force (SPTF), Micro Credit Rating International (M-CRIL) and ACCION etc. for measuring the social performance of the MFIs.

Environmental performance assesses the track record of national governments against specified objectives of environmental quality specified objectives of environmental quality and resource use efficiency. Environmental performance is also the ability of the organisation to reduce environmental pollution (negative externality), ensure security for it facilities, secure products offered and avoid depletion of natural and man-made resources (Reynau, 2003). The Joint OECD-JRC Workshop on Composite Indicators came out with 6 indicators of environmental performance (quality air, availability of water, biodiversity, waste management, Toxins, global commons or Ozone layers), (Tanja, 2006).

Performance Evaluation (PE) is a process to select environmental indicators and to measure, analyze, assess, report and communicate an organization's performance against predefined criteria. When performing PE, the selection of suitable performance indicators (PIs) for the organization is the most important step. These indicators must be objective and verifiable. The

various performance indicators can better be seen in the figure below.

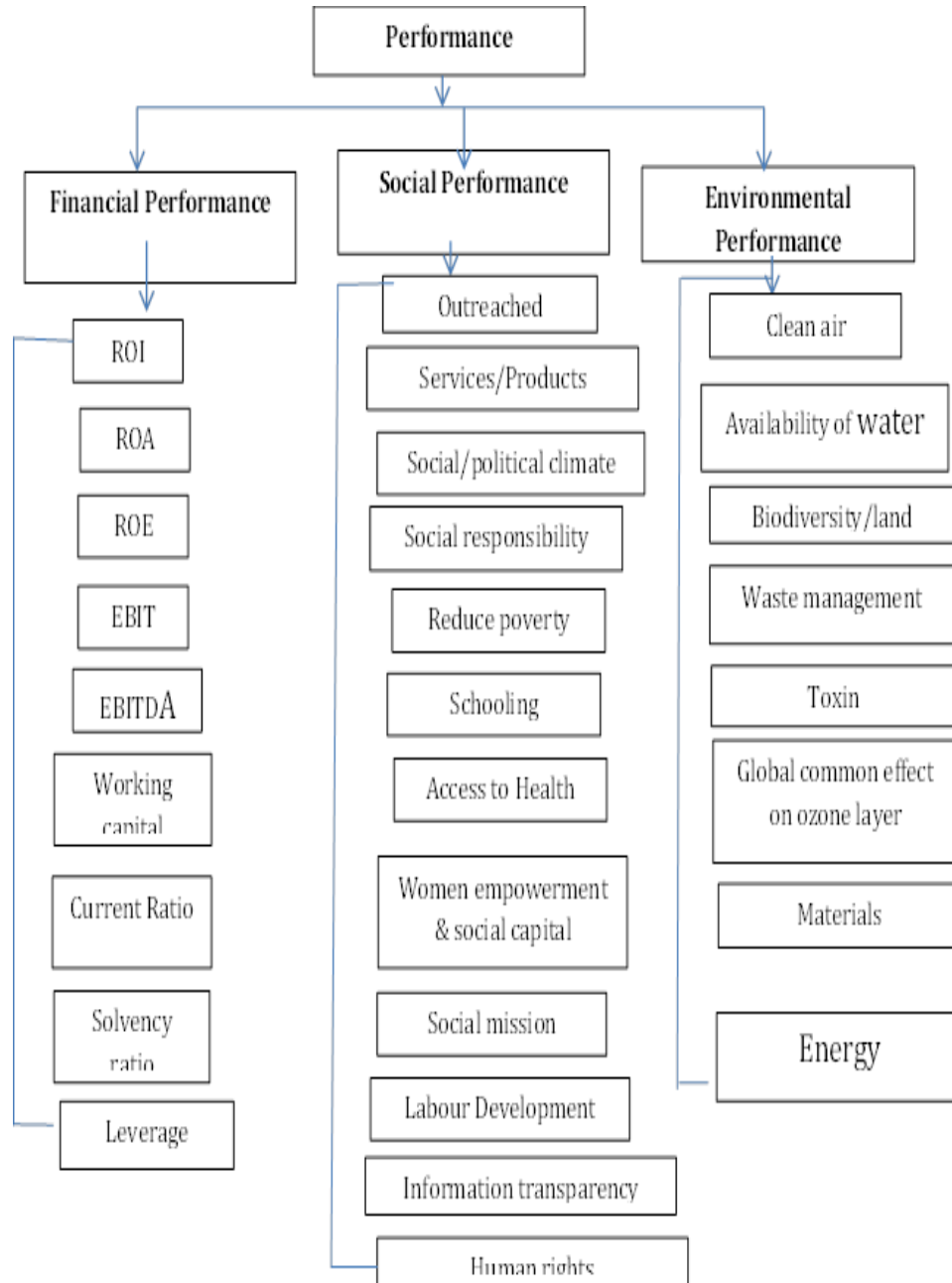


Figure 1: Indicators of different Types of Performance

Source: Authors, 2020

Scope of Study

The main purpose of this study is to investigate the impact of accounting practices in Not for profit organisations (NFPO) Mezam division of northwest region in Cameroon. The

NFPO in Mezam division considered in this study are churches, schools in higher Education, Associations and NGOs, and International Organisations. There are 54 registered churches, 18 schools in higher education, 624 Associations and

NGOs and 22 International Organisations in Mezam division. This study has sample out 250 of this NPO within the 250 NFPO under study are 19 churches, 6 schools in higher education, 217 associations and NGOs, and 8 international organisations. It should be noted that there's a continuous increase in the arrival of new international organization and creation of more NGO as a result of the arm conflict in Cameroon especially in the northwest and southwest region. The study is carried out in the year 2020. This study will enable the researcher to understand problems associated with this sector and help recommend policies for stakeholders interested in this sector.

Research Design

This research uses a qualitative research approach and a descriptive survey research design has been use to determine the impact of accounting recording, accounting reporting, internal and external auditing and social performance of not-for-profit making organisation in Mezam. Descriptive Survey design has been used because it enables the researcher to establish a range and distribution of certain characteristics to certain behavioral patterns or attitudes. This also help to reconstruct our topic and hypothesis in-order to account for positive and negative variables.

Structured questionnaires and unstructured interviews have been use to collect the information from NFPO in order to statistically analyze the data so as to show the impact of accounting recording, accounting reporting, internal and external auditing on the social performance of NFPO by conveniently testing our hypotheses. The main assumption of survey research design is that it assumes that the questionnaires have very clear and simple questions that give the responses we intend to test (Wan et al., 2017).

The study has use a qualitative approach to quantify the hypothesized impact of independent variables accounting recording, accounting reporting, internal auditing, external auditing on the social performance of Not for Profit organisations in Mezam. To ensure neutrality and reliability, assumptions have been taken, while specific and clear questions have been asking to ensure that this work is reliable and valid in the context of area under study while a reasonable sample size have been chosen so that we can be able to make generalizations on the whole population without committing a fallacy.

Stratified random sampling method was utilized to select sample units and to select respondents from each sample unit.

Table 1: Variables on which Data is collected

Variables	Symbol	Definition	Indicators	Measurement	Data Collection Tool
Accounting Recording	ACRED	science and art of correctly recording in books of accounts all those business transactions that result in the transfer of money or money's worth (Thurakam, 2005).	-Source documents -General journals -Sales Journal -Purchase journals -Cash Journals -Trial balance -Return inwards Return outwards	Likert Scale	Questionnaire
Accounting Reporting	ACREPT	Financial reporting is a process of reporting financial activities of business on a formal way which has been considered as an essential resource for any market participant. (Dmour et al., 2018).	-Income statement -Balance sheet -Your Cash-flow statement -Statement of change in assets. -Your Statement of equity	Likert Scale	Questionnaire
Internal	INAUDI	It is an independent,	-Designing	Likert Scale	Questionnaire

Auditing		objective assurance and consulting activity designed to add value and improve an organization's operations (Mohammad, 2017).	internal control system. - Inventory and cash accounts management. -assessing the monetary value of various activities. -Special investigations, such as fraud. -Security operations and IT system. -Verification of the existence of non-current assets.		
External Auditing	EXAUDI	It is a periodic examination of books of account and records of an entity conducted by an independent third party (auditor) to ensure that they have been properly maintained, are accurate and comply with principles and accounting standards, and give a true and fair view of the financial state of the organization (Koo & Sim, 1999).	-Independent examination and evaluation. -Give credit to financial statement - Give assurance to stakeholders. -Analysing and verifying accuracy and reliability of the financial statement. - Give an opinion of the true and fair view of the financial statement. - Guide decision making. - Identify fraud.	Likert Scale	Questionnaire
Dependent or Observed Endogenous					
Social Performance	SPERF	Social Performance refers to the accountability assessment of an organizations to understand whether their activities are indeed aligned with mission, and the extent to which it is so (Alan, 2018)	- social mission - outreach. -reducing poverty -access to education. -social capital and women empowerment. -association with community -information and	Likert Scale	Questionnaire

			transparency -Services and product are client oriented -Access to health care - social and political climate -Labour development		
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Source: Author, 2020

Method of Data Analysis

The partial least square structural equation modelling (PLS-SEM) is used in this study to measure the impact of accounting recording, reporting, internal audit and external audit on social performance. This is because it a method of structural equation modelling which allows estimating complex cause-effect relationships with latent variables. PLS-SEM was developed by Wold (1982). This methodology was first introduce in social sciences by Ringle et al. (2005) who use it in marketing research, but today its use has been extended to social sciences, economic sciences, accounting, educational sciences, industry and organisations. It is more a sequence of regressions in terms of weight vectors which are obtained at a convergence satisfied fixed point equation (Dijkstra, 2010). PLS path models are formally defined by two sets of linear equations: the inner model and the outer model. The inner model specifies the relationships between unobserved or latent variables, whereas the outer model specifies the relationship between a latent variable and its observed or manifest variables.

The PLS-SEM like any normal regression method takes into considerations the assumptions of OLS-techniques such as; all variables are measured without error, non-normality of data distribution, the model is well specified. For a better analysis of any SEM equation Lohmoller (1989) suggested 3 steps involve in the analysis of SEM using a PLS-path modelling which include: 1) iterative estimation of latent variables scores consisting of 4 steps (outer approximation of the latent variables scores, estimation of inner weights, inner approximation of the latent variables scores, estimation of the outer weights), 2) estimation of

outer weights/loading and path coefficient, 3) estimation of location parameters.

PLS-SEM allows a user to apply 3-structural model weighting schemes; centroid weighting scheme, factor weighting scheme and path weighting scheme. This study uses the path weighting scheme in it analysis. Keng (2013) suggested that, the PLS-Algorithm iteration stops when the change in the outer weights between two consecutive iterations is smaller than the stop criteria value or maximum number of iterations are reached. PLS-SEM has gain influence because it is good for small sample size, applicable in concepts with little or no theory, it accurate in prediction and it still estimate well even the model is not well specified. PLS-SEM has been greatly use for it robustness in the face of missing values, model misspecification, and violation of the usual statistical assumptions of latent variable modeling (Cassel et al., 1999). PLS-SEM has been serious criticised for the fact that it need high coefficient in small sample size, cannot measure undirected correlations, problems of multicollinearity can distort result if not well handled, lacks consistency in scores of latent variables, create large mean square error in the estimation of path analysis (Garson, 2016).

Model Specification

This study uses a reflective model because it holds that the variable understudy; accounting recording, accounting reporting, internal audit, external audit and social performance are a reality of it indicators. This model will be stated in two forms diagrammatically and mathematically as seen below.

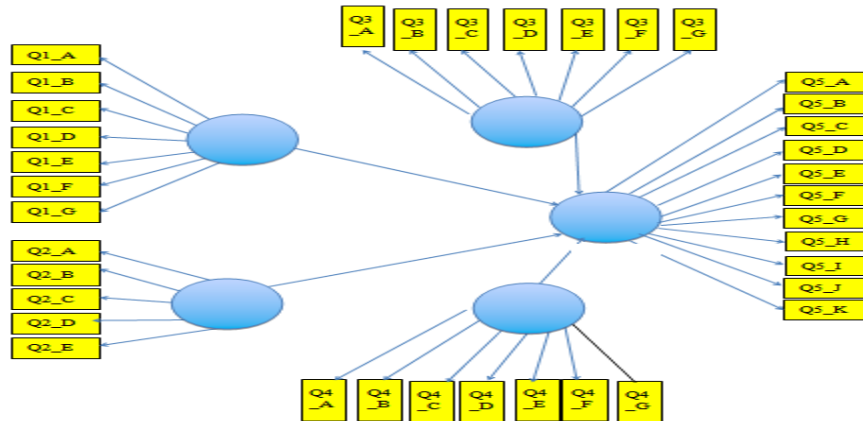


Figure 2: Structural Equation Model for the relationship between ACRED, ACRET, INAUDI, EAUDI and SPERF

Source: Author, 2020

Where;



Latent Variable
Observed Variable

The equations representing the SEM model above are as follows.

$$SPER = \alpha + \lambda_{11}ACRED_1 + \lambda_{21}AREPT_2 + \lambda_{31}INAUDI + \lambda_{41}EXAUDI + \epsilon_1 \dots\dots\dots 4$$

Where: $\alpha, \lambda_{11}, \lambda_{21}, \lambda_{31}, \lambda_{41} \neq 0$

$$SPER_1 = \alpha + \lambda_{11}ACRED_1 + \epsilon_1 \dots\dots\dots 5$$

Where: $\alpha = 0$, and $\lambda_{11} \neq 0$

$$SPER_2 = \alpha + \lambda_{21}ACREPT_2 + \epsilon_1 \dots\dots\dots 6$$

Where: $\alpha = 0$ and $\lambda_{21} \neq 0$

$$SPER_3 = \alpha + \lambda_{31}INAUDI + \epsilon_1 \dots\dots\dots 7$$

Where: $\alpha = 0$ and $\lambda_{31} \neq 0$

$$SPER_4 = \alpha + \lambda_{41}EXAUDI + \epsilon_1 \dots\dots\dots 8$$

Where: $\alpha = 0$ and $\lambda_{41} \neq 0$

Where:

SPERF = Performance of Not for profit organisation.

ACRED = Accounting recording.

ACREPT = Accounting reporting.

INAUDI = Internal auditing.

EXAUDI = External auditing.

α = autoums performance not dependent on ARD, ART, IAUD, EAUD.

λ_{11} = Coefficient of change in performance cause by change in ARD.

λ_{21} = Coefficient of change in performance cause by change in ART.

λ_{31} = Coefficient of change in performance cause by change in IAUD.

λ_{41} = Coefficient of change in performance cause by change in EAUD.

III. PRESENTATION OF RESULTS AND DISCUSSIONS

Bootstrapping Test Result of the Outer Loading T statistic

Table 15: Bootstrapping Test Result of the Outer Loading T statistic

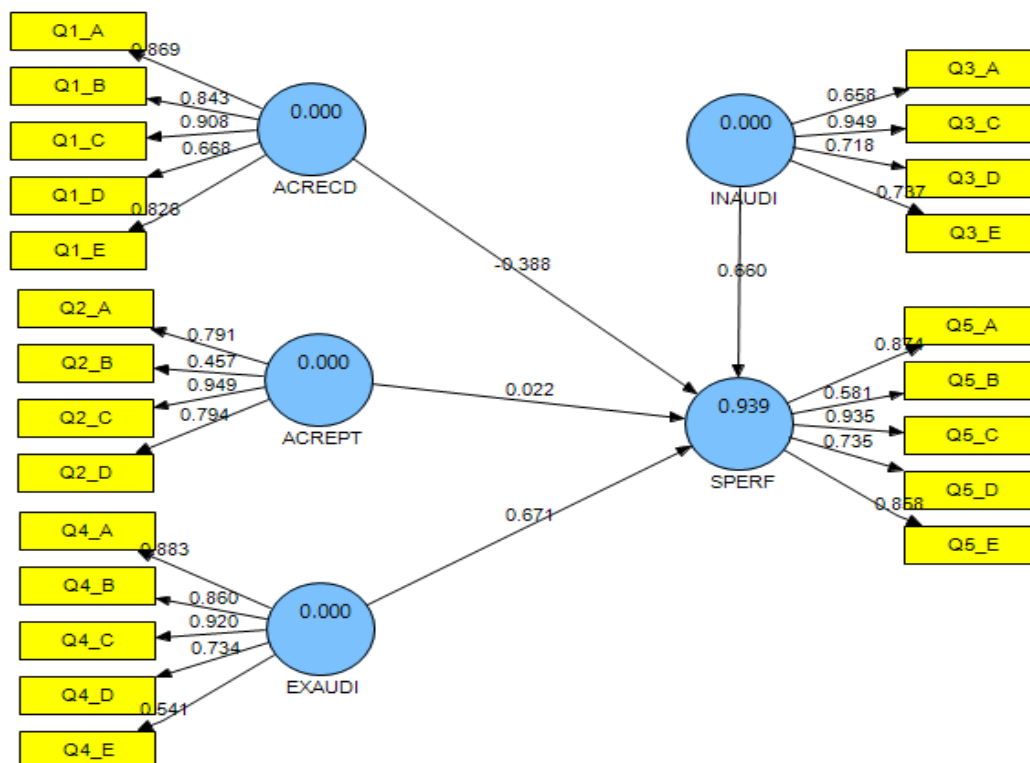
	ACRECD	ACREPT	INAUDI	EXAUDI	SPERF
Q1_A	23.018402				
Q1_B	13.722240				
Q1_C	66.526215				
Q1_D	21.916464				

Q1_E	12.094141		
Q2_A	17.182586		
Q2_B	2.069698		
Q2_C	74.091706		
Q2_D	30.039739		
Q3_A	6.052413		
Q3_C	113.891868		
Q3_D	20.265907		
Q3_E	9.377366		
Q4_A	32.465535		
Q4_B	44.413823		
Q4_C	56.824059		
Q4_D	19.284358		
Q4_E	2.950022		
Q5_A	47.796259		
Q5_B	7.878338		
Q5_C	79.111170		
Q5_D	29.826553		
Q5_E	33.389505		

Source: Computed by the Author using SmartPLS, 2020

The result in Table 10 shows that all the indicators outer model T- statistics were significant at even 99% significant level except for question item

Q2_B which was found significant at 95% significant level.



Fitted Structural Model

Figure 3: Modified Structural Model

Source: Computed by the Author using SmartPLS, 2020

The result presented in figure 1 show the relationship between the inner model's constructs as well as the relationships between the observed variables, or indicators and constructs. In other words, the inner model is the relationship between accounting recording, accounting reporting, internal audit, external audit and social performance without considering the indicators while outer model is relationship each of the constructs have with its indicators.

The circle represents the construct while the rectangle represents the observed or manifest variables used in the construction of the model. The circles represent the constructs, and the values inside the circles are the estimates of the squared multiple correlations (R^2) for each dependent construct in the model. Social performance is the

sole endogenous variable while accounting recording, accounting reporting, internal audit, and external audit are the exogenous variables. Only endogenous variable has estimates of the squared multiple correlations (R^2). There is only one types of outer model in this study, which is reflexive in nature. For reflexive measurement models the arrow move from the construct to the manifest or observed indicators. The question items used as manifest of the constructs were valid and reliable. The significant of the relationship between the constructs in the inner model as well as the relationship between the observed variables and constructs can be assessed by computing for the bootstrapping student (t) values. The results are presented in figure 2.

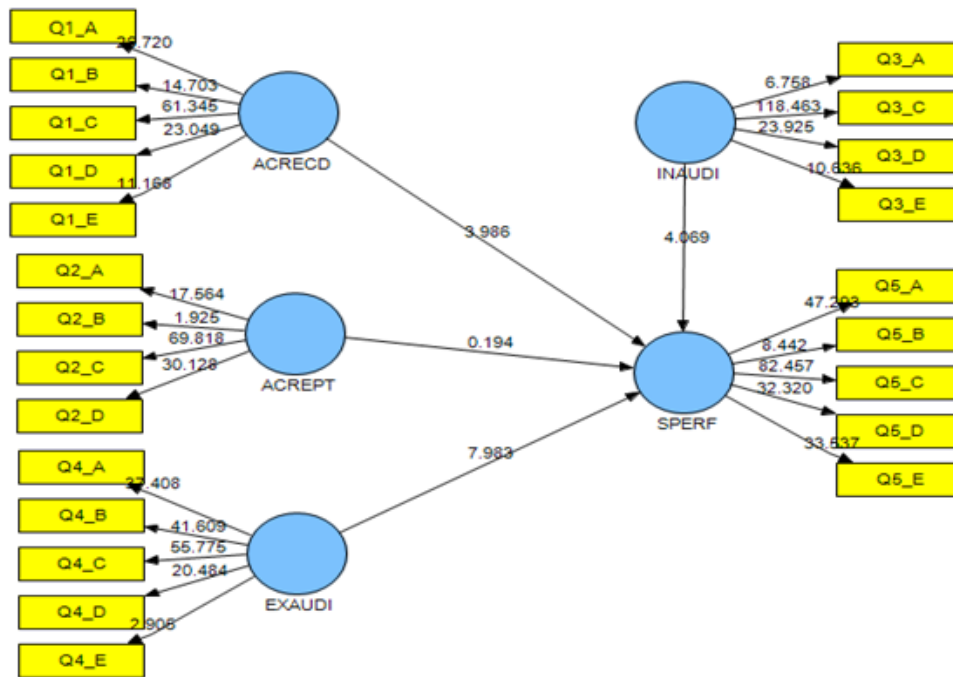


Figure 4: Bootstrapping of the Structural Model for T statistics

Source: Computed by the Author using SmartPLS, 2020

The result of the bootstrapping test shows that accounting recording, internal and external audit are significant predictors of social performance, but accounting reporting was found not significant in predicting social performance.

Both inner and outer model shows strong evidence of model fit as the explanatory variables jointly explained 93.9% of the variation in social performance. We proceed to present the result of the path regression analysis.

Table 16: Path Regression Analysis

Hypothesize Linkages	Coefficient	Decision Rule
ACRECD -> SPERF	-0.388099*** (0.100597) [3.857965]	Supported
ACREPT -> SPERF	0.021597	Not Supported

	(0.106588)	
	[0.202625]	
EXAUDI -> SPERF	0.670675***	Supported
	(0.084565)	
	[7.930902]	
INAUDI -> SPERF	0.659706***	Supported
	(0.172178)	
	[3.831531]	

Notes: **The value in parentheses are the standard error, the values in brace are the T statistics. *** indicates significant at 1% significance level.**

The result in table 11 shows that accounting recording is negatively significantly related to social performance. This finding permits us to reject the null hypothesis one in the study which states that accounting recording has no significant influence on social performance. The finding shows that when accounting recording goes up by 1%, social performance reduces by 38.80%.

The result equally revealed that accounting reporting, internal and external audit is positively related to social performance. However, the result shows that accounting reporting has no statistical significant contribution on social performance, hence, the acceptance of null hypothesis two of the study. Technically speaking, the findings also indicated that when internal and external audits are improved, social performance of the NFPOs will increase by 65.97% and 67.06% respectively.

IV. FINDINGS

- 1) Accounting recording with a coefficient -0.388 is significantly negatively related social performance meaning an improvement in accounting reporting by one unit will leads to a 0.388-unit decrease in social performance of NFPO at 99% confidence level.
- 2) Accounting reporting with a coefficient of 0.022 has an insignificant positive relationship with social performance which implies a unit improvement in accounting reporting practices will increase social performance by 0.022 units at 99% confidence level.
- 3) Internal auditing with a coefficient of 0.66 has a significant positive relationship with social performance meaning a unit improvement in internal audit practices leads to a 0.66 unit's improvements in social performance of NFPO in Mezam at 99% confidence level.
- 4) External auditing with a coefficient of 0.671 has a significant positive relationship with social performance meaning a unit improvement in

external audit practices leads to a 0.671 unit's improvements in social performance of NFPO in Mezam at 99% confidence level.

5) Findings shows strong evidence of model fit as $r^2 = 93.9\%$ which shows that changes in the dependent or explained variables (ACRED, ACREPT, INAUDI, EXAUDI) are responsible for 93.9% changes in the dependent variable (Social performance).

6) Finding from discriminant validity shows that indicators are so strongly related to each other, that is, indicators of accounting recording such as source documents, general journal, general ledger, purchase journal, and trial balance have a strong relationship among themselves.

7) Findings from convergent validity shows that the indicators use in measuring the latent variables (ACRED, ACRPT, INAUDI, EXAUDI, SPERF) significantly reflect the variables under measurement.

8) Finding also shows that approximately 85% of NFPO have additional policies guiding the accountant in carry out his/her activities. Almost all NFPO do recordings in general journals, purchase journals and cash journals. Only 135 out of 219 NFPO do recordings in trial balance. Almost all NFPO reports their income statement, balance sheet, cash flows and statement of change in asset. Auditing practices are generally very low in NFPO in Mezam though all NFPO practice accounting and consultancy services, but very few NFPO practice external auditing as only 45 and 38 hire practice of external auditing and chartered accounting services respectively in their organisation. Funding information reveal that all NFPO get their major funding's from membership subscription, donations and grants, none of the NFPO rely on loans as a source of funding and 21 NFPO raise funds through fees for services rendered.

9) The finding further reveal that 5 indicators (source documents, general journal, ledgers

journal, purchase journal and sales journal) out of 7 initially use in this study are actually significant in measuring accounting recording. Accounting reporting is measured using 4 indicators (income statement, balance sheet, cash flow statement and statement of change in asset) out of the 5 indicators initially use in the study. Internal audit is measured with 4 indicators (designing the internal control system, assess the monetary value of various activities, carryout special investigations and assessing the security and IT system) out of the 6 indicators initially use in the study. External audit is measured by 5 indicators (independently examining and evaluating annual accounts, statutorily compulsory, assurance to stakeholders, analyse and verify accuracy and reliability of financial statements, giving fair and true opinion of financial statements) out of the 7 indicators initially use in the study. Social performance is measured with 5 indicators (outrached, achieved organisations goals, client oriented services, meeting needs of poor, collaboration with community) out of the 11 indicators initially use in the study.

V. RECOMMENDATIONS

- 1) NFPO in Mezam should improve their auditing practices by hiring the services of external auditors and chartered accountant to help them better organise and manage their recording and reporting accounting system. This can go a long way to increase their public image and attract much funding which intend will increase the social performance of their organisation.
- 2) NFPO are called to improve their system of accounting recording as findings have shown that, there's no regularity and consistency in the recording of most NFPO in Mezam.
- 3) NFPO should improve on their reporting standards as it is evident that there no common standard guiding NFPO in Mezam and Cameroon at large.
- 4) The government should create a commission or board that can organise and regulate the activities of NFPO in Mezam division and Cameroon. This is because as of now NFPO in Cameroon has only the 1990 law which provide guide lines on the creation of NFPO but there has been no regulatory framework guiding the activities of NFPO in Mezam and Cameroon at large.
- 5) NFPO should employ qualify accountant to improve on their accounting system. This is very necessary as it was seen that 33 NFPO in Mezam do not have accountant. the lack of accountant could be very dangerous in the financial life of the

organisation which can have a negative impact on the social performance of NFPO in Mezam.

- 6) We recommend training seminars and workshop to be organised for the owners, managers and accountant of NFPO to improve on their accounting practices and for them to understand the importance of proper accounting practices and also how the acquire the services of an accountant at a cheaper rate.

VI. CONCLUSION

This study, the impact of accounting practices on the performance of NFPO in Mezam division is very outstanding in it detailed look at all the accounting practices an organisation can possibly practices and the impact it has on the social performance as oppose to other study that has based their studies on accounting practices and financial performance. The study has shown that accounting recording, accounting reporting, internal audit and external audit have a strong impact on the social performance of NFPO in Mezam division, Northwest, Cameroon. The study has further given way for other researchers to engage on similar research to confirm it findings. It also recommends other studies to engage in more important areas very closed to this study like investigating the impact of accounting practices on the donor giving process. This research recommendation is of much important as donor funding is the major source of finance for NFPO in Mezam division and Cameroon at large and the world beyond.

SOME OF THE ADVANAGES FROM THE ABOVE RESULTS

- a) It captures all the four types of practices in accounting.
- B)It present a structural model for accounting practices and social performance.
- c)It clear shows the independent effect each accounting practice has on social performance.

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