



Research Article

Assessing The Effectiveness of Internal Controls on Sustainability of Local Non-Governmental Organisations in Malawi: A Case of Christian Health Association of Malawi (CHAM)

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Abstract

Non-Governmental Organisations (NGOs) in Malawi play a critical role in socio-economic development, particularly in health, education, and community support. The Christian Health Association of Malawi (CHAM), which delivers about 30% of the nation's healthcare services, is one of the most influential NGOs but faces sustainability challenges linked to weak governance and inadequate internal controls. This study assessed the effectiveness of CHAM's internal controls in sustaining operations, guided by the COSO framework, which comprises five components: control environment, risk assessment, control activities, information and communication, and monitoring. A mixed-methods design was applied, using questionnaires with 28 respondents and document reviews. Both quantitative analysis (Likert-scale responses, cross-tabulations) and qualitative insights (open-ended comments) were employed. Findings indicate that CHAM has key control systems that enhance accountability, transparency, and donor confidence. A strong control environment and effective communication were observed, but weaknesses were noted in monitoring, segregation of duties, and staff capacity. Longer-serving staff expressed greater concerns about sustainability than newer employees. Open-ended responses highlighted strengths (committed staff, donor partnerships), weaknesses (delayed financial reporting, limited training), opportunities (capacity building, technology), and threats (funding volatility, external pressures). The study concludes that while CHAM's internal controls are generally effective, reinforcement is required for long-term sustainability. Recommendations include strengthening monitoring, staff training, segregation of duties, and investment in modern financial tools. These insights are valuable not only for CHAM but also for other NGOs in Malawi seeking to enhance accountability and resilience.

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KEYWORDS: Internal Controls, Sustainability, NGOs, Christian Health Association of Malawi (CHAM), COSO Framework.

1. INTRODUCTION

Background of the topic

Non-Governmental Organisations (NGOs) play a vital role in the development agenda of many developing countries, including Malawi, by filling service delivery gaps in health, education, agriculture, and community development. Despite their contributions, NGOs often face sustainability challenges linked to weak governance, limited accountability, and poor resource management (Lewis & Kanji, 2009). Internal controls are central to addressing these challenges. Defined by COSO (2013) as processes implemented by boards, management, and staff to provide assurance on operations, reporting, and compliance, internal controls are crucial for preventing fraud, ensuring resource efficiency, meeting donor requirements, and promoting organisational sustainability (Othman et al., 2015). Weak or absent controls expose NGOs to risks of mismanagement, inefficiency, and collapse.

The Christian Health Association of Malawi (CHAM), established in 1966, is the country's largest NGO health network, operating over 195 mostly rural facilities and providing about 30% of national healthcare (CHAM, n.d.). Through Service Level Agreements (SLAs) with the government, CHAM delivers subsidised services supported by donor and government funding. Despite its importance, CHAM faces challenges such as limited staff capacity, poor segregation of duties, weak monitoring, and outdated systems (Chipeta & Mkandawire, 2017). Literature highlights that strong internal controls enhance accountability, donor trust, and sustainability (Aikins, 2012; Kumasey, 2014). However, limited empirical evidence exists on how internal controls function in Malawian NGOs. Coupled with political interference, corruption, and capacity gaps (Tandon, 2019), this creates risks for sustainability. This study is therefore timely, assessing the effectiveness of internal controls in sustaining CHAM, with implications for broader NGO governance and resilience in Malawi.

Importance and purpose of the article

This article is based on a research study that examined the effectiveness of internal controls in ensuring the sustainability of the Christian Health Association of Malawi (CHAM). The importance of the article lies in its focus on how governance, accountability, and proper resource management influence the long-term survival of non-governmental organisations (NGOs) in Malawi. Many NGOs struggle with financial instability, donor dependence, and weak internal systems, which often threaten their sustainability. By highlighting CHAM as a case study, this article sheds light on how internal control systems—covering the control environment, risk assessment, control activities, information and communication, and monitoring—directly shape organisational performance and sustainability. The purpose of the article is to share findings that can guide NGOs, policymakers, and donors in strengthening internal controls as a strategy for improving accountability, building donor confidence, and ensuring long-term service delivery. Specifically, the article demonstrates that while CHAM has

made progress in implementing internal controls, challenges remain in areas such as risk management, monitoring, and communication. Therefore, the article contributes to ongoing debates on NGO governance and provides practical insights for improving organisational resilience in resource-constrained settings.

OBJECTIVES OF RESEARCH

Main Objective

To assess the effectiveness of internal controls in enhancing the sustainability of local non-governmental organisations in Malawi, using the Christian Health Association of Malawi (CHAM) as a case study.

Specific Objectives

- To examine the types and structures of internal control systems in place at CHAM. Understanding the components and design of CHAM's internal controls (e.g., segregation of duties, risk assessments, reporting protocols) will establish a foundation for evaluating their effectiveness.
- To assess the effectiveness of internal control mechanisms in promoting financial accountability and operational efficiency. This objective seeks to evaluate how internal controls contribute to transparency and resource management, which are critical to sustaining NGO activities.
- To identify the challenges faced by CHAM in implementing and maintaining effective internal controls. Investigating organisational, financial, and institutional barriers to internal control effectiveness will provide insight into systemic weaknesses.
- To analyse the relationship between internal controls and organisational sustainability in the context of local NGOs in Malawi. By linking internal control effectiveness to sustainability outcomes, this objective aims to reveal how internal governance contributes to long-term viability.
- To recommend strategies for strengthening internal control systems to improve the sustainability of NGOs like CHAM. Based on the findings, this objective will propose practical solutions and policy interventions for enhancing internal controls within the NGO sector.

Scope of the discussion

This research will focus on assessing the effectiveness of internal controls in promoting the sustainability of NGOs in Malawi, using CHAM as a case study. The scope is defined in terms of geographical, organisational, thematic, and methodological boundaries as follows:

- **Geographical Scope:** The study will be conducted in Malawi, with data collection concentrated at CHAM's national headquarters in Lilongwe.
- **Organisational Scope:** While CHAM is a national organisation with diverse operations, this study will specifically focus on its financial and administrative departments, as well as selected project implementation

units. These departments are directly involved in the design, implementation, and monitoring of internal controls, and therefore serve as the most relevant units for examining internal control effectiveness (CHAM, n.d.). The study will also consider perspectives from the senior management, internal auditors, and project managers, and other staff members whose roles are critical in maintaining internal governance systems.

Thematic Scope

The study is delimited to examining the following key themes:

1. The structure and types of internal control systems in place at CHAM
2. The effectiveness of these controls in ensuring financial accountability and operational efficiency
3. The link between internal controls and organisational sustainability
4. Challenges in implementing internal controls
5. Recommendations for improvement

The research will be anchored in the COSO Internal Control Framework, which includes five components: control environment, risk assessment, control activities, information and communication, and monitoring activities. This framework will serve as the lens through which internal controls are assessed.

Methodological Scope

This study will use a mixed-methods approach, combining both quantitative e.g. financial data, audit results and qualitative data e.g. interviews, document reviews. The mixed-methods design allows for a holistic understanding of internal control effectiveness and ensures that statistical evidence is complemented with experiential insights from CHAM personnel and stakeholders. However, the study will not conduct a comparative analysis with other NGOs, nor will it assess donor organisations directly. Rather, it will focus solely on CHAM as a representative case within the Malawian NGO sector.

- **Time Scope:** The study will focus on the period 2018 to 2024, a time during which CHAM has experienced both growth and operational challenges. This time frame allows for a comprehensive review of recent internal control practices, donor interactions, and the sustainability trajectory of the organisation, including the impact of external shocks such as COVID-19 on its operations.

2. LITERATURE REVIEW

Overview of previous studies or relevant research

Several scholars have examined the role of internal controls in promoting accountability, transparency, and organisational sustainability. Ebrahim (2003) highlighted that accountability mechanisms such as financial audits, performance reporting, and stakeholder engagement are vital in strengthening credibility within NGOs. Similarly, Lewis and Kanji (2009) argued that robust internal control structures enhance stakeholder trust, reduce misuse of resources, and improve

long-term service delivery. In the African context, Othman et al. (2015) found that effective internal controls were strongly associated with reduced fraud risks and improved governance in Malaysian non-profits, suggesting broader relevance to developing countries. Locally, studies on Malawian NGOs (Chinangwa, 2016; Mphande, 2020) revealed that while internal controls exist, their enforcement is often weak due to resource limitations, lack of skilled personnel, and donor dependency. The COSO framework (1992; updated 2013) has often been used as a theoretical guide, emphasising five key elements: control environment, risk assessment, control activities, information and communication, and monitoring. These elements are consistently linked with improved organisational performance and financial sustainability. Despite these contributions, gaps remain in understanding how faith-based organisations such as CHAM apply internal controls within their unique operational environments. While previous studies largely focus on financial reporting and accountability, fewer explore how internal controls affect sustainability holistically including safeguarding assets, enhancing staff competence, and ensuring continuity of services. This study therefore extends the literature by situating internal controls within the specific context of Malawian NGOs, with CHAM as a case study.

Theoretical framework

A strong theoretical foundation is essential for understanding how internal controls influence the sustainability of NGOs, particularly in a resource-limited country like Malawi. Theories give us lenses through which we can see how organisations such as the Christian Health Association of Malawi (CHAM) operate, respond to challenges, and maintain long-term stability. This review brings together different perspectives, ranging from accountability and stewardship to institutional pressures and stakeholder expectations, to provide a well-rounded understanding of the topic.

- **Agency Theory: Accountability and Oversight**

Agency theory is one of the most widely used explanations for why organisations adopt strong internal controls. (Jensen & Meckling, 1976) describe the relationship between donors (principals) and NGOs (agents) as one that carries risks. Donors provide money, expecting NGOs to spend it wisely, but there is always the danger that managers may pursue their own interests or misuse funds. In CHAM's case, this risk is very real because it manages large amounts of donor and government funding. Internal controls, such as financial reporting, audits, and segregation of duties, help reduce these risks by ensuring managers remain accountable (Cordero, et al., 2019). This perspective is particularly relevant for CHAM, which needs to constantly demonstrate to its donors that funds are not only safe but also used to achieve the intended health outcomes.

- **Stewardship Theory: Trust and Responsibility**

While agency theory focuses on control and oversight, stewardship theory offers a more optimistic view. (Donaldson & Davis, 1991) argue that managers can act as "stewards" of

organisational resources, driven not by self-interest but by responsibility and commitment. In many NGOs, especially faith-based ones like CHAM, leaders are often motivated by moral values and a sense of mission.

From this viewpoint, internal controls are not merely about catching mistakes or fraud. Instead, they serve as support systems that help staff and managers perform their duties effectively (Davis, et al., 1997). For CHAM, stewardship theory resonates strongly because its managers and staff are motivated not only by financial accountability but also by their mission to provide quality healthcare to communities.

• **Institutional Theory: Legitimacy and Compliance**

NGOs do not operate in a vacuum. They must adapt to expectations from donors, government regulations, and international standards. Institutional theory, as described by (DiMaggio & Powell, 1983), explains how organisations adopt practices, such as internal controls, not just because they are effective, but because they are expected to.

For CHAM, this means that sustainability is tied to legitimacy. Donors and the Malawian government are more likely to continue supporting CHAM if it demonstrates that it follows proper governance practices (Meyer & Rowan, 1991). Thus, internal controls become a way of signalling credibility and trustworthiness to external actors.

• **Resource Dependence Theory: Managing Uncertainty**

Another important perspective comes from resource dependence theory (Pfeffer & Salancik, 1978). NGOs rely heavily on external resources, and in CHAM's case, this means donor grants, government support, and community contributions. Such reliance creates uncertainty because funding is never guaranteed.

Strong internal controls can help manage this uncertainty by showing funders that their resources are in safe hands. (Froelich, 1999) argues that NGOs that diversify their income sources and demonstrate accountability are better positioned for sustainability. For CHAM, this means that effective internal controls do more than safeguard resources; they directly influence whether the organisation continues to receive future funding.

• **Stakeholder Theory: Balancing Multiple Expectations**

(Freeman, 1984) stakeholder theory adds another layer to the discussion by reminding us that NGOs like CHAM are accountable to multiple groups, not only donors, but also beneficiaries, staff, government, and the public. Each of these groups expects different things. For example, donors expect financial accountability, while communities expect accessible and reliable healthcare.

Internal controls, therefore, play a balancing role. They ensure transparency, build trust, and help CHAM meet the varied expectations of its stakeholders (Cordery et al., 2019). Sustainability in this sense is not only about securing funds but also about maintaining strong relationships with all the actors involved.

• **Systems Theory: The Bigger Picture**

Finally, systems theory views organisations as interconnected systems with different parts working together (Kast & Rosenzweig, 1972). For CHAM, internal controls are not just about finance, they link governance, operations, and service delivery. Weakness in one area, such as procurement, can undermine healthcare delivery, while strength in another area, like financial reporting, can boost donor confidence.

This theory emphasises that sustainability comes from seeing internal controls as part of the organisation's entire system rather than isolated tools. For CHAM, this means integrating controls across its health facilities, financial management systems, and governance structures to ensure everything works in harmony.

In conclusion, each of these theories; agency, stewardship, institutional, resource dependence, stakeholder, and systems, offers a different but complementary perspective. Agency theory highlights the need for oversight, stewardship emphasises trust, and institutional theory explains compliance. Resource dependence theory shows the importance of managing funding risks, stakeholder theory stresses balancing diverse expectations, and systems theory brings everything together in a holistic view. For CHAM, combining these perspectives provides a more complete understanding of why internal controls are not just technical requirements, but essential tools for building trust, securing resources, and ultimately ensuring the sustainability of healthcare services for Malawians.

3. MAIN CONTENT / DISCUSSION

Explanation of key concepts

• **Internal Controls**

Internal controls are the systems, policies, and procedures established within an organisation to safeguard assets, ensure accurate financial reporting, promote operational efficiency, and encourage adherence to policies and regulations (COSO, 2013). For NGOs like CHAM, internal controls are not only about preventing fraud and errors but also about demonstrating accountability to donors, government, and the communities they serve. Internal controls assure that resources are being used effectively and transparently, thereby fostering trust and enhancing sustainability.

• **Control Environment**

The control environment refers to the organisational culture, values, and governance structures that form the foundation for internal controls (Kaplan & Mikes, 2016). It includes leadership commitment, ethical standards, management philosophy, and clarity of responsibilities. A strong control environment at CHAM means that leaders set the right tone, policies are enforced fairly, and accountability is embedded in daily operations. Without this, even well-designed controls may fail in practice.

Risk Assessment

Risk assessment is the process of identifying, analysing, and responding to risks that may affect the achievement of organisational objectives (Spira & Page, 2003). For NGOs, risks may include financial mismanagement, donor withdrawal, staff turnover, or operational inefficiencies. At CHAM, systematic risk assessment ensures that threats to service delivery—such as inadequate funding or weak compliance—are anticipated and mitigated before they disrupt organisational sustainability.

- **Control Activities**

Control activities are the specific actions and procedures put in place to ensure that risk management strategies and organisational objectives are achieved (COSO, 2013). Examples include segregation of duties, authorisation protocols, asset protection measures, and internal audits. In CHAM's case, activities such as independent financial checks, budget monitoring, and procurement reviews are essential for maintaining accountability and reducing mismanagement risks.

- **Information and Communication**

Effective internal controls require reliable and timely information to be communicated within the organisation and to external stakeholders (Basu, 2019). This involves transparent reporting systems, open communication channels, and accurate record-keeping. At CHAM, strong communication ensures that management, staff, and donors remain informed about financial performance, programme outcomes, and risks, promoting trust and collaborative problem-solving.

- **Monitoring of Internal Controls**

Monitoring is the continuous process of reviewing, evaluating, and improving internal control systems (Arena & Azzone, 2009). Monitoring can be done through audits, supervision, or routine checks. For CHAM, monitoring helps ensure that controls remain effective and adapt to changing donor requirements, health policies, or organisational needs. Weak monitoring can result in outdated systems, inefficiencies, and misuse of funds.

- **Organisational Sustainability**

Sustainability refers to the ability of an organisation to continue delivering services and achieving its objectives over the long term, even in the face of funding uncertainties or operational challenges (Lewis & Kanji, 2009). For CHAM, sustainability means maintaining healthcare delivery, retaining staff, securing donor confidence, and ensuring financial independence. Effective internal controls directly contribute to sustainability by safeguarding assets, strengthening accountability, and improving financial management.

- **Christian Health Association of Malawi (CHAM)**

CHAM is one of the largest faith-based NGO networks in Malawi, coordinating healthcare delivery through its member institutions. Given its reliance on donor funding and its critical

role in public health, CHAM serves as an ideal case study for assessing how internal controls influence sustainability in local NGOs.

Analysis with supporting evidence

This section analyses the study's findings on the effectiveness of internal controls in sustaining local NGOs, with CHAM as a case study. The analysis integrates quantitative data (Likert-scale results), qualitative insights (open-ended responses), and demographic variations, offering a comprehensive understanding of how internal control systems shape organisational sustainability.

- **Internal Control Environment**

The analysis of responses revealed that a majority of participants either Strongly Agreed (11 respondents, 39.3%) or Agreed (12 respondents, 42.9%) that CHAM has a strong internal control environment. This translates to over 82% positive perception. Such results suggest that CHAM's leadership sets the right ethical tone, promotes accountability, and provides clear governance structures. Supporting evidence also came from open-ended comments, where respondents highlighted the organisation's "commitment to Christian values" and "clear leadership direction." However, a minority (10.7%) remained neutral, and 7.1% disagreed, pointing to lingering concerns about inconsistent enforcement of policies. This aligns with Ebrahim (2003), who argues that while governance systems may exist on paper, their practical application determines actual effectiveness.

- **Risk Assessment**

Risk assessment was perceived relatively positively, with 78.6% of respondents either agreeing or strongly agreeing that risks are identified and managed effectively. Respondents noted that CHAM has systems for financial forecasting and compliance checks, which reduce exposure to donor-related risks. Nevertheless, around 10.7% disagreed and an equal share remained neutral, reflecting concerns about inadequate anticipation of operational risks such as staff turnover and reliance on external funding. As Spira & Page (2003) observed, risk management in NGOs often faces resource and knowledge limitations, which could explain these reservations at CHAM.

- **Control Activities**

Control activities emerged as one of the strongest areas, with 81% of respondents agreeing or strongly agreeing that CHAM's procedures—such as segregation of duties, approvals, and independent checks—are effective. Finance staff in particular praised the authorisation procedures and accountability measures, while programme staff highlighted regular supervision and compliance monitoring. Yet, a small fraction (7.1%) disagreed, citing delays in approvals and inconsistent supervision. These mixed views support Lewis & Kanji's (2009) observation that while internal controls strengthen accountability, poor enforcement may create bottlenecks.

• Information and Communication

This component scored relatively lower, with 75% positive responses compared to higher ratings in other areas. Respondents appreciated CHAM's reporting systems and meetings but raised concerns about "gaps in upward communication" and "delays in sharing financial reports." Open-ended comments also highlighted weaknesses in IT systems, suggesting that "digitalisation could improve information flow." Basu (2019) notes that weak communication undermines transparency and coordination, which explains why this area remains a challenge despite otherwise strong controls.

• Monitoring of Internal Controls

Monitoring also received 75% positive responses, indicating moderate effectiveness. Respondents agreed that regular audits and supervision are conducted, but some complained that "recommendations from audit reports are not always implemented." This finding echoes Arena & Azzone (2009), who emphasised that monitoring should not only identify weaknesses but also ensure corrective actions. The gaps at CHAM suggest that while audits exist, follow-through remains inconsistent.

• Sustainability of CHAM

When asked about sustainability, 78.5% of respondents expressed confidence that CHAM's internal controls support long-term viability. Many pointed to "sound financial reporting," "effective asset safeguarding," and "donor confidence" as evidence of sustainability. However, several weaknesses were noted: overdependence on donor funding, limited capacity-building for staff, and inadequate income diversification. These issues are consistent with Lewis & Kanji's (2009) assertion that sustainability in NGOs requires not only strong internal controls but also broader resource mobilisation strategies.

• Open-Ended Responses (SWOT Analysis)

The qualitative data provided further depth:

1. **Strengths:** Strong faith-based values, committed leadership, clear financial policies, competent staff.
2. **Weaknesses:** Limited IT systems, weak enforcement of audit recommendations, heavy donor dependency.
3. **Opportunities:** Potential for digital transformation, strategic partnerships, and staff training.
4. **Threats:** Uncertain donor funding, policy changes, staff turnover.

This SWOT framework highlights that while CHAM has a strong internal foundation, external threats and internal inefficiencies may hinder its sustainability if left unaddressed.

• Cross-Tabulation Insights

Cross-tabulations revealed interesting demographic insights. For example:

1. Years of service vs. perceptions of controls: Longer-serving staff (>10 years) expressed more confidence in

CHAM's systems than newer staff (<3 years), suggesting that familiarity improves trust in controls.

2. Department vs. sustainability perceptions: Finance staff had the highest confidence in sustainability, while HR and Programme staff expressed greater concerns about funding and communication gaps.

These variations demonstrate that while overall perceptions are positive, staff experiences differ depending on roles and exposure to systems.

Overall, the findings show that CHAM's internal control systems are relatively strong and contribute significantly to sustainability, particularly in areas of control environment and control activities. However, weaker areas—such as communication, monitoring, and donor dependency—remain critical challenges. The evidence confirms the importance of effective internal controls in safeguarding assets, enhancing transparency, and ensuring organisational survival in resource-constrained environments.

Case studies, examples, or data (if applicable)

To complement the statistical analysis, this study integrates case-style examples drawn from both quantitative responses and qualitative insights. These examples highlight the practical realities of internal control effectiveness and sustainability within CHAM.

• Case 1: Internal Control Environment

Survey results indicated that over 70% of respondents agreed or strongly agreed that CHAM maintains clear ethical guidelines and accountability structures. This finding reflects CHAM's faith-based governance culture, which provides a moral framework that strengthens internal controls. Compared to many secular NGOs where governance weaknesses persist, CHAM's embedded values system demonstrates how leadership culture can directly support internal control effectiveness.

• Case 2: Risk Assessment in Practice

Respondents acknowledged that CHAM has systems for identifying risks, including delays in donor disbursements and fluctuations in government support under Service Level Agreements (SLAs). However, only around 60% agreed that mitigation measures were consistently applied. This illustrates a gap between risk identification and implementation, underscoring the challenge for NGOs of moving risk management from policy documents into actionable practice.

• Case 3: Information and Communication Weaknesses

Among the six thematic areas assessed, information and communication scored the lowest. Nearly 30% of respondents disagreed that communication channels were effective, while many others remained neutral. Open-ended responses pointed to outdated IT systems and weak feedback mechanisms as the main obstacles. This case emphasizes that even where governance and risk structures exist, ineffective communication can undermine the overall internal control framework.

• **Case 4: Monitoring of Internal Controls**

Monitoring mechanisms were generally rated positively; however, staff highlighted inconsistencies in following up on audit recommendations. For instance, there were reports of delays in implementing financial system upgrades despite repeated audit observations. This example demonstrates how strong controls on paper can lose impact if enforcement is weak, eroding accountability and long-term effectiveness.

• **Case 5: The Sustainability Challenge**

While respondents acknowledged CHAM's organisational strengths—particularly its established workforce and structured systems—over 40% flagged donor dependency as a long-term threat. Open-ended responses frequently noted that “without donors, CHAM struggles to sustain operations.” This mirrors findings in previous studies (Aikins, 2012; Tandon, 2019), where donor reliance was shown to hinder organisational resilience. This case underlines the importance of diversifying funding sources for sustainability.

• **Case 6: Departmental Perspectives on Sustainability**

Cross-tabulation revealed that finance staff expressed more confidence in CHAM's sustainability than colleagues in HR and Programmes. A likely explanation is that finance staff interact more directly with donor reporting systems and perceive robustness in financial controls, whereas programme staff evaluate sustainability in terms of service continuity and funding availability. This intra-organisational contrast illustrates how perceptions of sustainability vary depending on staff roles and responsibilities.

Overall, these illustrative cases strengthen the quantitative findings by showing how internal control practices, risk management, communication systems, and sustainability issues manifest in day-to-day operations. They also demonstrate how CHAM's context reflects broader patterns in NGO management literature while offering unique insights from a faith-based organisation in Malawi.

4. FINDINGS / OBSERVATIONS

Key insights derived from the discussion

• **Strong Control Environment as a Foundation**

The study revealed that CHAM benefits from a strong internal control environment, underpinned by clear governance structures, leadership commitment, and ethical values. This “tone at the top” sets a foundation for effective accountability and operational stability.

• **Risk Assessment Remains Partial and Uneven**

While CHAM conducts risk assessments, some respondents highlighted that risks related to donor dependency, staff turnover, and operational inefficiencies are not fully addressed. This suggests a need for more comprehensive and proactive risk management strategies.

• **Control Activities are Effective but Sometimes Bureaucratic**

Control activities such as segregation of duties, approvals, and financial checks are largely effective in reducing mismanagement. However, delays and bureaucratic hurdles sometimes reduce operational efficiency, pointing to a need for more streamlined processes.

• **Information and Communication is a Weak Link**

One of the weakest areas identified was communication. Staff noted delays in information flow, weak IT systems, and limited feedback loops. This highlights the importance of digitalisation and stronger reporting systems to improve transparency and efficiency.

• **Monitoring is Inconsistent**

CHAM has mechanisms such as audits and supervisory checks, but recommendations are not always implemented consistently. This gap between review and corrective action undermines the effectiveness of monitoring processes.

• **Sustainability is Strong but Vulnerable to Donor Dependency**

While staff recognised CHAM's financial reporting, asset protection, and competent workforce as key strengths, sustainability remains threatened by overreliance on donor funding and limited income diversification.

• **SWOT Findings Add Depth**

1. **Strengths:** Faith-based values, leadership, financial policies, competent staff.
2. **Weaknesses:** Weak IT systems, slow adoption of audit recommendations, donor dependence.
3. **Opportunities:** Digitalisation, partnerships, staff capacity-building.
4. **Threats:** Donor withdrawal, policy shifts, staff attrition.

• **Staff Perceptions Differ by Department and Tenure**

Finance staff tended to express more confidence in sustainability, while HR and Programme staff raised concerns about funding and communication. Longer-serving employees showed greater trust in controls compared to newer staff, suggesting that experience influences perceptions.

Any statistical analysis or results

• **Demographic Characteristics of Respondents**

The study surveyed CHAM staff across finance, programmes, human resources, and administration.

- A balanced representation was achieved, with finance and programme staff forming the majority.
- Respondents had varied years of service, from recruits to long-serving staff with over 10 years of experience.
- This diversity allowed comparison of perceptions across departments and experience levels.

• Likert-Scale Analysis of Internal Control Components

Responses were analysed according to the COSO framework's five components plus sustainability.

- **Internal Control Environment:** Majority of respondents agreed or strongly agreed that CHAM's leadership fosters accountability and ethical practices. Very few expressed disagreements.
- **Risk Assessment:** Mixed responses, with moderate agreement. While risks are identified, staff felt gaps remain in implementation, particularly regarding donor dependency and operational risks.
- **Control Activities:** High agreement, with respondents confirming the presence of policies, approvals, and segregation of duties. However, some neutral responses indicated delays due to bureaucratic processes.
- **Information & Communication:** This area received the lowest scores, with many respondents indicating dissatisfaction with communication flow, IT systems, and feedback mechanisms.
- **Monitoring:** Responses were largely positive but highlighted inconsistencies in following up on audit recommendations.
- **Sustainability:** Most staff agreed that CHAM has a strong workforce and structures, but donor dependency was widely recognised as a vulnerability.

• Cross-Tabulation Insights

- **Years of Service vs. Perception of Controls:** Longer-serving staff tended to express higher confidence in internal controls, while newer employees were more neutral or uncertain. This suggests institutional knowledge builds trust in systems.
- **Department vs. Perception of Sustainability:** Finance staff were more optimistic about sustainability due to familiarity with financial policies and donor reporting, while programme and HR staff expressed concern about funding uncertainties and weak communication.

• SWOT Analysis (Qualitative Integration)

Open-ended responses were coded into thematic categories:

- **Strengths:** Leadership, staff competence, faith-based values, financial policies.
- **Weaknesses:** Poor IT systems, weak communication, over-dependence on donors.
- **Opportunities:** Digitalisation, partnerships, capacity-building.
- **Threats:** Donor withdrawal, political shifts, staff attrition.

This SWOT analysis reinforced the statistical results by highlighting information and communication as the weakest internal control area and donor reliance as the biggest sustainability threat. In short, the statistical results show that while CHAM has a strong governance environment and effective control activities, sustainability remains fragile due to communication gaps, inconsistent monitoring, and heavy donor dependence.

5. CONCLUSION AND RECOMMENDATIONS

Summary of the main points

This study examined the effectiveness of internal controls in sustaining local NGOs in Malawi, with CHAM as the case study. The findings reveal several key insights:

• Strong Control Environment

- The majority of respondents affirmed that CHAM has a well-established ethical and governance framework, largely shaped by its faith-based values.
- This provides a solid foundation for accountability and internal control effectiveness.

• Risk Assessment Practices

- CHAM has structures to identify risks such as funding delays and policy shifts.
- However, gaps remain in the consistent implementation of mitigation strategies, highlighting the need for stronger follow-through mechanisms.

• Control Activities

- Clear financial and operational procedures exist, including segregation of duties and approval systems.
- Yet, enforcement challenges sometimes weaken their effectiveness, particularly when recommendations from audits are delayed in implementation.

• Information and Communication Weaknesses

- This was the weakest internal control component, with respondents pointing to outdated IT systems, limited feedback loops, and inconsistent information sharing across departments.
- Weak communication undermines efficiency and accountability, affecting overall sustainability.

• Monitoring of Internal Controls

- While monitoring is in place through audits and reviews, inconsistencies in applying recommendations reduce long-term impact.
- Effective monitoring remains critical to sustaining robust systems.

• Sustainability Concerns

- Respondents recognized CHAM's strengths in governance, structure, and workforce.
- However, over-reliance on donors remains a major threat to sustainability, echoing wider challenges in the NGO sector.
- Diversification of funding sources and capacity-building were identified as urgent priorities.

• Demographic and Departmental Insights

- Longer-serving staff showed higher confidence in internal controls compared to newer staff.

- Departmental differences were evident: finance staff expressed greater trust in sustainability mechanisms, while programme staff were more sceptical due to funding uncertainties.

• Qualitative Insights (SWOT Analysis)

- **Strengths:** Ethical leadership, structured controls, committed staff.
- **Weaknesses:** Weak communication, inconsistent monitoring.
- **Opportunities:** Digital transformation, staff training, strategic partnerships.
- **Threats:** Donor dependency, policy changes, resource constraints.

Overall, the study shows that while CHAM's internal control systems are relatively robust and provide a foundation for sustainability, critical gaps in communication, risk management, and funding diversification must be addressed to ensure long-term resilience.

Suggestions for future research or actions

The following are suggested areas for future studies:

- **Comparative studies:** Examine internal controls across different NGOs (faith-based vs. secular).
- **Longitudinal studies:** Track internal controls and sustainability over time.
- **Technology's role:** Assess how ICT tools enhance accountability and transparency.

Culture & leadership: Explore influence on control effectiveness.

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